



University Court  
ECCL, Old High School, Infirmary Street  
Monday, 4 December 2017

## AGENDA

- |          |   |               |
|----------|---|---------------|
| <b>1</b> | <b>Minute</b><br>To <u>approve</u> the minute of the meeting and the note of the seminar held on 25 September 2017              | <b>A1, A2</b> |
| <b>2</b> | <b>Matters Arising</b><br>To <u>raise</u> any matters arising   | <b>Verbal</b> |
| <b>3</b> | <b>Principal's Communications</b><br>To <u>receive</u> an update from the Principal   | <b>B</b>      |
| <b>4</b> | <b>Policy &amp; Resources Committee Report</b><br>To <u>consider</u> a report from the Convener of Policy & Resources Committee | <b>C</b>      |

## SUBSTANTIVE ITEMS

- |          |   |  |
|----------|---|--|
| <b>5</b> | <b>Student Experience Update</b><br>To <u>consider</u> a report from the Deputy Secretary, Student Experience   | <b>D</b>   |
| <b>6</b> | <b>Strategic Planning</b><br>To <u>approve</u> the following papers by the Deputy Secretary, Strategic Planning: <ul style="list-style-type: none"><li>• <b>Strategic Plan 2012-16: Final Progress Report</b></li><li>• <b>Strategic Plan 2016: Performance Measurement Framework</b></li></ul>   | <b>E1</b><br><b>E2</b>   |
| <b>7</b> | <b>Audit &amp; Risk Committee Annual Report</b><br>To <u>consider</u> the annual assurance statement presented by the Convener of the Audit & Risk Committee  | <b>F</b>   |
| <b>8</b> | <b>Risk Management Post Year End Assurance Statement</b><br>To <u>consider</u> the assurance statement presented by the Director of Corporate Services  | <b>G</b>   |
| <b>9</b> | <b>Finance</b><br>To <u>consider</u> the following papers by the Director of Finance: <ul style="list-style-type: none"><li>• <b>Finance Director's Update</b></li><li>• <b>Annual Report and Accounts 2016/17</b></li><li>• <b>Letter of Representation</b></li><li>• <b>US GAAP Annual Report and Accounts 2016/17</b></li><li>• <b>'Zero by 2040' Update</b></li><li>• <b>Statement of Investment Principles</b></li></ul> | <b>H1</b><br><b>H2</b><br><b>H3</b><br><b>H4</b><br><b>H5</b><br><b>H6</b> |



- |           |   |           |
|-----------|---|-----------|
| <b>10</b> | <b>Estates</b><br>To <u>approve</u> the following papers presented the Vice-Principal<br>Planning, Resources and Research Policy: |           |
|           | • <b>Edinburgh College of Art Masterplan</b>  | <b>I1</b> |
|           | • <b>Quartermile</b>  | <b>I2</b> |
| <b>11</b> | <b>City Deal Update</b><br>To <u>consider</u> a paper presented by the Director of Corporate Services                             | <b>J</b>  |
| <b>12</b> | <b>Low Carbon College</b><br>To <u>approve</u> a paper presented by the Director of Corporate Services                            | <b>K</b>  |
| <b>13</b> | <b>Distance Learning at Scale</b><br>To <u>consider</u> a paper presented by the Chief Information Officer                        | <b>L</b>  |
| <b>14</b> | <b>EUSA President's Report</b><br>To <u>receive</u> an update from the EUSA President   | <b>M</b>  |

#### ITEMS FOR NOTING OR FORMAL APPROVAL

- |           |  |           |
|-----------|--|-----------|
| <b>15</b> | <b>Annual Review 2016/17</b><br>To <u>approve</u>                          | <b>N</b>  |
| <b>16</b> | <b>Laigh Year Regulations</b><br>To <u>approve</u>                         | <b>O</b>  |
| <b>17</b> | <b>Scottish Code of Good Higher Education Governance</b><br>To <u>note</u> | <b>P</b>  |
| <b>18</b> | <b>UK Quality Code Consultation</b><br>To <u>endorse</u>                   | <b>Q</b>  |
| <b>19</b> | <b>Committee Reports</b>   |           |
|           | • Exception Committee  | <b>R1</b> |
|           | • Court EU Sub-Group   | <b>R2</b> |
|           | • Court USS Sub-Group  | <b>R3</b> |
|           | • Nominations Committee  | <b>R4</b> |
|           | • Audit & Risk Committee   | <b>R5</b> |
|           | • Remuneration Committee   | <b>R6</b> |
|           | • Knowledge Strategy Committee   | <b>R7</b> |
|           | • Senate   | <b>R8</b> |
| <b>20</b> | <b>Resolutions</b><br>To <u>approve</u>                                    | <b>S</b>  |
| <b>21</b> | <b>Donations and Legacies</b><br>To <u>note</u>                            | <b>T</b>  |
| <b>22</b> | <b>Uses of the Seal</b><br>To <u>note</u>                                  |           |



**23 Any Other Business**

To consider any other matters

**24 Date of February 2019 Meeting**

To approve a revised date of Monday, 18 February 2019

**25 Date of Next Meeting**

Monday, 5 February 2018





UNIVERSITY COURT

25 September 2017

[DRAFT] Minute

- Present:**
- Mr Steve Morrison, Rector (in chair)
  - The Principal, Professor Sir Timothy O'Shea
  - Ms Anne Richards, Vice-Convener
  - Sheriff Principal Edward Bowen
  - The Rt Hon Frank Ross, Lord Provost of the City of Edinburgh
  - Dr Alan Brown
  - Ms Doreen Davidson
  - Professor Elizabeth Bomberg
  - Professor Sarah Cooper
  - Dr Claire Phillips
  - Professor Alexander Tudhope
  - Ms Jo Craiglee
  - Dr Frank Armstrong
  - Mr David Bentley
  - Dr Robert Black
  - Ms Perdita Fraser
  - Ms Alison Grant
  - Mr Alan Johnston
  - Lady Susan Rice
  - Mr Patrick Kilduff, President, Students' Association
  - Ms Esther Dominy, Vice-President, Students' Association
- In attendance:**
- Mr Sandy Ross, Rector's Assessor
  - University Secretary, Ms Sarah Smith
  - Senior Vice-Principal Charlie Jeffery
  - Professor David Argyle (for Item 6)
  - Vice-Principal Professor Dorothy Miell (for Item 6)
  - Vice-Principal Professor David Robertson (for Item 6)
  - Vice-Principal Professor Jonathan Seckl
  - Mr Gavin McLachlan, Chief Information Officer & Librarian to the University
  - Mr Hugh Edmiston, Director of Corporate Services
  - Mr Phil McNaul, Director of Finance
  - Ms Leigh Chalmers, Director of Legal Services
  - Mr Gary Jebb, Director of Estates
  - Ms Tracey Slaven, Deputy Secretary, Strategic Planning
  - Mr Gavin Douglas, Deputy Secretary, Student Experience
  - Ms Zoe Lewandowski, Director of Human Resources
  - Mr Rob Tomlinson, Acting Director of Communications and Marketing
  - Ms Fiona Boyd, Head of Stakeholder Relations
  - Ms Kirstie Graham, Deputy Head of Court Services
  - Dr Lewis Allan, Head of Court Services
- Apologies:**
- Mr Ritchie Walker



1	Minute	Paper A
	<p>The Minute of the meeting held on 19 June 2017 was approved.</p> <p>Court welcomed Ms Perdita Fraser, Dr Frank Armstrong and Ms Jo Craiglee to their first meeting as Court members.</p>	
2	Matters Arising	Verbal
	<p>The Director of Estates provided an update on measures taken to review and enhance project management capacity in the Estates Directorate.</p>	
3	Principal's Communications	Paper B
	<p>Court noted the content of the Principal's report and the additional information on: success for the men's and women's rugby teams at the Scottish Varsity Matches on 23 September, a record year for research awards in 2016/17 with £364.5 million in new awards made, and recent political debate regarding tuition fees and student loans for English-domiciled undergraduate students.</p> <p>The Rector noted an opportunity to bid to participate in the Arts &amp; Humanities Research Council's Creative Industries Clusters Programme.</p>	
4	Vice-Principal and Assistant Principal Extensions	Paper C
	<p>Extensions of terms of office of Vice-Principals and Assistant Principals were approved as set out in the paper.</p>	
5	Policy & Resources Committee Report	Paper D
	<p>Key items considered by the Policy &amp; Resources Committee were summarised, including a financial benchmarking report and student recruitment update. The Vice-Convener noted that consideration would be given to improving future reporting to Court of comparative analyses with peer group institutions conducted at committee-level.</p>	
SUBSTANTIVE ITEMS		
6	National Student Survey 2017 and Annual Scottish Funding Council Quality Assurance Report	Paper E Paper L
	<p>The results of the National Student Survey 2017, analysis, proposed actions and further issues for consideration were reviewed alongside the University's annual report to the Scottish Funding Council on institution-led review and enhancement activity.</p> <p>The improvement in the National Student Survey overall satisfaction measure, from 80% in 2016 to 83% in 2017 and relative improvement in the University's position relative to peer institutions was welcomed but it was noted that results remain significantly below those the University aspires towards.</p>	



The Heads of College commented on variations in results at School and degree course level, disseminating best practice and improving student spaces across the University's campuses.

The National Student Survey follow-up actions proposed in Paper E were endorsed. The annual quality assurance report in Paper L was endorsed and the Vice-Convener authorised to sign the accompanying statement.

## **7 City Deal**

**Paper F**

Following the Court Seminar briefing and discussion, Court agreed to delegate authority to the City Deal Executive Governance Group to authorise:

- i) expenditure of pump priming activities. This would be limited to the Principal's current delegated authority level of up to £2M per approval and capped at a total approval of £6M; and,
- ii) changes in the source of funding for City Deal capital projects where Court approval had previously been granted.

## **8 Finance Director's Report**

**Paper G**

The draft University Group 2016/17 financial results and the latest iteration of the Ten Year Forecast and associated key performance indicators were noted. Members requested an overlay of the Ten Year Forecast illustrating the forecast impact of the City Deal and discussed communication of the Annual Report and Accounts, including the importance of realising resource to support reinvestment in priority areas for the benefit of the University community.

## **9 Higher Education Governance (Scotland) Act 2016**

**Paper H**

The University Secretary introduced proposals developed by Nominations Committee to revise the composition of Court to enable compliance with the Higher Education Governance (Scotland) Act 2016.

Members discussed the merits of a small increase in the size of Court from 22 to 23 members, attracting suitably experienced candidates for the Senior Lay Member role, and the importance of collective Court decision-making for the long term interest of the University as a whole. The proposals were welcomed and Court approved:

- a revised composition of Court as recommended by Nominations Committee, to take full effect in summer 2020;
- transitional arrangements prior to full implementation in summer 2020; and,
- the widening of the existing Ordinance on Removal of Co-opted Members of Court to apply to all Court members on an equal basis.

## **10 Annual Court Effectiveness Review**

**Paper I**

The annual Court effectiveness review 2016/17 was approved.



## **11 Rectorial Election 2018**

**Paper J**

*The Rector declared a potential conflict of interest and withdrew from presiding, discussion and decision-making. The Vice-Convener presided for the item.*

Proposed arrangements for the Rectorial Election 2018 were considered. Court agreed an election date of 26-27 February 2018 and the appointment of Sheriff Principal Edward Bowen as the Returning Officer and Ms Tracey Slaven as the Deputy Returning Officer. It was agreed that the draft election regulations would be subject to further consultation with student and staff representatives as to whether and how to provide an option to re-open nominations. Subsequently, the draft election regulations will be submitted to Exception Committee for approval.

## **12 EUSA President's Report**

**Paper K**

The Student President reported on activities since the last meeting and planned future events.

### **ITEMS FOR NOTING OR FORMAL APPROVAL**

## **13 Annual Scottish Funding Council Quality Assurance Report**

**Paper L**

*Secretary's note: this was considered within Item 6 above.*

## **14 Annual Review Completion Rates**

**Paper M**

The 96.5% completion rate for staff annual reviews in 2016/17 was welcomed.

## **15 Committee Reports**

### **• Exception Committee**

**Paper N1**

The following matters approved by the Exception Committee on behalf of Court were noted:

- City Deal: acceptance of capital investment from the UK Government as part of an Edinburgh and South-East Scotland City Region Deal and to permit discussions between the University, City Deal partners and the UK and Scottish Governments on the details of the proposed deal and the underpinning outline business cases for the data driven innovation strand.
- Life Assurance Cover: establishment of a Registered Group Life Scheme and the associated Trust Deed to provide life cover for former Edinburgh Research and Innovation employees who have transferred to the University through TUPE arrangements.
- Head of College Extension: extension of the term of office for Professor Dorothy Miell as Head of College of Arts, Humanities and Social Sciences to 31 July 2021.



- **Nominations Committee**

**Paper N2**

Court noted the report and approved the appointment of the Lord Provost to the Committee on University Benefactors for a three year term of office to 31 July 2020.

- **Audit & Risk Committee**

**Verbal**

The Convener of Audit & Risk Committee provided a verbal report on the 19 September meeting.

**16 Resolutions**

**Paper O**

The following resolutions were approved:

Resolution No. 69/2017: Foundation of a Personal Chair of International Law and Global Governance

Resolution No. 70/2017: Foundation of a Personal Chair of Sociology and Social Policy

Resolution No. 71/2017: Alteration of the title of the Chair of Social Work

Resolution No. 72/2017: Alteration of the title of the Chair of Innovation in the Life Sciences

Resolution No. 73/2017: Foundation of a Chair of Tropical Agriculture and Sustainable Development

Resolution No. 74/2017: Foundation of a Chair of Africa and International Development

Resolution No. 75/2017: Foundation of a Personal Chair of Digital Cultural Heritage

**17 Donations and Legacies**

**Paper P**

Donations and legacies received by the Development Trust from 1 June 2017 to 31 August 2017 were noted.

**18 Uses of the Seal**

A record was made available of all the documents executed on behalf of the Court since its last meeting and sealed with its common seal.

**19 Any Other Business**

There was no other business.

**20 Dates of 2018/19 Meetings**

**Paper Q**

The following meeting dates for the 2018/19 academic year were approved:

- Monday 1 October 2018
- Monday 3 December 2018
- Monday 29 April 2019
- Monday 17 June 2019

A suitable meeting date in February 2019 will be identified and submitted



for approval at the next meeting.

**21 Date of Next Meeting**

Monday, 4 December 2017, 2-5pm





UNIVERSITY COURT

4 December 2017

Principal's Report

**Description of paper**

1. The paper provides a summary of activities that the Principal and the University have been involved in since the last meeting of the University Court.

**Action requested/Recommendation**

2. Court is asked to note the information presented. No specific action is required of Court, although members' observations, or comment, on any of the items would be welcome.

**Background and context**

3. A summary of recent UK and international activity undertaken by the Principal and the University, relevant news for the sector is also highlighted.

**Discussion**

4. *University News*

a) Brexit

As discussions continue the University has kept its internal focus on keeping our students and staff fully informed of all matters relevant to Brexit and the University. Our microsite (<https://www.ed.ac.uk/news/eu>) remains at the heart of this and recent activity has included a series of Brexit-related student FAQs that have been circulated to all students in the Student Newsletter and an update note from the Senior Vice-Principal to keep staff informed of related news.

Externally, we continue to lobby and put forward our position on consultations. Most recently we submitted a comprehensive response to the Migration Advisory Committee's (MAC) call for evidence on EEA workers in the UK. We fed into the Universities UK submission and also put forward our own institutional response.

The MAC call for evidence on the impacts of international students, both EEA and Non-EEA, in the UK is due on the 26 January 2018, and again the University will be making a submission.

On a separate but related note I did receive the letter which gained so much publicity from Chris Heaton-Harris MP regarding our Brexit related teaching activities. A polite rebuttal had been crafted ready to send but was not actually sent in the end as the matter had already broken in the press.

b) Widening Access

Widening Access is regularly in the headlines and I thought Court might appreciate a short update of where the University sits with regard to this important topic.



You will be aware that Court has formally adopted the 10% SIMD20 target as one of the key performance measures for our new Strategic Plan Performance Framework. This was also reflected in last year's Outcome Agreement with the Scottish Funding Council.

In articulating our route to 10% SIMD20 by 2020-21 we forecast achieving:

- 7.5% in 2017-18
- 8.2% in 2018-19
- 9% in 2019-20

We are now a year ahead of our milestones, with 8.2% of our 2,000 full-time Scottish domiciled entrants from SIMD20 and 19.3% from SIMD40.

A number of activities have supported this shift including: maintained and extended activity in primary schools and in S1/S2 of secondaries; targeted our outreach work more tightly on schools with SIMD20 populations; processed SIMD20 applications first, to make offers as quickly as possible; sent a letter from Principal to applicants – reinforcing the message that we really want applicants to come to Edinburgh; entered Scottish Clearing (first time ever) for SIMD20 applicants; enhanced our Scholarship scheme for Scottish Domiciled low income applicants.

c) Chair of Scottish Funding Council

The new Chair of the SFC was announced as Dr Mike Cantlay OBE in early October. Dr Cantlay is also Chair of Scottish Natural Heritage and has over 20 years' experience of public sector governance, I have my first 1 to 1 with him in early December. At the same time our own Professor Lesley Yellowlees was appointed as a member of the SFC Board and has now been confirmed as Convener of the SFC Research and Research and Knowledge Exchange Committee.

d) Intensification of Outcome Agreements

The new outcome agreement guidance from the Scottish Funding Council, published 31 October 2017, reflects Ministerial instruction to "intensify" the process. In practice, this primarily looks to see greater progress on Widening Participation, including retention. There has also been an indication that limited aspiration in targets, or a failure to provide convincing evidence on progress, might result in the redistribution of SFC funding. We would intend to take this change as a positive opportunity to rebalance the Outcome Agreement away from mechanics and re-tell our story on Widening Participation actions and achievements. We will of course also introduce the City Deal into the document for the first time. Court will be asked to consider the formal submission in February, following informal feedback on a draft using the new approach from the Scottish Funding Council.

e) Teaching Excellence Framework (TEF)

Court are fully aware of the University's decision not to participate in the TEF to date. Colleagues have analysed how the TEF is developing and suggest that our position is unlikely to change with regard to any short term future



involvement. We will continue to monitor developments as they take place, with Assistant Principal Tina Harrison particularly well placed to advise from her position as a TEF assessor.

f) Winter Graduations

As ever we were delighted to welcome parents and guests of graduands at this year's winter graduations and I am very grateful to members of Court for taking part in the ceremonies. Among our honorary graduates this year were: Ms Mairi Hedderwick, Illustrator and author; Ms Frances Morris, Director, Tate Modern and Trustee, Fruitmarket Gallery Edinburgh; Dr Maurice Wren, Chief Executive Officer, Refugee Council UK; Professor Joni Lovenduski, Professor Emeritus in Political Science, Birkbeck College, London; Ms Eleanor Sharpston, QC, Advocate General at the European Court of Justice, Luxembourg; Ms Louise Livingstone Martin, CBE, Chair of SportsScotland and President of Commonwealth Games Federation; Professor James Hough, Research Professor in Natural Philosophy, University of Glasgow; Dr Alan Kay, President of the Viewpoints Research Institute, USA; Professor Louise Richardson, Vice-Chancellor, University of Oxford; Mr Angus Donald Mackintosh MacDonald, Retired Chartered Accountant; AXA Research Fund, AXA PPP Healthcare; Madame Liu Yangdong, Vice Premier of the People's Republic of China.

g) Principal's Medal

Also at the winter graduations, Mr Alexandros Angelopoulos and Mr Sam Kellerhalls, undergraduates in the School of GeoSciences, were the winners of this year's Principal's Medal for Contribution to the Community. They conceived Project Elpis which developed a series of solar hubs to allow people in Greek refugee camps to safely charge their mobiles phones and remain connected to their families and communities. Professor Aziz Sheikh received the Principal's Medal for Exceptional Service in recognition of his large contribution in establishing the Allergy and Respiratory Research Group and the many important initiatives that have flowed from it.

h) High Level Visits and Meetings

At the end of September I travelled to Moscow to take part in various panel discussions at the #EDCRUNCH Conference, one of the largest European conferences in the area of new educational technologies in secondary, higher and professional education.

In October I was delighted to welcome Dr Sashi Tharoor, who gave a public lecture, 'Looking Back at the British Raj in India' to mark India Day and HRH Princess Lamia who gave this year's Chancellor's Lecture and discussed 'Women, Empowerment and the Middle East'.

I opened the 'Open Belt and Road Conference', a collaborative event with Fudan University, at which the Rt. Hon. Gordon Brown, former Prime Minister of the UK, gave the keynote address on the continued development and influence of Asia and China on global trade. Mr Brown returned in November to launch his book 'My Life, Our Times'.



In my capacity as Chair of the Edinburgh Festival Fringe I took part in a reception to mark the 70<sup>th</sup> anniversary of the Edinburgh Festival at No.10 Downing Street.

I took part in the Russell Group dinner with the Rt Hon Phillip Hammond, Chancellor of the Exchequer, as guest in late October.

I chaired a discussion on what the UK Government can do to support Scotland at a Universities Scotland roundtable meeting with Nick Starkey, Deputy Director, Science & Research (Strategy & Impact), colleagues from the Department for Business, Energy and Industrial Strategy, and representatives from Scottish higher education institutions.

I participated in a Scottish Government and Universities Scotland Strategic Funding Group meeting at the Scottish Parliament with the Deputy First Minister and Minister for Higher Education to discuss the next Scottish Government budget.

I attended a Universities Scotland meeting with the Permanent Secretary Sir Tom Scholar and Directors of HM Treasury on economic impact, challenges and opportunities for commercialising research and partnership with industry in Scotland; two Strategic Futures Group meetings involving Universities Scotland, with Scottish Government and the Scottish Funding Council.

The University hosted a visit from alumnus Chris Beard, CEO of the Mozilla Corporation, in late October. He was accompanied by some of his senior team and spent time discussing developments in Open Source Software.

I was very pleased to be invited to give the annual Talbot Rice lecture in St. Cecilia's Hall.

I participated in the Committee of Scottish Chairs working dinner; The National Museums of Scotland Annual Dinner; the Scotsman 200 year celebrations; the opening of the Law School History Wall exhibition.

I enjoyed the General Council's reception to mark my retirement.

In November I was delighted to welcome Her Excellency Ms Tiina Intelmann, Ambassador of the Republic of Estonia to the Court of St James's who gave a lecture on 'Setting Your Own Agenda in the World' at the invitation of the Edinburgh University European Union Society.

I was pleased that the University hosted the Remembrance Day Service on behalf of the Edinburgh universities.

I participated in the Economic Impact of Russell Group Universities report launch; the CBI Annual Conference in London where both Theresa May and Jeremy Corbyn spoke and the Falling Walls Conference in Berlin.



In December I attended The Scotland International gathering at Gleneagles where I discussed 'The Autonomy of Universities'. I also participated in the Festival of St Andrew at St Giles Cathedral and was honoured to give one of the readings at the University's Carol Service also in St Giles' Cathedral.

Further details of University activity, including research success can be found here:

<http://www.ed.ac.uk/news/archive>

Information relating to student and staff success, news and recognition can be found here:

<http://www.ed.ac.uk/news/staff>

## 5. *International News*

### a) Europe

I wrote an editorial for the October Coimbra Group newsletter where I reflected on the evolution of higher education and research policies of the European Union, within the perspective of the Brexit vote.

I took part in the League of European Research Universities Rectors Assembly in Lund.

Colleagues participated in high level visits to potential strategic partners, University of Amsterdam and Leiden University, during mid-October.

A Scotland-wide event, initiated by the University of Edinburgh, to celebrate 30 Years of the Erasmus Student Exchange Programme took place at the Scottish Parliament on 24 October hosted by Universities Scotland and Deputy First Minister John Swinney MSP.

### b) South-East Asia and Australasia

Delegations from Medicine (Population Health Sciences and Pharmacology) and Engineering (Wave Power) will visit the University of Malaya in November/December for Symposia and discussions on collaborative research.

### c) South Asia

I spent three days in New Delhi, participating in the QANSAS 2017 conference where I gave the keynote on 'Digital Education, the first 100 years'. I also attended a number of meetings with University supporters arranged by the India Office.

The South Asia Regional Office is working with Universities Scotland on the Deputy First Minister's forthcoming visit to India which the Senior Vice-Principal will attend on behalf of the University.

### d) East Asia

The annual Universitas 21 Senior Leaders' meeting took place in South Korea, with Edinburgh representation by the Vice-Principal International, Professor James Smith.

Edinburgh Innovations co-ordinated a successful Innovation Week hosted by Chinese airline manufacturer COMAC in Shanghai in late September. Fifteen University and Edinburgh Innovations staff travelled to China. The week



produced 12 potential projects for future collaboration including developing robotics for assembly, using data science for improved feedback from sensors and optimising component manufacture and performance.

e) Africa

I spent some very valuable time in Rwanda in mid-October for the MasterCard Foundation Scholars Program Learning Conference.

Meanwhile the MasterCard Foundation Scholarships Programme has welcomed 21 new scholars and six returning scholars to Edinburgh. The MasterCard team has won funding from the UK Council for International Student Affairs (UKCISA) to conduct a research project on mental health/wellbeing of global access students at Edinburgh using our Scholars as a case study.

Events took place across late October as part of the University's Africa Week celebrating our partnerships in Africa.

f) Latin America

A delegation, led by Vice-Principal International Professor James Smith, including academics from all three Colleges visited Mexico in November. Visits included: UNAM, Tec de Monterrey, CIDE, Universidad La Salle, Colegio de Mexico and Instituto Tecnológico Autónomo de México.

g) International high-level delegations received as follows:

Ambassador to Georgia  
Ambassador to Iran  
Ambassador to Estonia  
Ambassador to the Ukraine  
Ambassador to Bosnia & Herzegovina  
University of Waterloo  
Sun Yat Sen University, PR China  
Bocconi University, Italy

## 6. *Higher Education Sector*

a) Autumn Budget Statement

The budget statement from the Chancellor on 22 November was heavily focused on investment to position the UK as a global leader with improvements in transport, R&D and productivity growth at the centre of the budget alongside leading the world in driverless cars. As part of the announcement the Chancellor reconfirmed the Government's target to boost total (public & private) R&D investment to 2.4% of GDP by 2027 and confirmed £2.3 billion extra R&D investment in 2021/22.

Further detail on the Modern Industrial Strategy plans will be shared with Parliament as a White Paper to be published on 27 November. There was nothing specifically included in the statement on Universities or Student Funding/Loans.



The consequential impact of the Budget for Scotland is calculated at £2bn, with a VAT refund allowable on Scottish Police and Fire Bodies from April and a new tax transfers scheme for North Sea fields to be introduced to encourage further investment.

b) Universities Superannuation Scheme (USS)

Court have an update from the 5 October meeting of the Court USS Sub-Group to note later in the meeting (Paper R3) and this short summary provides the latest information on the matter at time of writing. The University response to the Universities UK (UUK) survey has been submitted. The Senior Vice-Principal has written to all staff summarising the issue and the line that the University has taken with our response to the UUK survey. On 17 November the University & College Union (UCU) issued a statement announcing that it will ballot members for industrial action over proposed changes to the USS. If the vote is in favour of strike action it would most likely start from February 2018.

c) Consultations and Inquiries

There are a number of consultations currently with the University, where appropriate we are feeding into Russell Group and UUK responses, as well as responding ourselves. This includes the consultation on the establishment of the Office of Students, the Knowledge Exchange Framework, the Home Office Migration Advisory Committee (MAC) call for evidence on workers and also the MAC on the impact of international students, both European Economic Area (EEA) and non-EEA.

Recent Select Committee inquiries include the Economic Affairs Committee on the Economics of Tertiary Education/Sustainability of Higher Education, Commons Science and Technology on the Science Budget and Industrial Strategy and also on Research Integrity.

Following the UK Government's announcement in mid-October of the move in the student loan repayment threshold from £21k to £25k and the freezing of tuition fees at £9,250 the Treasury Committee on student loans has launched their inquiry. The inquiry deadline for written submissions is 31 December.

### **Resource implications**

7. There are no specific resource implications associated with the paper.

### **Risk Management**

8. There are no specific risk implications associated with the paper although some reputational risk may be relevant to certain items.

### **Equality & Diversity**

9. No specific Equality and Diversity issues are identified.

### **Next steps/implications**

10. Any action required on the items noted will be taken forward by the appropriate member(s) of University staff.



**Consultation**

11. As the paper represents a summary of recent news no consultation has taken place.

**Further information**

12. Principal will take questions on any item at Court or further information can be obtained from Ms Fiona Boyd, Principal's Office.

13. Author and Presenter

Principal and Vice-Chancellor Sir Timothy O'Shea  
27 November 2017

**Freedom of Information**

14. Open Paper.





UNIVERSITY COURT

4 December 2017

**Policy & Resources Committee Report**

**Committee Name**

1. Policy & Resources Committee.

**Date of Meeting**

2. 13 November 2017.

**Action Required**

3. Court is invited to note the key items discussed at the meeting as detailed below.

*Paragraphs 4 - 15 have been removed as exempt from release due to FOI.*

**Full minute**

16. All papers considered at the meeting and in due course the Minute can be accessed on the wiki site at the following link:

<https://www.wiki.ed.ac.uk/display/UCC/Policy+and+Resources+Committee>

**Equality & Diversity**

17. Issues related to equality and diversity were considered within each paper as appropriate.

**Further information**

18. Author

Dr Lewis Allan  
Head of Court Services

Presenter

Ms Anne Richards  
Convener, Policy & Resources Committee

**Freedom of Information**

19. The paper is closed.





UNIVERSITY COURT

4 December 2017

**Reporting on Enhancements to the Student Experience**

**Description of paper**

1. Court takes a keen interest in the University's work to enhance the student experience and as a result there is a standing item at each Court at which traditionally the Senior Vice-Principal (SVP) has presented an update on relevant enhancement activity.
2. There is self-evidently significant activity across all parts of the University focussed on enhancing the student experience, not all of which has been captured in these periodic updates. In addition, the SVP has also proposed to Court a more focused approach to learning and teaching issues through the line management structures of the University, together with the development of a reporting framework for the Colleges to enable university-wide reporting and assessment of progress.

**Action requested/Recommendation**

3. Court is invited to comment on the report.

**Section A: Background and context**

4. The metrics-based report and text commentary included in this paper is the first iteration of this new reporting framework. It builds on the Strategic Plan Performance Measurement Framework already available to Court and goes into greater detail on a range of student experience issues.
5. The report is structured into three parts:
  - I. A high level summary of key student experience performance metrics (National Student Survey (NSS), Postgraduate Taught Experience Survey (PTES), Graduate Outcomes, Retention) summarised at College level.
  - II. A summary of progress (again, summarised at College level) against key priorities namely:
    - a. Volume of staff with a recognised teaching qualification or enrolled on a certified programme through the Institute for Academic Development (IAD)
    - b. NSS feedback on "student voice"
    - c. Volumes of student peer-to-peer mentoring facilitated by the Students' Association
  - III. A summary of student support activity and investment across Estates, Societies and Sports, student accommodation and student services.

**Discussion**

*Paragraphs 6 - 33 have been removed as exempt from release due to FOI.*



### **Risk Management**

34. Failure to provide a high quality student experience is classed as a red risk on the University's risk register and is the most significant internal risk facing the University.

### **Equality & Diversity**

35. There are no equality and diversity issues arising directly from this paper and any actions taken will consider possible equality and diversity impacts.

### **Next steps/implications**

36. The report will be enhanced over time. For example this year we will seek to collect better data on staff promotions, in order to understand the extent to which initiatives to reward excellence in teaching are flowing through to the promotions process.

37. Subject to any feedback, we propose to table the same metrics-based report at different Court meetings throughout the year (most of the data is annual) with a different focus at each meeting.

- Initial overview and institutional response by SVP (September Court meeting)
- Response from Heads of College (1 per meeting November, February, April)
- Response from student support services and facilities (Deputy Secretary, Student Experience, June)

38. Additional reporting on thematic issues related to student experience will continue as appropriate alongside these metrics-based reports.

### **Consultation**

39. The metric-based report was proposed and supported at the June 2017 Court.

### **Further information**

#### **40. Authors**

Professor Charlie Jeffery, Senior Vice-Principal  
Gavin Douglas,  
Deputy Secretary, Student Experience

#### **Presenter**

Gavin Douglas  
Deputy Secretary, Student  
Experience

### **Freedom of Information**

41. Sections B and C are closed.





**Strategic Plan 2012-16 KPIs and targets – final progress report on 2015-16 data**

**Description of paper**

1. This paper presents progress made against the targets and Key Performance Indicators (KPIs) within the University's 2012-16 Strategic Plan for 2015/16 where data was not available when presented to Court in December 2016. A summary of the final position for all data for the final year of the 2012-16 Strategic Plan is also included.

**Action requested/recommendation**

2. Court is invited to agree that the University has broadly delivered against the targets and key performance indicators in the 2012-16 Strategic Plan and note the targets and key performance indicators which were not reported in December 2016.

*Paragraphs 5 - 12 have been removed as exempt from release due to FOI.*

**Risk Management**

13. Inadequate monitoring of progress against the University's Strategic Plan targets and KPIs could result in the failure to meet these milestones and, ultimately, non-delivery of the University's objectives and strategies.

**Equality & Diversity**

14. The plan includes a Strategic Theme 'Equality and Widening Participation', with relevant targets and Key Performance Indicators.

**Next steps/implications**

15. The measures reported here will be combined with the measures and commentary reported to Court in December 2016 and published as a final report on the 2012-16 Strategic Plan.

**Consultation**

16. Colleagues from across the University have provided content for this paper.

**Further information**

17. Author

Jennifer McGregor  
Governance and Strategic Planning  
15 November 2017

Presenter

Tracey Slaven, Deputy Secretary,  
Strategic Planning

**Freedom of Information**

18. This paper is closed as the final version is intended for publication after the December Court meeting, see:

<https://www.ed.ac.uk/files/atoms/files/progressreport2016.pdf>









UNIVERSITY COURT

4 December 2017

**Strategic Plan 2016: Performance Measurement Framework**

**Description of paper**

1. A performance measurement framework has been developed to assess the University's performance against the Strategic Plan 2016. This is an overview of the performance measures progress for 2016-17.

**Action requested/Recommendation**

2. Court is invited to discuss and provide comments on progress against the measures for 2016-17 and agree that the University is broadly on track to deliver against its Strategic Plan.

*Paragraphs 3 - 11 have been removed as exempt from release due to FOI.*

**Risk Management**

12. Performance measurement is essential in allowing the University to monitor its exposure to various risks. Measures reported to Court focus on those that are highest impact and therefore a risk for the University.

**Equality & Diversity**

13. The strategic performance framework dashboards and other online or printed material comply with accessibility requirements.

14. The measures relating to 'Diversity of Staff Population' and 'Diversity of Student Population' are partially intended to monitor the impact that delivering the strategic plan has on different groups.

*Paragraphs 15 - 23 have been removed as exempt from release due to FOI.*

**Consultation**

24. An earlier version of this paper was discussed by Central Management Group on 31 October and by Policy & Resources Committee on 13 November. Colleagues from across the University have been regularly consulted during the data repository and dashboard development process.

**Further information**

25. Author

Lynda Hutchison/Pauline Jones  
Governance and Strategic Planning  
21 November 2017

Presenter

Tracey Slaven  
Deputy Secretary, Strategic Planning

**Freedom of Information**

26. This paper is closed as the final version of the performance measures will be published after review by Court.





UNIVERSITY COURT

4 December 2017

**Audit & Risk Committee Annual Report**

**Description of paper**

1. The Audit & Risk Committee's Annual Report provides Court with information on the key areas of the internal control environment, risk management, value for money and corporate governance. The purpose is to provide Court with sufficient assurance in these areas, prior to approving the Annual Report and Accounts for the year ended 31 July 2017.

**Action requested/Recommendation**

2. Court is invited to agree that the Report provides reasonable assurance that the University's internal control environment during 2016/17 was sufficiently adequate for Court to approve the Annual Report and Accounts.

*Paragraphs 3 - 5 have been removed as exempt from release due to FOI.*

**Risk Management**

6. The University has a low appetite for risks in the areas of compliance and finance. This report provides assurance to Court on the effectiveness of risk management arrangements during 2016/17.

**Equality & Diversity**

7. No equality impacts have been identified.

**Next steps/implications**

8. The Report provides assurances to Court as part of the process to enable it to approve the Annual Report and Accounts 2016/17.

**Consultation**

9. The Report has been reviewed and approved by Audit & Risk Committee.

**Further information**

10. Author

Ms Kirstie Graham  
Deputy Head of Court Services  
November 2017

Presenter

Mr Alan Johnston, Convener of Audit and Risk  
Committee

**Freedom of Information**

11. This paper is closed.





UNIVERSITY COURT

4 December 2017

**Report and Financial Statements for the Year Ended 31 July 2017  
Risk Management – Post Year End Assurance**

**Description of paper**

1. This paper reports on Risk Management Post Year End Assurances in support of the Annual Report and Accounts 2016/17.

**Action requested/Recommendation**

2. Court is invited to note the information presented.

**Background and context**

*Paragraphs 3 - 6 have been removed as exempt from release due to FOI.*

**Resource implications**

7. There are no specific resource implications.

**Risk Management**

8. The University continues to manage the major risks in the University Risk Register as approved by Court in June 2017, and to monitor emerging issues.

**Equality & Diversity**

9. No specific Equality and Diversity issues are identified.

**Next steps/implications**

10. The paper provides assurances to Court as part of the process to enable it to sign off the Annual Report and Accounts 2016/17.

**Consultation**

11. Each College and Support Group was contacted to obtain updates or confirmation of nil returns.

**Further information**

12. <u>Author</u>	<u>Presenter</u>
Mr Hugh Edmiston	Mr Hugh Edmiston
Director of Corporate Services	Director of Corporate Services
November 2017	

**Freedom of Information**

13. This paper is closed.





UNIVERSITY COURT

4 December 2017

**Finance Director's Report**

**Description of paper**

1. The paper summarises the finance aspects of recent activities on significant projects and initiatives updating on progress as appropriate.

**Action requested/Recommendation**

2. Court is invited to comment on the latest update. There are no other specific actions or recommendations.

*Paragraphs 5 - 12 have been removed as exempt from release due to FOI.*

**Risk Management**

13. The University continues to proactively manage its financial risk by not breaching the minimum criterion; unrestricted surplus of 2% of gross income. The draft financial results demonstrate we do not expect this indicator to be breached. The continuing health and sustainability of the University depends upon strong direction supported by robust forecasting and we will continue to refine and challenge the assumptions underpinning the Ten Year Forecast.

**Equality & Diversity**

14. Specific issues of equality and diversity are not relevant to this paper as the content focusses primarily on financial strategy and/or financial project considerations.

**Next steps & Communication**

15. We would welcome feedback as outlined in the discussion above.

**Consultation**

16. The paper has been reviewed by Phil McNaul, Director of Finance.

**Further information**

17. <u>Author</u>	<u>Presenter</u>
Lorna McLoughlin	Phil McNaul
Head of the Financial Information	Finance Director
Reporting and Strategy Team	
24 November 2017	

**Freedom of Information**

18. Closed paper.





## UNIVERSITY COURT

4 December 2017

### Draft Annual Report and Accounts 2016/17

#### Description of paper

1. The draft Annual Report and Accounts are attached as Appendix 1. Appendix 1 includes the financial results for the University Group for the year ended 31 July 2017 and drafts of the main reports.

#### Action requested/Recommendation

2. Court is invited to:

- Review the Annual Report and Accounts to 31 July 2017 with a view to its approval, as recommended by Audit & Risk Committee.
- Note that, following the alignment of the 2015/16 Annual Report and Accounts structure with the International Integrated Reporting Framework, we have continued to develop best practice in this area. The draft Annual Report and Accounts 2016/17 include a number of additional enhancements in the report which do not require changes to the financial disclosures therein.

*Paragraphs 3 - 6 have been removed as exempt from release due to FOI.*

#### Risk Management

7. A report, 'Understanding our risks', is included in the Annual Report and Accounts to 31 July 2017.

#### Equality & Diversity

8. University funds are managed in accordance with its policies on equality and diversity. The Operational review in the Annual Report and Accounts includes sections on social responsibility and sustainability and equality and widening participation.

#### Next steps/implications

9. The Annual Report and Accounts will be lodged with the Scottish Funding Council by 31 December 2017. A copy will be filed in due course along with the annual return for 2016/17 with the Office of the Scottish Charity Regulator.

#### Consultation

10. The key reports have been drafted in consultation with stakeholders and the figures have been prepared and reviewed by our external auditors, PWC. The Annual Report and Accounts 2016/17 were presented to Policy & Resources Committee on 13 November 2017 and Audit & Risk Committee on 23 November 2017.

#### Further information

11. Author

Lee Hamill  
Deputy Director of Finance  
24 November 2017

Presenter

Phil McNaul  
Director of Finance



**Freedom of Information**

12. This paper is closed. The release of the Annual Reports and Accounts is covered by the University publication schedule. The Reports and Financial Statements will be published 30 days after adoption and signature by the Court on 4 December 2017 and the signing of the audit opinion by the external auditor.





# THE UNIVERSITY *of* EDINBURGH

## Annual Report and Accounts for the Year to 31 July 2017

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



# The University of Edinburgh at a glance

## Our strategic objectives

**Leadership in learning**  
We equip students with the knowledge, skills and experiences to flourish in a complex world and become successful graduates who contribute to society.



93%

Our percentage of UK/EU graduates in employment or further study six months after graduating is 92.8 per cent.\*

\*Source: HESA Destination of Leavers of Higher Education survey, published July 2016.

University world league table position\*

QS	19th
THE	27th

\*Sources: QS World University Rankings 2016/17 and Times Higher Education World University Rankings 2016/17

**Leadership in research**  
As a major, comprehensive university, we conduct research of the highest standard across a broad spectrum of disciplines.



10%

The number of research applications in 2016/17 grew by ten per cent.

Total research income (£m)\*

2017	265
2016	254
2015	231
2014	216

\*Figures exclude exceptional items.



# Our vision

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.

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# Highlights of 2017

## Total revenue (£m)\*

2017	929
2016	889
2015	825
2014	781

## Student numbers

2017	39,575
2016	37,510
2015	35,255
2014	33,110

## Endowment fund value (£m)

2017	392
2016	343
2015	315
2014	295

## Capital expenditure (£m)

2017	188
2016	136
2015	96

## SIMD 20 student entrants\*\*

2017	162
2016	131
2015	121

To view our Annual Report and Accounts online, please visit:

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

\*figures exclude exceptional items

\*\*applicants accepted from the Scottish index of multiple deprivation 20 per cent most deprived postcodes shown by year of entry

# 43%

The percentage of students from outside the UK.

# 16%

The University's annual return on endowment funds was 16.3 per cent in 2016/17.

# 10.5

Our undergraduate applicant-to-enrolments ratio was 10.5 for the 2016/17 academic year.

# 10%

Income from research grants and contract grew by 10 per cent year-on-year.

# £9.7m

We awarded £9.7 million through our three main UK undergraduate bursary schemes.



# Our approach to reporting

Last year was the beginning of our Integrated Reporting (IR) journey.

The IR framework was developed by the International Integrated Reporting Council (IIRC) and we have followed the guiding principles in Section 3 of the IR Framework. We incorporated IR into our 2015/16 Annual Report and Accounts to communicate a clear, integrated narrative that demonstrates our overall performance and value.

We have continued this journey in our Annual Report and Accounts for 2016/17, which describes our integrated thinking and explains how the information in the report is interrelated.

“Integrated reporting communicates how economic, environmental and social sustainability is incorporated and implemented into an organisation’s strategy. It recognises ‘value’ as more than simply financial value and allows reporting to adapt to a constantly changing, demanding environment.

Professor Mervyn King  
Chair, IIRC

In line with good reporting practice, we aim to think beyond just our financial value and incorporate non-financial performance into our assessment too, as a way of presenting a more balanced report of how we create value in the short, medium and long term. The report considers all resources that contribute to value creation, as well as identifying the risks, opportunities and outcomes that could affect our ability to create value over time. We recognise that our stakeholders have a significant influence on the ability of the University to create value and are essential to our success.

Our value model on page 10 explains how we are shaped by our external environment as well as our vision and strategy, risks and opportunities and the interdependencies among key resources. Various forms of capital determine the value of the University:

- Reputation
- Social and relationship
- People
- Knowledge
- Financial
- Physical
- Natural

With more than 14,000 staff and more than 39,000 students, we understand the significance of our impact on these varying capitals and their role in value creation and longevity of our institution.

In the next academic year, the Leadership Foundation will be supported by the Funding Councils to work with the IIRC and the British Universities Finance Directors Group (BUFDG), to investigate how integrated thinking and reporting can be applied more widely across higher education in the same way that it has been incorporated into many other sectors of the economy and across the world. In recent years, BUFDG have encouraged universities to adopt integrated reporting and have supported and guided us through our journey.





# Material issues

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

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

Insight into how these six material issues are managed and how they impact the University are signposted here:

## The student experience

The experience of our students while they study here is of vital importance to the University, and our rating in the National Student Survey (NSS) of 83 per cent is an area of focus for improvement. Students are already benefiting from our increased investment in teaching, but there is more for us to do.

This is covered in the Vice-Chancellor of Court's introduction on page four, included in the Strategic Plan performance framework on page nine, the Risk Register on pages 14 and 15 and page 19 of the Operational Review.

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

## Political uncertainty

Last summer's vote to leave the European Union, followed by an unclear outcome from the 2017 General Election has caused inevitable uncertainty. Nobody yet knows the long-term effect of leaving the EU, but it is clear that our role as one of the leading teaching and research-intensive universities in the world is more important than ever, and it is our job to seize the opportunities ahead whilst preparing for all eventualities.

This is covered in our Risk Register on pages 14 and 15 of this document as well as in the Finance Director's Foreword on pages 24 and 25.

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

## Service excellence

In support of the University's vision, we have committed to a review of key professional service functions and core systems to ensure that we get the best from the sum of our efforts by building effective and efficient services. The initiative, which is known as the Service Excellence Programme, is being run by colleagues in Colleges, Schools and Support Groups working together in a joint approach.

This is primarily covered in the Finance Director's Foreword on pages 24 and 25.

Details of the programme and regular updates can be found at [www.ed.ac.uk/university-secretary-group/service-excellence-programme](http://www.ed.ac.uk/university-secretary-group/service-excellence-programme).

## City Region Deal

The University of Edinburgh will be a key partner in a major initiative that seeks to make Edinburgh and its surrounding region the European leader for applying data science to products and services. The move to transform the region into a digital powerhouse is a key strand of the recently announced Edinburgh and South-East Scotland City Deal. Under the agreement, significant investment from the UK and Scottish Governments will be provided for major infrastructure projects in Edinburgh, the Lothians, Fife and the Borders.

This is covered on page 19 of the Operational Review as well as in the Vice-Chancellor of Court's introduction on page four and the Finance Director's Foreword on pages 24 and 25.

Details of the City Region Deal can be found at [www.acceleratinggrowth.org.uk](http://www.acceleratinggrowth.org.uk).

## Estates strategy

We are extremely proud of our ambition to create a world-class estate for a world-class university and will deliver this through our £1.1 billion programme of new buildings and refurbishment of the existing physical estate. The physical estate is one of our key capitals which we use to provide a stimulating environment in which to create value for and with our students and staff.

This is covered in the Finance Director's Foreword on pages 24 and 25, and in our Risk Register on pages 14 and 15.

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

## Pensions

The valuation of the University Superannuation Scheme (USS) as at 31 March 2017 is underway and the development of proposals is scheduled for completion by the statutory deadline of 30 June 2018. It is expected that this will become a high-profile issue and consultation with employees is likely early in 2018.

This is covered in note 31 of the Financial Statements on pages 76 to 83 and the Financial Review on page 32.



## Vice-Convener of Court's introduction



The breadth and quality of content within this year's Annual Report and Accounts is a wonderful testament to the University of Edinburgh and to what makes it great: its people, its alumni, its life-changing teaching and world-changing research. We have been more ambitious than ever in our local and global contribution to education, innovation, research and society as a whole, and 2017 marks another year of growth for the University.

This is in spite of a shifting political and economic landscape in the UK. Last summer's vote to leave the European Union, followed by an unclear outcome from the 2017 General Election, has caused inevitable uncertainty. Nobody yet knows the long-term effect of leaving the EU, but it is clear that our role as one of the leading teaching and research-intensive universities in the world is more important than ever, and it is our job to seize the opportunities ahead whilst preparing for all eventualities.

We are now in the first year of our *Strategic Plan 2016*, which builds on the strong foundations laid down over the last five years. While we are incredibly proud to be a global institution, the University of Edinburgh is grounded in the Scottish community and it is from this base that we will continue to look to the widest international horizons. Our commitment to 'contributing locally' is one of four development themes within the Strategic Plan, which you can read more about on page 19.

It therefore gave us great pleasure in 2017 to announce our role as a key partner in the Edinburgh and South East Scotland City Region Deal, an ambitious initiative that seeks to make the city and its surrounds the European leader in data science expertise. The long term investment by the partners is a huge vote of confidence in the economic and intellectual strength of Edinburgh and South-East Scotland and promises major development to the area. Its success is key to the aspirations laid down in our *Strategic Plan 2016*, as we work with partners to grow the region's digital economy and open up new opportunities for our businesses and communities to flourish. You can find more detailed information about the City Region Deal at [edin.ac/2vFp5EC](http://edin.ac/2vFp5EC).

The experience of our students while they study here is of vital importance to the University, and our rating in the National Student Survey (NSS) of 83 per cent is an area of focus for improvement. Students are already benefiting from our increased investment in teaching, but there is more for us to do. Working with our academic staff, we have re-emphasised the importance of excellence in teaching at all stages of a career through a more rounded, lifecycle approach, and will also incorporate a teaching requirement in recruitment of all academic staff. In response to student requests, we are also introducing a mandatory mid-semester feedback exercise that will be rolled out at every level of undergraduate teaching.

We also have ambitious plans to improve many aspects of the student experience outside of the classroom, and in recent years we have invested heavily in staff, buildings, facilities, technology and infrastructure for our students. The approval of a new £82 million investment in a state-of-the-art expansion of the University Union will create a new Student Centre for Student Services and Edinburgh University Students' Association, will increase the number of student study spaces within the Main Library and will enhance the social, pastoral and developmental student experience. This 'one stop shop' will give students a more integrated and seamless access to all the many services they need to draw on throughout their University experience.

Edinburgh is an institution with extraordinary campuses, international influence and a global reputation, which welcomes students and staff with great ability and potential from all over the world. The University now has students from over 160 countries, and we welcome 43 per cent of our students from beyond the UK. The University's position and potential as one of the leading teaching research-intensive Universities in the world remains strong.

After more than 15 years in office, Principal and Vice Chancellor Professor Sir Timothy O'Shea, will leave the University in January 2018. In 2002, he established clear plans to develop the University's reputation as a world-class university, and has guided the institution through decisions that have had invaluable impact on its future. He has set us up to compete both internationally and locally, helping Edinburgh establish a truly international influence and a global reputation. He has been committed to strong governance throughout his tenure, leaving the University a stronger institution, and it is thanks to Sir Timothy that Edinburgh is now well prepared for the further changes ahead. I know that I speak on behalf of all staff and students that have been at the University under Sir Timothy's leadership when I say how truly grateful we are for his guidance and commitment over the last 15 years.

Sir Timothy joins an illustrious list of former Principals in the marvellous legacy he has bestowed on the University. Our new Principal and Vice-Chancellor, Professor Peter Mathieson, will take office in February 2018. To meet the challenges and opportunities ahead, the University of Edinburgh must be bold, ambitious and innovative. As we look to the future, I am more convinced than ever of the University's position and potential as one of the leading teaching and research-intensive Universities in the world, and I have enormous pleasure in welcoming Peter to this great institution.

**Ms Anne Richards**  
Vice-Convener of Court



# Contributing locally

## Social impact pledge

Edinburgh was one of the first higher education institutions in Scotland to commit to the Social Impact Pledge, which asks public sector organisations across Scotland to commit to increasing their social impact by making a public commitment to changing three aspects of their current operations or policies. The University delivered three specific projects as part of the Pledge, all of which enabled more students and academics to engage with the community.

Students worked with families of primary school children across Edinburgh to encourage them to include reading, writing and counting in their everyday lives. This initiative to boost literacy and numeracy was developed by the University's Moray House School of Education in partnership with the Scottish Book Trust. The University has also supported efforts, in collaboration with the Students' Association, to increase the number of student start-ups that offer goods and services for the benefit of the local community and to ensure their long-term sustainability.

Further information is available online at [www.ed.ac.uk/local](http://www.ed.ac.uk/local).





## Principal's foreword



I have enjoyed my time as the Principal and Vice-Chancellor at Edinburgh immensely and, as I prepare to demit office, it is with a degree of pride that I note another successful year for the University.

Brexit presents a challenge, but we remain positive as we strive to maintain the mobility of European staff and to sustain European-funded research partnerships. To that end, staff numbers coming to Edinburgh from EU countries remain buoyant, far outweighing the number of EU staff moving on.

The University continues to attract outstanding students from across Europe, and so we were very pleased to represent the UK at celebrations in Strasbourg to mark 30 years of the EU's student exchange scheme, Erasmus+. As a mark of our commitment, we will guarantee international mobility support for all 2018/19 undergraduate entrants whose programmes include a year abroad.

It was also our great pleasure to host the annual conference of the Coimbra Group – an association of European universities committed to creating academic and cultural ties. This event marked the start of my presidency of the Group.

Our focus included academic exchange, innovation and employability. There was much for me to share with delegates, including news that, in the past year, eight early-career academics at Edinburgh have secured a record €12 million from the European Research Council's Starting Grants programme.

These researchers are a vital part of a bigger picture. The University has enjoyed an outstanding year with £364.5 million in new research awards – a 36 per cent increase on the previous year and a record total. We have achieved, on average, an eight per cent increase in new awards in each year from 2010 to 2016/17, and our application success rate remains high at 36 per cent.

This growth of high-quality research – together with teaching and the student experience – have been my priorities as my tenure draws to a close. Students have been at the heart of major improvements across campus, including better teaching facilities and enhanced services to support their wellbeing; part of a £200 million long-term investment programme.

Our lecture recording system, Media Hopper Replay, is now live in more than 100 teaching spaces, giving students access to recordings for study and revision purposes. Students will also benefit from focused mid-course feedback activities across all levels for the first time. These will complement our existing end-of-year course enhancement questionnaires.

A £3.65 million programme to upgrade and refurbish nearly 100 teaching spaces has been completed and the Main Library is now open round the clock, with more than 350 new study spaces.

We are not resting on our laurels. Our Future Teacher programme has been exploring how teaching is changing and how staff and students should respond. Interactive sessions have sparked debate about the digital approaches that teachers and learners will need in the classrooms of tomorrow.

Whatever that digital future looks like, Edinburgh can help to shape it and, in summer 2017, we signed up to what could prove to be one of the most significant events in our illustrious history.

The Edinburgh and South East Scotland City Region Deal has pledged £1.1 billion to fund major infrastructure projects in Edinburgh, the Lothians, Fife and the Borders, and to make Edinburgh and its surrounding area the Data Capital of Europe. Building on our strengths in data innovation, we will partner local authorities, schools and employers to help create the workforce of the future. In so doing, we can renew the civic tradition on which the University was founded; and, as a world-leading centre of excellence that is at the forefront of technology trends, we can add vision and value to this vital boost to the region's prosperity.

**Professor Sir Timothy O'Shea**  
Principal and Vice-Chancellor



# Partnership with industry

## Optical imaging project 'Proteus'

Edinburgh Research and Innovation (ERI, Edinburgh Innovation from 7 August 2017) is the innovation management service for the University of Edinburgh, providing access to the academic expertise, intellectual property and state-of-the-art research facilities available at the University. ERI develop partnerships between business and academia to manage and facilitate the exchange of knowledge, research and ideas.

Proteus is an EPSRC Interdisciplinary Research Collaboration led by the University of Edinburgh as part of a consortium with the University of Bath and Heriot-Watt University. In collaboration with the Edinburgh Critical Care Group and with the support of ERI, Proteus has recently been awarded £2.9 million of funding from Wellcome Trust and CARB-X. In addition to the £11.3 million awarded to the group from EPSRC, multiple translational and centre funding awards have been secured exceeding £16 million. ERI's work with the Proteus team also underpinned the creation of the University spin-out "Edinburgh Molecular Imaging".



# Our strategy

## Vision

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.

## Mission

We discover, develop and share knowledge.

As a centre of academic excellence we aim to:

- provide the highest-quality research-led teaching and learning;
- challenge the boundaries of knowledge, research and disciplines;
- enable our graduates and staff to be exceptional individuals equipped to address global challenges;
- promote good health, economic growth, cultural understanding and social wellbeing.

## Strategic objectives

### Leadership in learning

We prize learning. All of our students have the opportunity to experience different ways of learning by drawing on one of the widest subject mixes available in any leading university.

### Leadership in research

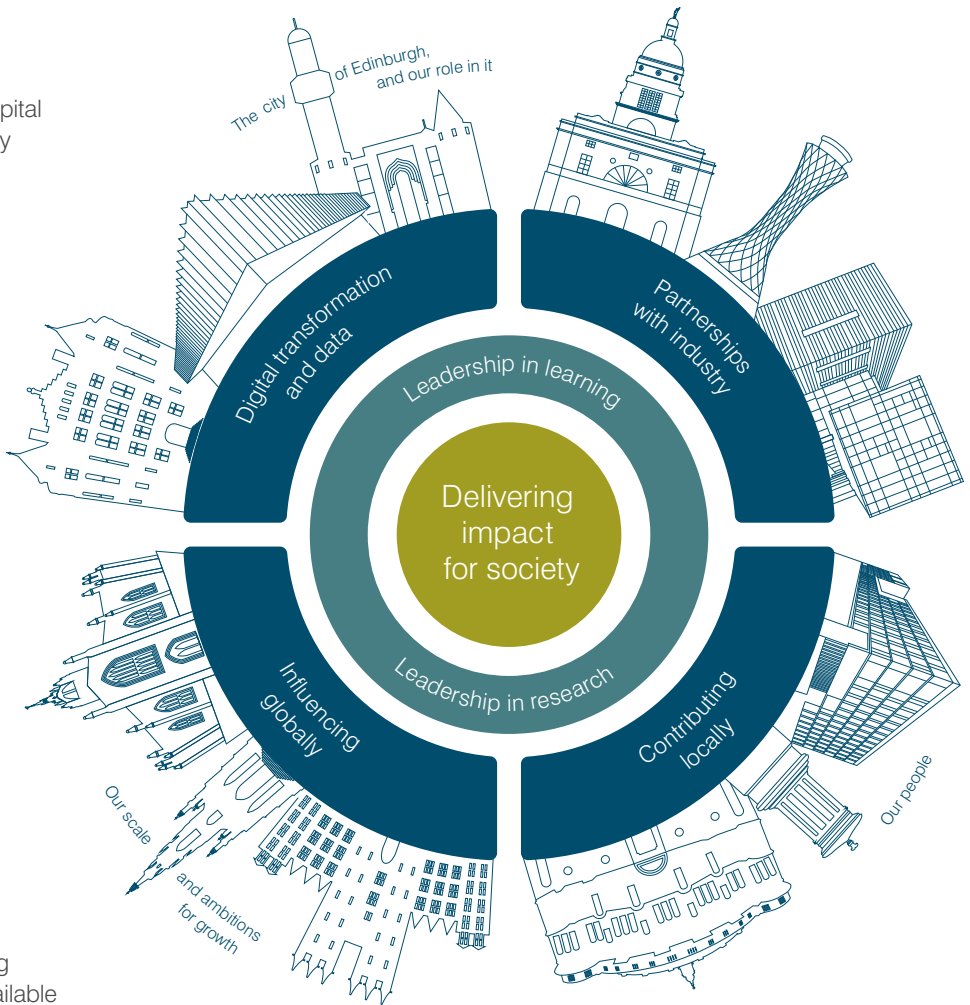
As a major, comprehensive university we conduct research of the highest standard across a broad spectrum of disciplines. In the Research Excellence Framework assessment in 2014, we were fourth in the UK by research power and in the top five in most individual subjects.

## Development themes

Our development themes give an overview of key areas for development over the period of our Strategic Plan. The development themes do not include everything we will focus on; rather they are the key areas for change. They demonstrate how we will succeed in achieving our goals.

The development themes are:

- Influencing globally
- Contributing locally
- Partnerships with industry
- Digital transformation and data



## Our structure

The University is organised into three Colleges, three Support Groups and a Corporate Group which includes 14 subsidiary companies.

2016/17	Staff numbers	Student numbers	Expenditure £m
College of Arts, Humanities & Social Sciences	3,692	23,647	156
College of Medicine & Veterinary Medicine	3,105	6,322	226
College of Science & Engineering	3,187	9,607	190
Corporate Services Group	2,416	-	135
Information Services Group	718	-	45
University Secretary's Group	1,026	-	54
Corporate Group	142	-	67
	14,286	39,576	873



## Strategic plan

A new performance framework for the University's *Strategic Plan 2016* has been developed; reflecting both key medium-term outcome measures and leading indicators of performance in the areas of key focus for the years ahead. The following table sets out our assessment of progress in the first year of the plan.

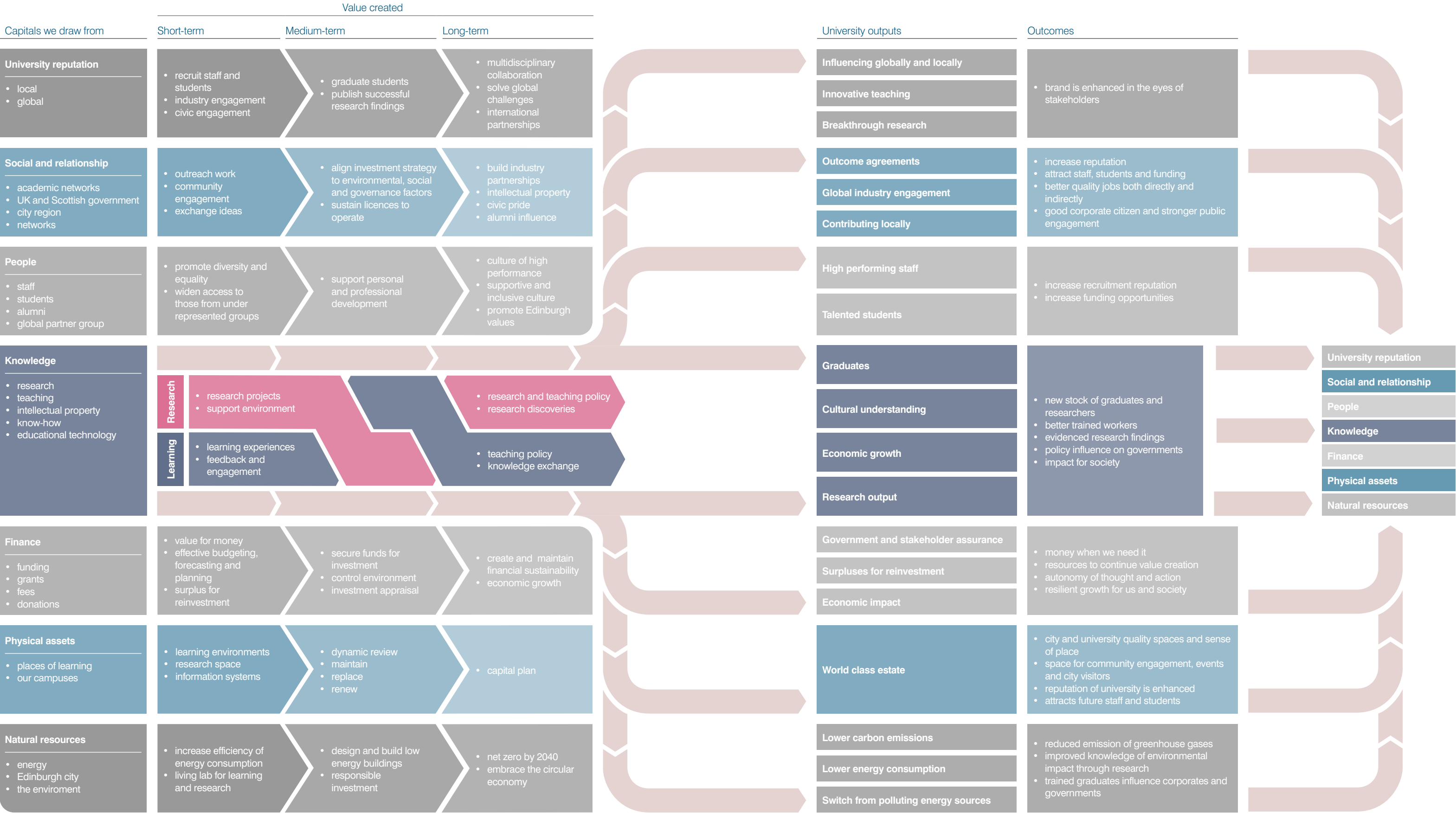
 - achieved/on track       - strong or improving position but needs attention       - progress needed

Strategic objectives			
Leadership in learning	Student satisfaction: via NSS, PTES and PRES surveys	A	NSS satisfaction improving – so is benchmark
	Proportions in graduate level employment or further study	G	Trend positive awaiting 2016/17 HESA data
Leadership in research	Research income per member of academic staff	G	Positive trend maintained
	Research publication quality – based on citations	G	Positive trend maintained
	Doctoral degrees awarded per member of academic staff	A	Stable – below Russell Group upper quartile
	REF2021 performance	G	Results available 2021
Scale and ambitions for growth			
Financial sustainability	Interest cover	G	Both measures appear within tolerance over forecast period
	Operating surplus as a percentage of income	G	
Annual carbon emissions	Absolute levels to return to 2007/08 baseline	G	Absolute growth reflecting recent expansion but reduction measures due to kick in alongside changes in grid composition
	Relative emission levels (tco2/£million)	G	
Our people			
Staff population characteristics	Age profile	A	Static levels of staff in under 25 age band and in under 40 academic staff
	Gender profile (G10)	A	Improvements in gender balance but not yet sufficient to reassure fully on track
	SIMD20/40* entrants	A	On track but challenging
	School gender balance	G	On track
	School intake diversity	R	Good diversity overall, but keen to ensure reflected at individual School level
Influencing globally			
The University's non-UK population	Academic staff from UK/EU and outside EU	G	Balance maintained with a slight increase in EU staff
	Student entrants from outside UK	G	On track
Research reputation	Measured through QS survey	A	Ranked 28th – exceptional performance – but continuing to pay attention as represents slight drop from 24th
Partnerships with industry			
Innovation activity measured through	Patents, licences, start-ups and the value of consultancy and translational awards	G	On track
Digital transformation and data			
Online distance learning expansion in post graduate students		R	Moving in the right direction but continues to be a stretch target

\* Scottish index of multiple deprivation 20/40 per cent most deprived postcodes



Our value model





## Understanding our risks

The risk of adverse consequences is inherent in all activity. Dynamic enterprise will inevitably create new risks but can also be associated with potential rewards. Effective risk management is about ensuring that all significant relevant risks are understood and prioritised as part of normal management practices to increase the probability of successful outcomes while protecting the reputation and sustainability of the University.

### Risk management

The University has a holistic approach that builds risk management into its structures and processes through a framework comprising governance, a defined risk appetite and an underlying policy and control environment.

### Process

The University operates processes for the identification, evaluation and management of significant risks that threaten the achievement of its strategic objectives and its value creation model. It records them in the University Risk Register. The Risk Management Committee monitors and reviews emerging and changing risks throughout the year and informs the University's Central Management Group and reports the committee's findings to the University Court's Audit and Risk Committee.

Risk owners assess gross and net risk regularly, and each of the risks in the Register is formally assessed at least once each year and reviewed by the Risk Management Committee. The Risk Management Committee ensures that the risks are being actively managed, with the appropriate strategies in place to work effectively.

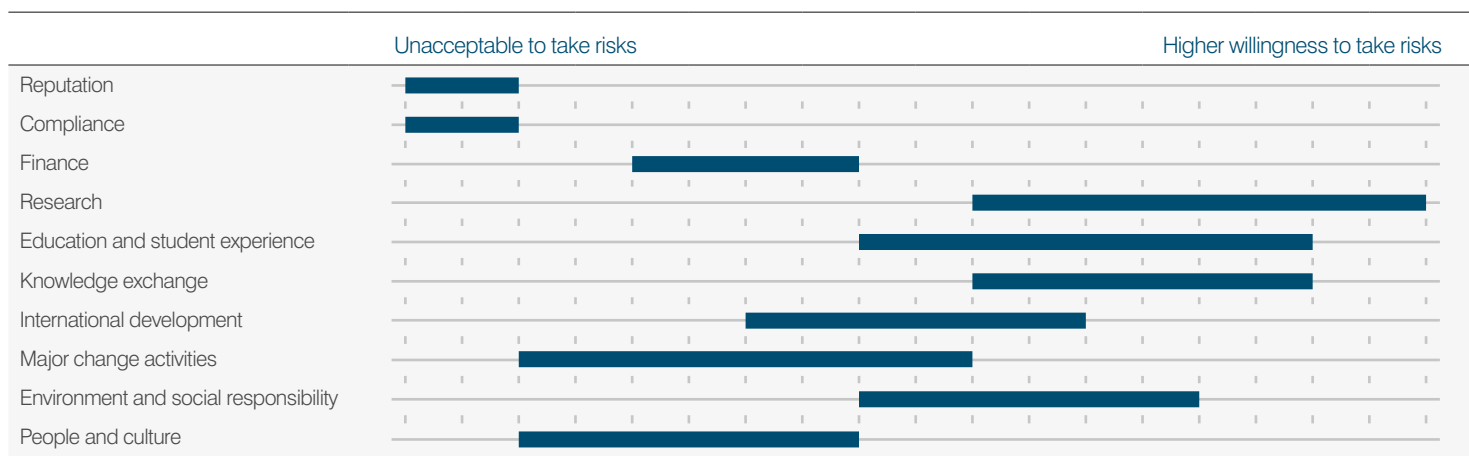
College, Support Group and subsidiary company risk registers ensure key operational risks are identified and managed by the appropriate organisation within the University. Internal Audit supports this process and undertakes reviews of key areas throughout the year according to a rolling audit plan.

All major projects have individual risk registers and risk assessment is incorporated into planning and decision-making processes.

The University's approach is to minimise its exposure to reputational, compliance and financial risk, while accepting and encouraging an increased degree of risk in pursuit of its mission and objectives. It recognises that its appetite for risk varies according to the activity undertaken but that controlled risk taking enables us to take advantage of opportunities to generate further value.

In 2016/17, the University commissioned an external review of the effectiveness of its risk management processes, which found that effective risk management systems were in place and put the University in the upper quartile of its peer group in terms of risk management system maturity. The University is continuing to build on this to further strengthen and embed effective risk and opportunity management across all levels of the organisation.

### Our appetite for risk





# Delivering impact for society

## Sustainable campus fund

To support the delivery of the University's Climate Strategy 2016, the Sustainable Campus Fund was set up as an internal investment vehicle that provides financing to parties within the University for implementing energy efficiency, renewable energy, and other sustainability projects that generate cost savings. In May 2016, £2.75 million was allocated for three years commencing in 2016/17.

Staff and students from around the University have put forward ideas via an online platform. A network of over 100 Energy Coordinators has helped to disseminate information about the fund. The fund has helped to generate broader interest and awareness in energy efficiency.

Further information is available online at [www.ed.ac.uk/about/sustainability/news/propose-your-sustainable-project-ideas](http://www.ed.ac.uk/about/sustainability/news/propose-your-sustainable-project-ideas).



# Understanding our risks

## (continued)

### Risk register

The University Risk Register is formally reviewed and updated annually by the Audit and Risk Committee and approved by the University Court. The most recent update was approved at the Court meeting on 19 June 2017 and aligns with the University's *Strategic Plan 2016*. Set out on the following pages are those risks we consider most material selected from our risk register. The list is not exhaustive and in no particular order, as there are many events that could trigger additional actions to manage them in an organisation as large and complex as ours. The decision to leave the EU and the continuing uncertain external environment leads to risk across many areas of the University including uncertainty in research funding, staff recruitment and retention, student recruitment, investment, exchange rates and industry engagement. There are also opportunities, including the University's involvement in the Edinburgh and South-East Scotland City Region Deal, as a key partner in a major initiative that seeks to make the city and its surrounds the European leader in data science expertise.

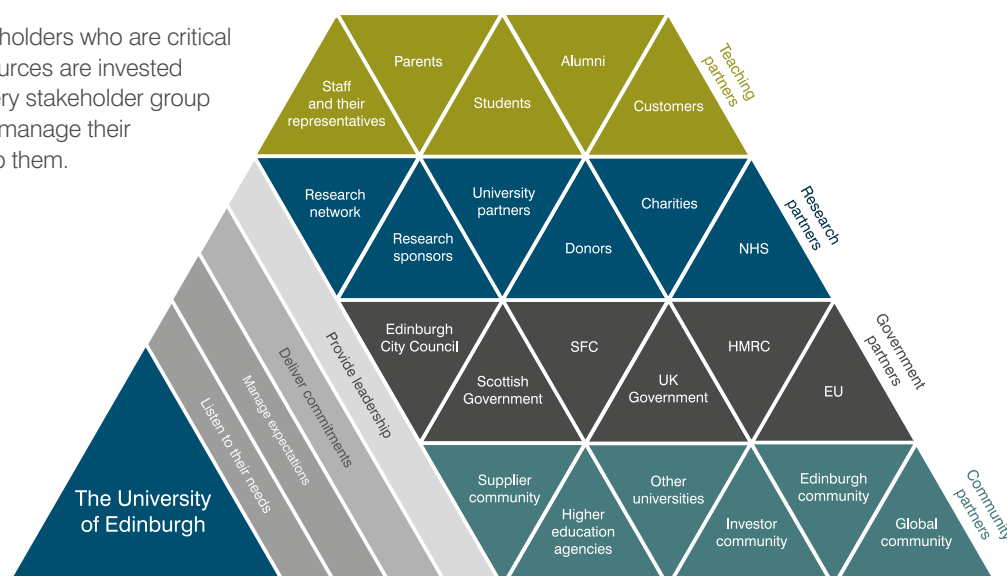
Risk area	Risk description	Risk management
Student experience	Failure to provide a high-quality student experience impacts on the University's reputation, student recruitment and retention.	<ul style="list-style-type: none"> <li>The Learning and Teaching Policy Group provides a platform for University-wide leadership and coordination leading on the priority themes of: raising the status of teaching; fostering a staff-student community; and investing in student facing facilities, both physical and digital.</li> </ul>
Research excellence	Failure to grow and diversify the spread and magnitude of research awards leads to reduced research income and impacts on our research standing.	<ul style="list-style-type: none"> <li>These risks are actively managed by the University's Research Policy Group, which promotes and engages with activities relating to embedding and sustaining research excellence, including development of a research strategy in alignment with the University strategy.</li> </ul>
Government policy and legislation	Developments in government policy or legislation related directly or indirectly to higher education impact the University's activities.	<ul style="list-style-type: none"> <li>Constructive engagement directly and via Universities Scotland and Universities UK with the Scottish and UK governments to ensure that the implications for the University of potential regulatory changes are understood by policy makers.</li> </ul>
Changes in UK relationship with the EU	Implementation of changes in the UK relationship with the EU creates uncertainty and impacts partner, student and funder relationships and competitiveness relative to international peers.	<ul style="list-style-type: none"> <li>This risk is managed by proactive communications to maintain the confidence of current staff, students and applicants; acceleration of strategic partnerships with EU universities; increased recruitment activity for EU and international students and expanded distance learning provision.</li> </ul>
Financial sustainability	Failure to maintain effective business and financial controls results in an adverse effect on the University's financial sustainability.	<ul style="list-style-type: none"> <li>Financial control is exercised by the University Court, acting through Policy &amp; Resources Committee, the Audit and Risk Committee and the Central Management Group. These formal channels are augmented informally by meetings of the Principal's Strategy Group and the Strategic Finance Group.</li> <li>The Finance Strategy includes financial planning, budgetary processes and a ten-year forecast informed by an integrated financial model of the University.</li> </ul>
Digital transformation and data	Insufficient investment, constraints or weak coordination in IT and Library so that the critical services required by the University fail to be maintained and fail to scale with the University's key objectives.	<ul style="list-style-type: none"> <li>An Information Services wide change programme is focusing on the need to adapt the workforce and organisation through a Digital Transformation programme.</li> <li>A core system review will underpin delivery of our Service Excellence Programme.</li> </ul>
Strategic developments – change management and projects	Inadequate implementation of major change projects individually or as a combined programme of activity leads to a failure to implement change effectively.	<ul style="list-style-type: none"> <li>Comprehensive forward-planning, and provision of human and financial resource, established programme and project management processes, including gateway reviews.</li> <li>Linkage between resource allocation and financial management to identify resources for, and returns from, major projects.</li> </ul>



Risk area	Risk description	Risk management
Maintenance, enhancement and investment in the estate	Rate of investment in and enhancement of the estate is inadequate to meet the growth aspirations of the University.	<ul style="list-style-type: none"> <li>Establishment of an Estates Vision 2017-2027 to underpin development of the Estates Strategy. A refreshed Estate Strategy and capital development and refurbishment programme has been agreed and programme boards established to coordinate campus-wide strategy.</li> <li>A fully updated condition and compliance survey assists with determining the annual maintenance and compliance programme.</li> </ul>
Retain or attract sufficient key staff	Inability to retain, attract, and develop key staff leads to lack of capability to support and grow the University.	<ul style="list-style-type: none"> <li>Promote the attractiveness of the University as a globally significant institution.</li> <li>Support new staff to enable them to become effective.</li> <li>Flexible strategies to respond to the recruitment and retention needs of different areas.</li> <li>Regular monitoring of the proportion of UK, EU and non-EU staff to allow early identification of issues.</li> <li>Evidence-based pay analysis, retention framework and contribution pay.</li> </ul>
UK immigration policies and practice	Changes to UK immigration policies and practice and their inadequate implementation by the University leads to financial and legal penalties, reputational damage and loss of international staff and students.	<ul style="list-style-type: none"> <li>The University's Home Office Assurance Group regularly reviews policies and procedures connected with the University's licence and ensures compliance.</li> </ul>
Loss of sensitive data	Compromise of University systems due to missing, ineffective or inappropriate controls results in severe reputational damage and financial impact due to loss or exposure of sensitive data.	<ul style="list-style-type: none"> <li>The Chief Information Security Office within Information Services leads the University's information security strategy to address cyber threats.</li> <li>Access to core, sensitive systems is carefully controlled and users of these systems are required to attend training.</li> <li>The European General Data Protection Regulation (EU) 2016/679 (GDPR) replaces the Data Protection Act (DPA) in May 2018. The University's statutory Data Protection Officer (DPO) ensures compliance with GDPR.</li> </ul>

## Our stakeholders

The University has a complex group of stakeholders who are critical to its sustained progress. Considerable resources are invested each year to ensure that we engage with every stakeholder group listed here to listen to and meet their needs, manage their expectations and deliver our commitments to them.





# Operational review

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 what we do.

## Leadership in learning

We equip students with the knowledge, skills and experiences to flourish in a complex world and become successful graduates who contribute to society.

This has been another successful admissions year for the University. We have received more applications, made more offers and more students will enrol at the University in 2017 than ever before. Over 12,000 students are joining us at Edinburgh this year. We are particularly pleased to note an increase in the recruitment of UK and EU taught postgraduate students, achieved in the context of a very challenging recruitment environment. Whilst numbers are healthy, we are continually assessing our approach and working on new ways to ensure we respond effectively to challenges and capitalise on all opportunities over the coming years.

The Destination of Leavers from Higher Education (DLHE) survey asks graduates what they are doing on a specific date six months after graduation. Looking at full-time first degree UK domiciled students who graduated in 2016 from Edinburgh we found that 92.8 per cent were in a positive destination, i.e. in employment or further study, with 75 per cent in Highly Skilled Employment and Further Study (HSEFS).

Effective teaching is fundamental to the student experience, and we have taken a number of steps to further improve standards through a number of investments and initiatives. From 2017, the focus of our academic staff incentives has shifted to encourage excellence in teaching as a result of a review into our core staffing processes. To accomplish a more holistic teaching method, that includes teaching at all stages of a career, a new initiative has been established to incorporate a teaching requirement into all recruitment of academic staff. In all that we do, our students come first.

To help us enhance student experience, the University has introduced a dashboard to provide student data that is more accessible and easier to interpret. This

## Student demand profile

Entry to academic year	2016/17	2015/16	2014/15
<b>Undergraduate enrolments:</b>			
Total applications	<b>62,276</b>	59,583	57,383
Total offers	<b>23,617</b>	22,762	21,693
Total enrolments	<b>5,916</b>	5,655	5,457
Applicants-to-enrolments ratio	<b>10.5</b>	10.5	10.5
Matriculation rate (enrolments/offers)	<b>25.0%</b>	24.8%	25.2%
<b>Postgraduate home and EU:</b>			
Total applications	<b>5,908</b>	8,736	8,338
Total enrolments	<b>3,146</b>	2,967	2,907
Applicants-to-enrolments ratio	<b>1.9</b>	2.9	2.9
<b>Postgraduate overseas:</b>			
Total applications	<b>33,269</b>	30,235	26,776
Total enrolments	<b>3,024</b>	2,762	2,523
Applicants-to-enrolments ratio	<b>11.0</b>	10.9	10.6

supports Schools' analysis of student experience. The undergraduate dashboard reflects admissions processes, course results and programme results, along with National Student Survey (NSS) and Course Enhancement survey outcomes. This dashboard has been very positively received; it is now embedded in annual Quality Assurance monitoring processes across all three Colleges, and is also used in various curriculum development activities. Efforts are now focused on developing a postgraduate taught dashboard.

Edinburgh University Students' Association was the first in the UK to offer student-led Teaching Awards. The awards encourage staff and students to celebrate the best of the teaching on offer at the University. Students can nominate academic and support staff who have had the biggest impact on their time at University. Courses, teachers, research and dissertation supervisors, students who tutor, personal tutors, and support staff are all eligible for recognition. From the analysis of nearly 3,000 Teaching Awards nomination comments from students, the report provides practical examples of best practices in teaching and offers recommendations to improve teaching quality.

## Leadership in research

As a major, comprehensive university we conduct research of the highest standard across a broad spectrum of disciplines.

Our rich interdisciplinary research environment brings together world-class researchers providing world-leading research outputs and insight. Researchers at Edinburgh are developing low-cost, low-energy technology to decontaminate sewage water in villages using state-of-the-art solar energy and water filtration technologies to develop the simple solar-powered purification systems that can provide remote parts of India with clean drinking water for the first time. The initiative will not only provide safer drinking water, but could also help reduce the spread of disease. Around 77 million people in India do not have access to safe drinking water – more than any other country in the world. The project is being carried out in partnership with the Indian Institute of Science Education & Research, Pune.

Two advanced medical scanners have been installed as part of a £14 million makeover of research imaging facilities at the University. The device combines MRI with another type of imaging technology – positron emission tomography (PET) – in a single machine.



# Digital transformation and data

## University hosts first Wikimedian in Residence

In 2016 the University of Edinburgh partnered with Wikimedia UK to host our first Wikimedian in Residence. Our Wikimedian works closely with students and staff on projects to improve the coverage and content of key research topics. Learning to edit Wikipedia and understanding how digital knowledge is created, shared and contested online is an emerging digital skill for the future.

One focus of this partnership has been to encourage women to contribute, particularly in areas where content coverage is currently skewed. We have organised a range of 'editathon' events in partnership with Colleges and Schools. Editathons provide an opportunity to learn new skills and to target specific content areas. The result is always new or improved quality coverage of articles, topics and citations. As a result of our Wikimedian residency, 500 staff, students and members of the public have been trained and over 1,000 articles created and improved. Of this year's editathon attendees, 65 per cent were women.





# Operational review

## (continued)

### Leadership in research (continued)

Edinburgh Imaging now houses six scanners dedicated to research, making it one of the largest networks in Europe with ties to clinical care. Research carried out with the new scanner will examine the brain at all stages of life – from birth to old age. Studies involving babies and young children aim to shed new light on the factors that affect healthy brain growth in early life.

Speak:Unique is an innovative project led by pioneering researchers at the University. The project aims to develop intelligible and personalised voices for use in communication aids for people whose voices have become impaired through diseases such as Motor Neurone Disease or Parkinson's disease. The technology underpinning the project was designed by researchers in the Centre for Speech Technology Research. The technology uses a statistical model to generate the waveforms for synthetic speech (Hidden Markov Model or HMM-based synthesis), and the project is a collaboration between the Centre for Speech Technology Research (based in Linguistics and English Language), the Anne Rowling Regenerative Neurology Clinic, and the Euan MacDonald Centre for Motor Neurone Disease.

During a year of considerable change, it was pleasing to note that Edinburgh Innovations (the innovation management service of the University) was involved in 45 student start-ups – an increase of 12 per cent on the previous year.

In honour of the Principal's support of enterprise, a 'Through the Years' exhibition was held to throw the spotlight on 15 of the University's most interesting spin-outs and start-ups from the last 15 years. Those participating in the event included: Fanduel, a billion dollar tech start up; Pufferfish, a unique technology company with customers such as Coldplay; pureLiFi which is seeking to replace current Wi-Fi technology and Krotos, an innovative audio tool which has been featured in the live-action remake of the Jungle Book and the Avengers: Age of Ultron.

“Thirty years of Erasmus funding has enabled more than 7,000 Edinburgh students and staff to study, train, volunteer or teach abroad. We now have more than 500 Erasmus exchange links with more than 300 partners in Europe. Our priority is to develop these vital research and exchange links, and so help to maintain Edinburgh's standing as a truly global university.

**Prof Sir Timothy O'Shea**  
Principal and Vice-Chancellor

### Influencing globally

We have a long history of generating knowledge for the public good and nurturing some of the world's best students to make a difference to the world.

Edinburgh has always been an international university, drawing academics and students from all over the world, working with institutions internationally, and leading research that has had a global impact. This year, we published our three-year Edinburgh Global Engagement Plan, which celebrates our global community in all its forms. We will develop greater engagement with these communities in and beyond Edinburgh, building on our tradition of attracting and working with the world's best talent. We must attract the best students, regardless of where they are from, by removing barriers to access, and delivering outstanding teaching and learning on campus, digitally and around the world. We will create an environment to support and nurture our staff to deliver world-class and world-changing research. We will continue to work collaboratively with partners around the world. Who we will partner with is changing; we will continue to work with key strategic university partners, but we will also forge transformative partnerships with governments, the private sector, civil society, countries and communities.

We recognise that how we must work and who we must work with is different in different places around the world. Our global engagement will be shaped by local priorities, partnerships and opportunities and we will articulate our strategy and support our activity regionally. The next five years will

be characterised by an accelerating pace of change, new geo-political dynamics, complex global challenges and rising expectations in an increasingly connected and digital environment. This creates challenges and opportunities and will require a new, shared way of working. We will share knowledge and best practice, and work collaboratively to realise our ambitions together. We must work collectively across our global offices, our colleges, schools, institutes, academies and services across the University.

The first group of postgraduate and undergraduate students to take part in the MasterCard Foundation Scholars Program joined us for the launch of the scheme at the beginning of October 2016. Since the launch over 10,000 applications have been received for 25 places for 2017/18. The scheme supports the brightest and best African scholars, 200 over seven years, who have great potential but few educational opportunities. They will undertake their studies at Edinburgh on a full scholarship and they will benefit from extracurricular summer schools and internships to build their abilities and make a difference to their home countries and communities on their return.

Edinburgh is representing the UK at an event marking 30 years of success of the EU's student exchange programme. Edinburgh has participated in the Erasmus initiative since 1987 and has received approximately €18 million of funding from the programme.

The University has strengthened links with South East Asia by establishing a new base



in Singapore in May 2017. The South East Asia Office will help the University work with partners in education, business and government across the region. The University has a history of interaction with South East Asia in a number of disciplines, including social sciences, medicine and engineering. The office joins Edinburgh's overseas network, which includes bases in North America, Latin America, South Asia and East Asia.

The International Diabetes Centre (IDC) at Shenzhen People's Hospital in southern China will be based on Scotland's renowned healthcare model for managing patients with chronic conditions. This is a significant international partnership to help China improve its healthcare services. It will be supported by the University and aims to deliver world-leading medical education, research and patient care. The IDC, which will occupy three floors of the 2,400-bed hospital, has been formally launched and is scheduled to be operational by November 2017.

Improving the effectiveness and sustainability of agri-food systems is vital to tackling the challenges of global population growth, rapid urbanisation, food and environmental security, and diet and health. The University is investing around £35 million in the new Global Academy of Agriculture and Food Security. The funds will enhance our provision of targeted education, training, research, innovation and consulting, to contribute to global food and environmental security, sustainable rural development, and animal and human wellbeing.

### Contributing locally

For more than four centuries we have been Edinburgh's civic university.

The University of Edinburgh will be a key partner in a major initiative that seeks to make Edinburgh and its surrounding region the European leader for applying data science to products and services. The move to transform the region into a digital powerhouse is a key strand of the recently announced City Region Deal. Under the agreement, significant investment from the UK and Scottish Governments will be provided for major infrastructure projects in Edinburgh, the Lothians, Fife and the

“The City Deal is a major vote of confidence in the economic strengths and further potential of Edinburgh and South East Scotland. We are delighted to be working with our partners to grow the region's digital economy and to open up new opportunities for our businesses and communities to flourish.

**Professor Charlie Jeffery**  
Senior Vice-Principal

Borders. The University will partner with local authorities, schools and employers across the region to create the workforce of the future by supporting a massive increase in the provision of data skills. The agreement is between the Scottish Government, the six local authorities, the UK Government and regional partners. Both governments are committed to jointly investing £600 million over the next 15 years and regional partners have committed to adding up to £500 million, overall representing a deal worth £1.1 billion.

The University was again the single largest landlord on the Fringe this year, with over 1.3 million ticket sales for performances in University buildings over the Summer Festival period. We were responsible for 58 separate performance spaces. In this, our second major digital arts collaboration with Edinburgh International Festival and 59 productions, our academics lent their expertise to tell the story of the geology and history of Edinburgh and James Hutton's work.

### Partnerships with industry

We will be a global leader in industry engagement, with strong industrial and commercial funding, complementing public sector and third sector support.

Core to finding solutions to the world's problems is close collaboration between research teams and colleagues in other institutions and industry. Edinburgh and the wider city region drives significant economic growth for Scotland and the UK and in the Edinburgh city region companies have adopted data-driven innovation to great effect. A recent Science and Innovation Audit commissioned by the UK Government

recommended that with the right funding, the Edinburgh city region could become the global destination of choice for organisations that power services through the application of data science. The audit highlighted the area's world-class strengths in digital industries and its ability to grow high-value digital companies, such as Skyscanner and FanDuel, as a strong basis for growth.

In October 2016 we engaged in a “live case study challenge” with the Oxford Group, as part of a development programme for a group of senior staff from the Wellcome Trust. This is a collaborative learning experience with participants from Wellcome working in partnership with the University to deliver insights, ideas and proposals for how we might tackle one of our own real, key strategic challenges, that of how the University should develop industrial research linkages, recognising that it is geographically distant from significant concentrations of industry.

### Digital transformation and data

The University is home to leading expertise in data science.

The University of Edinburgh is the first Scottish university to become a Government-approved Centre of Excellence for Cyber Security Research in the UK. As announced in the Government's National Cyber Security Strategy, Academic Centres of Excellence will specialise in developing the latest cyber security techniques and contribute to the UK's increased knowledge and capability in this field. Edinburgh is now recognised by the National Cyber Security Centre as meeting the tough minimum standards



# Operational review

## (continued)

### Digital transformation and data (continued)

required, meaning it has met rigorous criteria which assess the quantity and quality of their researchers, their research output and the impact of their research. All of the successful universities have invested considerable capital including financial, intellectual, managerial and leadership over many years to grow their capacity and capability to the point where they meet the standards for recognition. The development will support research by experts at the University to protect the security and privacy of individuals, businesses and other organisations online.

### What makes us Edinburgh?

Our scale and ambitions for growth, our people, and the city of Edinburgh provide a unique context for the University.

### Our scale and ambitions for growth

The international reputation of the University paired with the historical richness of the city makes Edinburgh an exciting and unique place to study and live. A multi-million pound investment in buildings and facilities across the University is underway. Over the next few years, a series of projects will transform existing spaces, provide new ones and offer staff and students a greatly enhanced environment in which to work and study.

### The City

The University is embedded in the city of Edinburgh, and the city is as important to us as we are to it.

The University has been praised in a new survey that ranks Edinburgh as one of Europe's most dynamic cities. The poll by property firm Savills says the University has been a key contributor to Edinburgh's ninth place ranking. It highlights the University's expertise in the fields of medicine, Scots law, literature, science and engineering. Edinburgh is ranked third in the UK, behind London, which came top of the Europe-wide list. Savills reports that Europe's top-performing cities have strong infrastructure investments, high-quality universities, and innovative businesses capable of attracting a global workforce. The report also highlights how successful cities create partnerships across business, education and the public sector.

“Cyber security and privacy is now an essential aspect of modern life which impacts the technology we see and use, as well as the behind-the-scenes technology we rely on that supports the physical and virtual infrastructures. Our recognition as a centre of excellence will bring fresh impetus to our research to help make the digital world safer for everyone.”

**Professor David Aspinall**  
School of Informatics

### Social responsibility and sustainability

To meet the challenge of the Paris Agreement, signed by the UK Government in 2016, and to support Scotland's and the world's transition to a low carbon economy, the University will reduce its carbon emissions per million pound turnover by 50 per cent from a 2007/08 baseline, and will become a net zero carbon university by 2040.

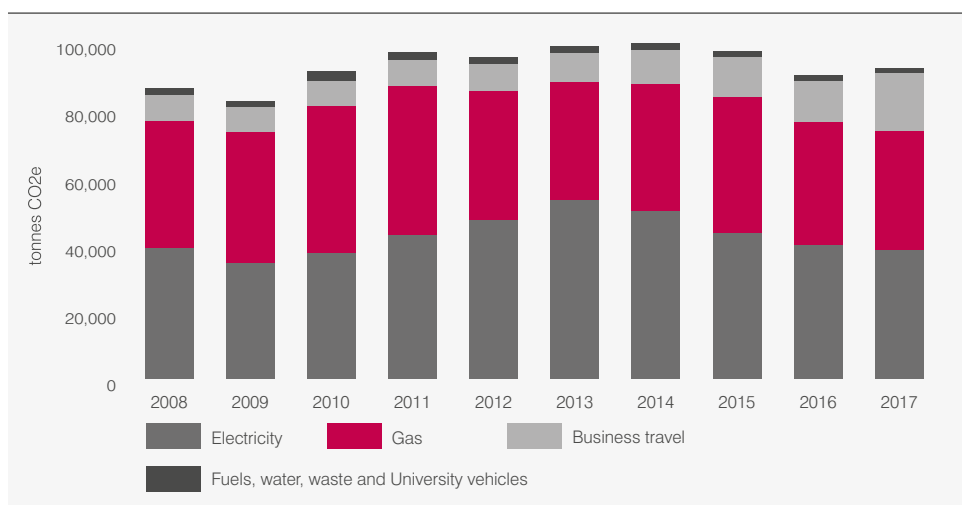
To meet these new obligations we will take action on research, learning and teaching, operations, responsible investment, and will investigate renewables opportunities. It will use the University's five campuses as living laboratories for learning and to test innovative

ideas that can be replicated elsewhere.

The Renewable Energy and Low Carbon Options Review Group will review what further investments in renewable technologies could be made that build on investments of more than £30 million in low carbon and renewable technology on campus.

The Sustainable Campus Fund has allocated £2.75 million for three years commencing 2016/17 to staff and students for implementing energy efficiency, renewable energy and other sustainability projects that generate cost savings. A new online course on sustainability and social responsibility was launched this year and was made available

### Absolute carbon emissions



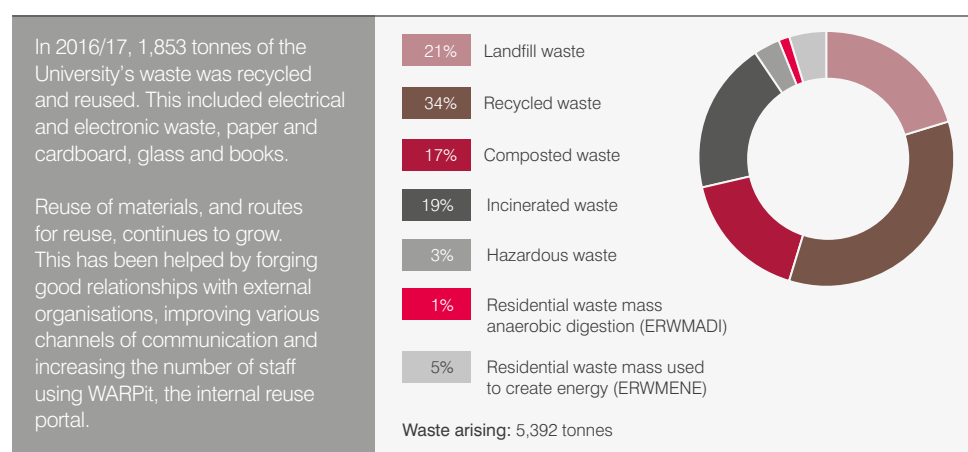
As low carbon programmes, such as the Sustainable Campus Fund are implemented, the University expects to see a reduction in its emissions in the coming years. The increase in overall carbon emissions can be attributed to downtime with the University's Combined Heat and Power Energy Centres, resulting in the need for more electricity from the national grid. The quality of business travel data is improving, resulting in more sources of carbon emissions being reported.



## Key performance indicators

	2013	2014	2015	2016	2017
Income (tonnes CO <sub>2</sub> e / £m)	135	128	116	100	100
Staff (tonnes CO <sub>2</sub> e / staff FTE)	12.1	11.5	10.6	9.7	9.3
Students (tonnes CO <sub>2</sub> e / student headcount)	3.0	3.3	2.8	2.4	2.3

## University waste breakdown 2016/17



to all students. The University has delivered projects on literacy and numeracy, digital literacy and social enterprise, all of which have benefitted the public and contributed towards our commitment to the Social Impact Pledge.

Utilising the Benchmark Standards for University Social Responsibility across the European Higher Education Area, a cohort of 60 European students will be trained in a European Students Sustainability Auditing project culminating in four audits of European higher education institutions.

The University has made a significant commitment to move towards a Circular Economy. The circular economy is about transitioning from a 'take-make-dispose' linear approach to resource use, to systems that encourage reuse and extraction of maximum value before returning resources to the biosphere. To improve and further implement circular public procurement at the University, in 2017 the University commissioned a piece of research that will set the scene for the University's future procurement strategies and activities to transition towards a Circular Economy.

## Our people

Our students and staff are the heart of the University. We are proud of our diverse and international community and are intent on ensuring we provide the best support to all our staff, students and their families.

As the UK prepares to exit the European Union, we understand that this is an uncertain and anxious time for many people. As a result, we have put together a programme of additional support to provide staff with up-to-date information and legal advice on how to secure permanent residency in the UK or British citizenship, along with financial support to help with those procedures. We are committed to providing staff who are nationals of the European Economic Area and Switzerland - and any other member of staff with an EEA or Swiss partner, and their dependents, with the necessary support.

Staff numbers coming to the University from other EU countries remain buoyant in the wake of the referendum vote. Edinburgh's global reputation continues to be underpinned by its ever-strengthening links with universities across Europe and beyond. The University continues to attract the brightest and the best staff and students and to create new collaborations across

borders. The number of EU staff moving on is far outweighed by the 235 new colleagues we have welcomed from other EU nations in recent months. This net gain is part of a continuing trend. Over the past three years, EU staff numbers - both academic and support - have increased each year.

The University's international reach grows stronger. This year, students will join us from more than 160 countries. Our international staff and student population approaches 20,000 and over 43 per cent of our students and 29 per cent of our staff are from outside the UK. There are over 170,000 alumni across the world. The University's overseas operations in Latin America, South East Asia, South Asia, North America and China are strategically important hubs for our exchange with fast emerging nations across the world.

The Inspire Launch Grow (ILG) event showcases and celebrates the exceptional entrepreneurial talent from students and academic staff at the University. This prestigious event took place in June 2017 and a special thank you presentation was given to the Principal, Professor Sir Timothy O'Shea, who has been a great supporter of enterprise during his 15-year tenure. The 2017 winner was Post-Doctoral Research Fellow Lissa Herron with Eggcellent Proteins who has found a way to use transgenic chickens that produce valuable proteins useful for research and therapeutic use, with applications in cancer, chronic disease, and cell therapy.

Grant Wheeler, Head of Enterprise Development at Edinburgh Research and Innovation (Edinburgh Innovation from 7 August 2017), commented: "The entrepreneurial talent here at The University of Edinburgh is amongst the best in the UK and this is reflected in the quality of this year's entries to the ILG awards. The presence of so many successful companies that started here at the University, during the Principals term of office, highlights the first class support that we provide to the student and staff network."

We have received almost £1.2 million from the estate of a former staff member on what would have been his 100th birthday. Robert Ormiston Curle served as the University's



# Operational review

## (continued)

### Our people (continued)

Accountant under six principals from 1946 until his retirement in 1980. Funds from the Robert O Curle Charitable Trust will support medical and veterinary research, including the creation of a £1 million high-tech research suite for studies into eye diseases at Edinburgh BioQuarter. The donation will also help purchase equipment for the University's Hospital for Small Animals, as well as laboratory tools to support conservation research at the Royal (Dick) School of Veterinary Studies. In recognition of his significant contributions in life and in death, the Robert O Curle Charitable Trust has now been awarded the distinction of University Benefactor.

### Student experience

Failure to provide a high quality student experience is classed as the most significant internal risk facing the University. In 2017, Court endorsed a number of actions to enhance learning, teaching and the wider student experience. These focused on nurturing excellent teaching (and eliminating instances of teaching underperformance) and on taking measures to bridge the gap between NSS outcomes and other forms of student feedback on their experience which show significantly greater satisfaction with teaching. Schools took steps to ensure early semester induction events had as wide a reach across the student body as possible. All Schools were asked to deliver a mid-semester feedback exercise for all courses taken by honours-level students. Schools were encouraged to review content and approach to communications with students, focusing on: communicating positive changes to their students (such as investment in facilities); celebrating success (of both students and staff); and, underlining the message that student feedback is important to us and leads to positive changes.

Areas for further development highlighted in the Enhancement-led Institutional Review are space management: the need for the views of staff and students to be taken into account in planning space for teaching and learning; feedback to students to ensure consistency in the quality and quantity of feedback across the University; the Personal Tutor (PT) system: ensuring the effective implementation of the

PT system across the University; sharing good practice: ensuring that the many examples of good practice are shared across the University; and PhD Supervision: ensuring staff carry out effective supervision of postgraduate research students.

We are continually driving growth and investing in our students, our staff and our physical estate to produce student-centred, research intensive, industry-engaged campuses. We have ambitious plans to transform Edinburgh's physical landscape. The Estates Capital Plan includes the refurbishment as well as the creation of new spaces to house new initiatives such as the Data Technology Institute. We are proud to have invested in the refurbishment of McEwan Hall for conferences, exhibitions, events and education. The main hall has been restored, making it a spectacular multi-functional space in a unique and splendid Victorian setting. A new entrance hall provides greatly improved visitor facilities. Disabled access has been addressed with the main public access to the hall now through a new entrance way situated in Bristo Square.

### Equality and diversity

The Estates Department at the University has been working in partnership with DisabledGo to produce online accessibility information for University buildings. DisabledGo is an award-winning disability organisation that produces online access guides to allow staff, students and visitors to make informed decisions based on their own access requirements. The guides include information regarding the accessibility of teaching rooms, lecture theatres, meeting rooms, cafes and toilets. In addition to this, a free app, AccessAble - Edinburgh University was launched and offers an instant detailed access guide with information about ramps, lifts and accessible toilets. It also has an in-built emergency locator that can send a GPS location to a chosen emergency contact by email or SMS.

As of 31 July 2017, 3.5 per cent (2016: 3.1 per cent) of our staff have declared that they have a disability. We are committed to a policy of equal opportunities for disabled staff and students and aim to create an environment enabling staff to participate fully in University life. The Disability Review

report and recommendations was published this year, following the review panel's engagement with disabled students and staff, and input from the Student Disability Service, academic staff, Coordinators of Adjustments and others. The review focused on two main areas; the implementation of adjustments for disabled students and accessibility of the estate.

Places on the widening access clearing scheme in Scotland for 2017/18 were advertised in August 2017 and offered to applicants from the least affluent 20 per cent of postcodes in Scotland (Scottish Index of Multiple Deprivation (SIMD20)). The Scottish Government has funded the additional places to increase the proportion of university students from the most disadvantaged 20 per cent of households in Scotland to 20 per cent by 2030. In 2017 we saw a 20 per cent overall increase in acceptances from SIMD20 students who had been made an offer at the University of Edinburgh.

The University is committed to delivering equality of opportunity to all its employees regardless of their gender or other protected characteristics. Despite this commitment, we have, like many organisations, a gender pay gap in favour of male employees, largely due to a greater proportion of men being employed in the higher grades and a greater proportion of women in the lower grades (vertical segregation). Our overall median and mean pay gaps are 16.6 per cent and 13.7 per cent. The mean and median salaries for men and women in grades 1 to 9 are relatively similar, however, a gender pay gap exists within the highest pay band (grade 10) and this has a major influence on the University's overall pay gap. A variety of approaches have been employed to address this. Revised appointment and promotion policies (including strategies to increase understanding of the promotion process) have increased the proportion of women at grade 10 from 22.8 per cent in 2013/14 to 25.0 per cent in 2015/16. The actions to reduce the gender pay gap at grade 10 (as reported in the last annual review) have resulted in a decrease in the pay gap at grade 10 from 2015 figures of 11.3 per cent and 9.26 per cent (mean and median) to 7.1 per cent and 6.3 per cent respectively.



# Leadership in research

## New Royal Society fellows

Four Edinburgh academics have been elected to a prestigious fellowship in recognition of their outstanding contributions to science. They are among 50 distinguished scientists announced as new Fellows of the Royal Society. The Fellowship is made up of the most eminent scientists, engineers and technologists from or living and working in the UK and the Commonwealth. More than a quarter of this year's intake of Fellows are women.

The Edinburgh academics elected to the Fellowship of the Royal Society are: Professor Wendy Bickmore, Director of the MRC Human Genetics Unit; Professor Christopher Bishop (not pictured), Professor of Computer Science; Professor Gabriele Hegerl, Professor of Climate System Science; and Professor Josephine Pemberton, Professor of Molecular Ecology.



# Finance Director's foreword



It has been another year in which the University has operated in challenging circumstances, facing headwinds in UK public sector funding, more political uncertainty and higher education funding pressures. The UK economy has yet to feel the consequences of Brexit, and we do not yet know what it will mean for research funding or freedom of movement for our students and staff – our most important assets. In response we have been prudent in our cost management which has allowed us to generate an unrestricted surplus this year of 7.4 per cent of income. The £56 million surplus before other gains and losses generated is small relative to our £1.1 billion capital investment programme but we believe we can sustain this by building on our distinctive, local and global reputation. The University of Edinburgh is well positioned for the future, and we will continue to innovate to maintain our position and reputation as an influential and world-class institution.

## Integrated reporting

This is the second year that we have aligned our Annual Report and Accounts to the International Integrated Reporting Framework, championed by the British Universities Finance Directors Group (BUFDG). Integrated reporting has provided a very useful framework within which we can demonstrate the huge value created by the University to our wide and distinctive group of stakeholders. I am keen to see its use as a catalyst to develop and promote more transparent integrated thinking within the University, which will better enable us to demonstrate the effectiveness and efficiency of our world leading University. As chair of BUFDG, I am promoting awareness and adoption of the integrated reporting framework with my colleagues across the UK higher education sector.

Integrated reporting is a topic of both academic and practical interest to us at the University of Edinburgh and we are working with a wide variety of partners to develop it for internal and external consumption. We have been working to develop a set of financial statements that reflect the integrated reporting framework, and in doing so we are able to highlight significant factors affecting the external environment including aspects of the political, economic, social, environmental and commercial landscape that affect the University's ability to create value in the short, medium and long term as well as openly discuss the challenges and uncertainties that the University is likely to encounter in pursuing its strategy.

## Service excellence

As a world-leading centre of academic excellence, it is essential that the University of Edinburgh continually revolutionises and transforms the way it works, to maintain flexible and efficient professional services that can respond effectively to changing priorities and expectations. The University is investing significantly in a Service Excellence Programme (SEP), a University-wide initiative designed to review and transform the professional services that we provide to our students and colleagues.

Service Excellence is a five-year Programme focusing specifically on the areas of student administration and support, human

resources and finance. In parallel we are upgrading the Core Systems technology that underpins these services by working closely with colleagues in the Digital Transformation Programme. The SEP will prioritise key journeys that our customers take with us and redesign them end to end to significantly improve their experience. Our transformation work will ensure our customers can interact with us anytime, anywhere and through the channels they choose.

Service Excellence is now moving into its next phase of work, to implement best practice in how we provide and deliver professional services to support our core mission of research and learning and teaching. It will deliver improved service quality levels to students, academics and professional services staff, unlock greater efficiency and effectiveness by removing duplication of effort and complexity and, wherever possible, freeing up capacity. We are excited by the potential of new core IT systems for HR, finance, payroll and procurement to enhance the use of data, student systems and the online experience. By simplifying the way we do things and by focusing on the user experience of our systems, we are laying solid foundations for growth. We will invest significant resource and effort to support and develop our staff during the transition phase.

## City Region Deal

We are hugely proud to be a key partner in the City Region Deal, where significant sums will be invested by the UK and Scottish Governments. We will work diligently and responsibly to make sure this money is invested wisely, as we work with stakeholders from government, society and the University to make a positive and long lasting difference to the city.

This initiative coincides with our ambitious plans to transform the University's physical landscape in the city and enhance its sense of place for its citizens through the Estates Capital Plan. We share with our partners the ambitious plan to strengthen Edinburgh's reputation as a leader in data driven education, research and knowledge exchange as well as a highly desirable place to live, work and study.



## Estates Capital Plan

We are extremely proud of our ambition to create a world-class estate for a world-class university, and will deliver this through our £1.1 billion programme of new buildings and refurbishment of the existing physical estate. The physical estate is one of our key capitals which we use to provide a stimulating environment in which to create value for our students and staff. Planned projects include a new home for the School of Biological Sciences, the creation of the Bayes Centre and a refurbishment of the historic School of Law at Old College. Capital investment in our physical estate was £188 million in 2016/17 and spend on approved projects is forecast to average over £111 million per annum for the next ten years. The scale and speed of our investment plans will not only result in a transformational change for the University but will also make a positive economic contribution locally and nationally with the support of hundreds of associated jobs as we deliver our ambition.

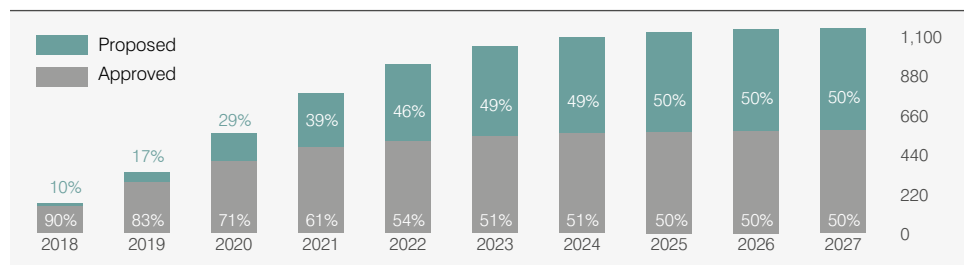
## Endowment and Investment Fund performance

The Endowment and Investment Fund continues to grow despite market volatility. The overall return on investment in 2016/17 was 16.4 per cent. Our unit price grew by 14 per cent this year following an increase of seven per cent in 2015/16. The valuation of the fund at 31 July 2017 (including cash invested) grew to £527 million.

## Pension liabilities

Every three years, pension schemes have a formal revaluation to establish the gap between scheme assets (investments to pay pensions) and project liabilities (what is expected to pay out to pensioners). The latest triennial valuation of the University Superannuation Scheme (USS) as at 31 March 2017 is underway and the development of proposals is scheduled for completion by the statutory deadline of 30 June 2018.

## Estate programme - indicative forecast project spend (cumulative)



## Social responsibility and sustainability

The University has made a significant and positive contribution to society through the efforts of its staff, students and alumni in 2016/17. Our commitment to become zero-carbon by 2040 has reinforced our commitment to being a socially responsible and sustainable University. The *University's Climate Strategy 2016* lays out a comprehensive whole institution approach to climate change mitigation and adaptation to achieve the ambitious targets. This year, commitments to protect and respect human rights and have a zero tolerance approach to slavery and human trafficking in all its forms was set out in the University's Modern Slavery Statement.

## Community engagement

The University's Community Engagement Strategy seeks to strengthen the relationships between the University and the local communities where we are based and where most of our staff and students live. We want the local communities to access our research and learning opportunities and enhance students' experiential learning by offering opportunities to work in and with communities. We also wish to build awareness and understanding of the University's role in the community and to develop a more 'open door' approach to groups and individuals wishing to interact with us.

I'd like to take this opportunity to thank my colleagues for all of the hard work this year. It has sometimes been challenging to realise and address the changes that are needed to improve the way we work, and I am continually grateful for everything they do. We are an ambitious team who have made significant progress and still have energy and ambition to achieve more. We will keep putting our students and staff at the heart of the organisation, and we will continue to work openly and transparently with our supplier partners, our colleagues and every stakeholder in our institution.

**Mr Phil McNaul**  
Director of Finance



# Financial review

## Annual accounts 2016/17

The Annual Report and Accounts comprise the financial results of the University, consolidated with the results of its subsidiaries. The subsidiaries' operations include letting accommodation for conference facilities and the Edinburgh Festival, publishing, provision of utilities services to the University and high-performance computing services. For commercial reasons these activities are channelled through limited companies. The subsidiaries transfer their taxable profits to the University each year by Gift Aid.

## FRS 102

The accounts are prepared in accordance with Statement of Recommended Practice Accounting for Further and Higher Education Institutions 2015 (SORP 2015) and with Financial Reporting Standard (FRS 102). Following this reporting framework, the University Group's comprehensive income for the year is £125 million.

Comprehensive income for the year has moved favourably on the prior year by £69 million (2015/16 favourable £4 million), exemplifying the potential for figures to fluctuate year-on-year due to changes in market value and changes in actuarial assumptions. Of the £69 million movement, there was £36 million favourable movement from actuarial gains on pension schemes, an £8 million gain on sale of land, plus an additional £37 million unrealised gain on investments.

Two favourable movements occurring in 2015/16 create reverse unfavourable movements of £22 million in 2016/17; the Research and Development Expenditure Credit (RDEC) claim of £15 million (net of tax) and the revaluation gain on heritage assets of £7 million. Once these major items are accounted for, the underlying trend is a favourable movement of £10 million from improved income generation and cost control.

## Summary financial information

	2017 total £m	2016		
		Ex.RDEC £m	RDEC * £m	Total £m
Income	929	889	19	908
Expenditure	873	844	-	844
Operating surplus/(deficit)	56	45	19	64
Gain on disposal of assets	8	1	-	1
Gain on investments	66	29	-	29
Tax	-	-	(4)	(4)
Surplus for the year	130	75	15	90
Revaluations surplus	-	7	-	7
Actuarial loss	(5)	(41)	-	(41)
Total comprehensive income	125	41	15	56
Represented by:				
Unrestricted comprehensive income	69	-	15	15
Endowment comprehensive income	49	28	-	28
Restricted comprehensive income	7	6	-	6
Revaluation comprehensive income	-	7	-	7
	125	41	15	56
Fixed assets	1,617			1,493
Heritage assets	212			212
Investments	531			471
Net current assets	266			255
Total assets less current liabilities	2,626			2,431
Creditors over one year	(319)			(257)
Pension provisions	(261)			(254)
Net assets	2,046			1,920

\* Research and Development Expenditure Credit (RDEC)

Comprehensive income includes unspent restricted funds and unrealised gains and losses, so does not represent funds available for reinvestment. To help the reader understand the Group financial performance, the 'comprehensive income' for the year (previously known as surplus) is broken down into its constituent parts:

- Unrestricted – available to re-invest in the business.
- Restricted – which are committed funds, not surplus cash.

The total unrestricted comprehensive income for 2016/17 was £69 million, (2015/16 £15 million) which was 55 per cent of total comprehensive income (2015/16 – 27 per cent), representing funds available for reinvestment. Of this unrestricted figure, 25 per cent or £17 million is an unrealised gain on investment (2015/16, 40 per cent, or £6 million), which is yet to be converted to cash, and has resulted from the change in market value of unrestricted invested funds in the year. Once this is removed, the residual, realised element, £52 million of unrestricted comprehensive income is now the most appropriate measure of performance (2015/16 £9 million), which represents six per cent of turnover (2015/16 one per cent).



### Future health

Key performance indicators are set out below with our latest assessment of progress presented as red (immediate action required, of which there are none), amber (more work required) and green (on track). When taken together, these measures reflect the strong governance and effective management of the University's resources in sustaining financial health in the short, medium and long term in the face of significant external volatility.

	2017 actual	2016 actual	Status	Comment	2018 forecast	2019 forecast	2020 forecast
Total income (£m)	929	908	G	Income growth remains at a satisfactory level for the next 10 years.	G	A	A
Unrestricted comprehensive income for the year as proportion of income	7.4%	1.7%	G	Drive to generate operating cash flow.	A	G	G
Unrestricted reserves as proportion of income	150.5%	146.3%	G	University reserves position is strong and is forecast to remain strong.	G	G	G
External borrowing as a proportion of income	34.6%	28.4%	G	The University finance strategy is to use balance sheet capacity and historic low interest rates to secure estate investment.	A	A	A
Net cash inflow from operating activities as proportion of income	10.5%	9.5%	G	Our investment plan will absorb cash as we invest in the student experience and research infrastructure.	A	G	G
Net liquidity days	197	179	G	We will manage liquidity down to tighter terms as we invest in estates and information systems infrastructure.	G	G	G
Staff costs as a proportion of income	53.0%	54.2%	G	Staff costs are managed within a tightly controlled range.	G	G	G
EBITDA for HE (£m)	75	99	G	A measure of operating surplus excluding the major accounting adjustments and finance charges.	G	G	G
Margin for Sustainability and Investment (MSI)	8.6%	7.8%	G	The MSI is calculated as a six-year average EBITDA - two prior years, the current year and three future years - as a percentage of total income for the current year.	G	G	G
ROCE (EBITDA as a proportion of net assets excluding pension provisions)	3.2%	4.5%	G	A measure of surplus generated and efficiency with which net assets are employed.	A	G	G

### Financial performance and sustainability

The Committee of University Chairs (CUC) published the Higher Education Code of Governance in December 2014 which advises that the governing body 'must rigorously assess all aspects of the institution's sustainability, in the broadest sense, using an appropriate range of mechanisms which include relevant key performance indicators (KPIs).

A key development in November 2017 is the implementation of the Margin for Sustainability and Investment (MSI) by the Financial Sustainability Strategy Group (FSSG). The MSI is an institution-specific measure, which is intended to calculate the level of cash generation an institution requires for sustainability based on its own financial strategy and investment needs linked to the historic and forecast future financial performance of that institution. We have introduced the MSI measure in our reporting of Future health KPIs in the table above.

For many years, universities across the United Kingdom have recognised that an operating surplus is needed to generate cash for reinvestment. With reducing capital grants to the sector, this has become even more important. The British Universities Finance Directors Group (BUFDG) agreed that operating cash targets and outcomes should be reported using the metric EBITDA (earnings before interest, tax, depreciation and amortisation).

In 2016/17, the BUFDG Financial Metrics Working Group reviewed this EBITDA financial sustainability measure in light of the new SORP and FRS 102. In the Future health table above, EBITDA for HE metrics are calculated on a FRS 102 basis for 2015/16 and 2016/17 along with a forecast for the years 2017/18 to 2019/20.



# Financial review

## (continued)

### Income

In an increasingly competitive environment, we are pleased to have increased operational income by 4.3 per cent, which underlines the quality of our financial sustainability and demonstrates how the University is again well placed financially to deal with its short and longer term commitments.

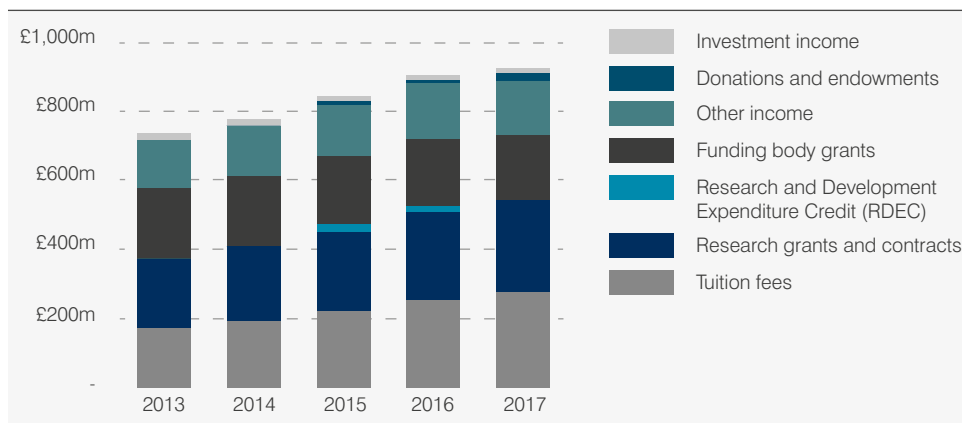
Our recent programme to recruit key academic staff has again supported our targeted increase in group income. Operational income per staff FTE (full-time equivalent) increased by 1.6 per cent in 2016/17.

### Scottish Funding Council (SFC) grants

Funding council grants reduced by £2.7 million although there were significant offsets underlying the position. Within this total we note:

- Recurrent funding is on a reducing trend. Teaching grants were down by £3.2 million and the Research Excellence grant was also down by £3.2 million on the previous year. This is a result of the change in the Research Excellence Framework allocation method used by Scottish Funding Council (SFC).
- SFC Capital Maintenance grants and Research Partnership Investment Fund (RPIF) funding for buildings and equipment was up by £3.4 million. This is reported in accordance with FRS 102, using the performance model whereby capital grants for buildings and equipment are recognised on receipt unless there are performance conditions.
- Other ring-fenced SFC grants for specific projects such as Scottish Technology Innovation Centres, Data Lab and Digital Health Institute are released in line with restricted terms and conditions.

### Total income



### Tuition fees and education contracts

Our student population grew by six per cent in the year to 39,575 students. Postgraduate students account for 36 per cent of the total student numbers, and EU and international students account for 58 per cent of postgraduates. Our non-EU student numbers have increased by six per cent on last year's figure and have grown by 37 per cent, 3,321 in the last five years, extending our reputation as a truly global university.

We saw a two per cent growth in research postgraduate students, building on last year's strong performance and five per cent growth trend, which has been facilitated by our increase in research academic staff. This will also benefit our taught student population through cutting edge, research-led teaching programmes.

Tuition fee income rose by £23 million, up nine per cent. This growth was due to a seven per cent increase in international student headcount. The decline in Scottish and EU tuition fees is offset by Rest of UK (RUK) fees.

### Student numbers

2016/17	Taught undergraduate	Taught postgraduate	Research postgraduate	Total
Scotland	9,163	1,915	1,555	12,633
Other UK	7,238	1,549	1,029	9,816
EU	2,690	1,241	1,100	5,031
Overseas	6,139	4,282	1,674	12,095
<b>Total</b>	<b>25,230</b>	<b>8,987</b>	<b>5,358</b>	<b>39,575</b>
<b>Year-on-year increase</b>	<b>4.1%</b>	<b>12.3%</b>	<b>1.6%</b>	<b>5.5%</b>
<b>Proportion</b>	<b>63.8%</b>	<b>22.7%</b>	<b>13.5%</b>	

2015/16	Taught undergraduate	Taught postgraduate	Research postgraduate	Total
Scotland	8,832	1,765	1,611	12,208
Other UK	6,905	1,305	988	9,198
EU	2,602	1,113	1,027	4,742
Overseas	5,894	3,822	1,646	11,362
<b>Total</b>	<b>24,233</b>	<b>8,005</b>	<b>5,272</b>	<b>37,510</b>
<b>Proportion</b>	<b>64.6%</b>	<b>21.3%</b>	<b>14.1%</b>	



### Research grants and contracts

Research income from grants and contracts grew by four per cent (£11.4 million) on the previous year to £265 million. Research Councils UK grant income dropped three per cent (£3.5 million), and Industry funding dropped eight per cent (£0.6 million). Central and Local Government research income grew by 15 per cent (£3.5 million), research income from UK charities increased by 17 per cent (£8.4 million) and EU Government bodies research funding grew by seven per cent (£2.2 million). Research income from other sources increased by six per cent (£1.4 million), due to funding from other overseas sources.

The University achieved great success in winning research grants and contracts of £364 million, up by 36 per cent on last year's total of £268 million and 19 per cent up on the previous record of £305 million reported in 2014/15. The number of research applications increased by two per cent and the value was up by 10 per cent to £968 million. Our success rate in converting research applications continues to increase, now at 53 per cent in volume terms. In value terms, our conversion factor was 36 per cent.

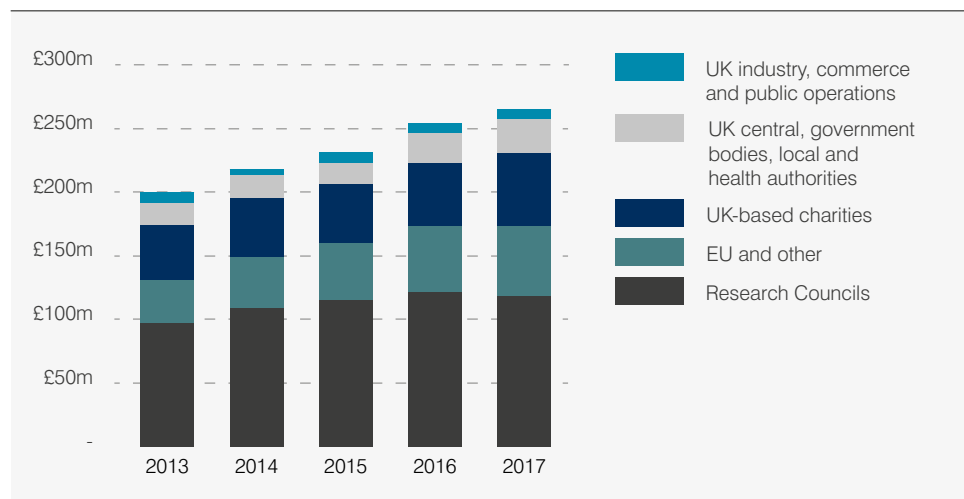
### Other income

Nearly a fifth of the University's income, £157 million, is earned from other sources, three per cent lower (£4 million) than last year's performance. Residences, Catering and Conferences income grew by eight per cent (£5 million) due to new accommodation at sites in Holyrood and Riego Street. Restricted income dropped by £2 million due to reduced funding from Jisc (Joint Information Systems Committee). Unrestricted income from academic and related activities dropped by £4 million; however, in the prior year we reported a one-off receipt of £5 million, so the underlying trend is a £1 million increase.

### Investment income

Income from our endowment investments was £8.4 million, down seven per cent on last year, but the overall market value of investments (income plus capital appreciation) grew by 14 per cent. Other investment income grew by £1.6 million on last year and bank interest grew by £0.3m to £3.4 million, an increase of 10 per cent.

### Research income



### Donations and endowments

Under FRS 102, revenue recognition rules mean that we include income from new donations and endowments accepted in the year. 2016/17 saw donations increase by £13 million to £20 million and we received £1.7 million from new endowments (down by £2.7 million on last year). Following FRS 102, where income is donated with restrictions that have performance conditions, we can defer the income and release it in line with the restricted expenditure as it is incurred. Where there are no performance conditions, income is recognised in the year, but is then held in a specific reserve, so it is only spent on the restricted purpose specified by the donor.

### Expenditure

Group expenditure increased year-on-year by three per cent (£29 million), reflecting controlled investment for growth.

### Staff costs

A university's most valuable resource is its staff, and our costs to sustain this resource in 2016/17 were £493 million, up by three per cent (£15 million). If we remove the impact of the USS pension scheme recovery plan, the underlying movement is five per cent (£25 million). FRS 102 means that we provide for our share of the USS pension recovery plan in the staff costs and pension schemes disclosure (note 31). In 2016/17, we have a net credit adjustment of £4.9 million as

we unwind the opening provision made on 1 August 2014 based on the 2012 triennial valuation. In 2014/15 this was based on the 2015 triennial valuation.

Staff costs, as a proportion of total operating income, were 53 per cent, compared to nearly 54 per cent in the prior year (excluding RDEC). 54 per cent (£15 million) of the increase was in academic and related support staff, with a further 30 per cent (£8 million) invested in research grants and contracts staff as research income continued to grow. Staff were awarded a 1.1% pay increase on 1 August 2016. Increased staff FTE accounts for three per cent of the total salary cost increase and an additional one per cent is due to incremental drift, which occurs as staff progress up the pay scale. Salaries make up 74 per cent of total staff costs, with pensions, National Insurance and other employer costs comprising 26 per cent.

University staff are eligible to join one of two defined benefits pension schemes – the University Superannuation Scheme (USS) and the Staff Benefits Scheme (EUSBS) or, since March 2013, a defined contribution scheme, National Employee Savings Trust (NEST). Pensions are a significant staff benefit (26 per cent of direct salary costs) and the cost of providing these increased by 13 per cent (£10 million) on 2015/16.



# Financial review

## (continued)

### Other operating costs

Other costs, which include expenditure on subsidiary company activities, student accommodation, bursaries, premises costs and library services, have increased by £6 million (two per cent) from last year.

There were significant investments in academic endeavour with a £5 million increase in academic departments and scholarships spend. Direct research spend kept pace with prior year at £97 million and £3 million from increased activity in residences and catering. Library, computer and academic services costs increased by £4 million. Estates refurbishment costs were reduced by five per cent (£2 million). Other income generating activities costs reduced by £4 million, due in part to restructuring of services and cessation of operations in two subsidiary companies, FloWave Ltd and Sunergos Ltd in 2016/17.

Expenditure on prizes, scholarships, studentships and bursaries remains a priority, increasing by five per cent to £32 million. The 2016/17 academic session saw 89 first-year undergraduate students awarded an access bursary with over 420 continuing students having their access bursary renewed, totalling over £527,000. 1,393 accommodation bursaries were awarded, totalling over £2 million, and 1,609 University of Edinburgh RUK bursaries were awarded, totalling approximately £7.2 million. Over 3,400 undergraduate students currently hold an Edinburgh Bursary rising from 3,100 in 2015/16.

### Depreciation

Depreciation accounted for five per cent of total spend (£47 million in 2016/17), up by 15 per cent (£6 million) on last year. This planned increase is due to the increased capital spend, reflecting the University's ambitious capital programme and commitment to investing in quality infrastructure and equipment.

### Procurement spend

	2017 %	2017 £m	2016 %	2016 £m
University spend with small and medium-sized enterprises	46%	116	53%	100
University spend in Scotland	53%	133	51%	96
University spend in Edinburgh and Lothians	26%	65	25%	47

### Interest costs

Interest and other finance costs are £15 million; two thirds of the charge, £9 million, is interest payable on borrowing and finance leases and £6 million is the net charge on pension scheme liabilities.

### Sustainable procurement

Our sustainable procurement goal is to procure goods and services in ways that maximise efficiency and effectiveness while minimising social, environmental and other risks. As part of this commitment we encourage the use of supported businesses for the provision of some goods and services.

In 2016, the UK Modern Slavery Act (2015) came into force, requiring organisations with a turnover of over £36 million to publish a statement detailing what actions they are taking to combat any risks of modern slavery in their own operations and in their supply chains.

The University recognises there are risks of modern slavery, in particular in the supply chains of the goods and services we buy. In 2016, the University published a Modern Slavery Statement, detailing what steps we already take to combat modern slavery, our relevant policies and procedures, and an action plan to ensure sustained focus on this issue. The statement sets out our commitment to protect and respect human rights and have a zero tolerance approach to slavery and human trafficking in all its forms.

The University continues to look for savings and value for money opportunities to make most effective use of resources. Specific Procurement-led initiatives resulted in Value for Money savings of approximately £13.7 million during 2016/17. The savings resulted mainly from higher value competitive tenders. Other savings were achieved through access to 177 collaborative contracts with APUC (Advanced Procurement for Universities and Colleges), other institutions and sectors.

At the year end, the amount due to trade creditors was equivalent to 17 days of purchases from suppliers. Nothing was paid under the Late Payments of Commercial Debts (Interest) Act 1998. The University's policy is to pay agreed invoices in accordance with the agreed terms of payment, which are available at [www.ed.ac.uk/schools-departments/procurement/supplying/terms-and-conditions-of-purchase](http://www.ed.ac.uk/schools-departments/procurement/supplying/terms-and-conditions-of-purchase).



### Balance sheet

We are pleased to report continued strength in the University Group balance sheet. This strength was a key factor in securing long-term funding to invest in the transformational Estates Strategy and provides a strong covenant to the trustees of our pension funds. All balance sheet financial metrics are resilient.

### Capital programme and estates maintenance

The University continues to deliver a significant programme of estates developments and equipment procurement. The development pipeline of estates projects is £1.1 billion over the next 10 years to support infrastructure developments that will deliver high-quality educational and research facilities. Hard-won and carefully stewarded University cash reserves provide the leverage to raise the additional external grants and donation funding required. The physical estate, encompassing buildings from several centuries ago, is a key component of the University of Edinburgh brand. It requires a substantial level of investment to sustain the high-quality.

Our funding strategy for investment in our estate is to utilise cash reserves and leverage external grants, donations and long term loans including the £300 million loan facilities reported in 2015/16.

### Heritage assets

Since its foundation in 1583, the University of Edinburgh has acquired extensive collections of heritage assets to support its teaching, research and public engagement. These assets comprise printed, manuscript and photographic material, as well as objects such as paintings, sculptures and natural history, geology and anatomy specimens. This is a highly valued element of the physical capital from which we create value.

Total assets	2017 £m	2017 %	2016 £m	2015 £m	2014 £m	2013 £m
Fixed assets	1,617	55%	1,493	1,399	1,246	1,228
Heritage assets	212	7%	212	205	175	171
Current assets	571	19%	531	495	477	450
Investments	531	18%	471	327	298	284

### Estate programme - major projects at design stage

	Campus	Projected value £m
<b>Major projects at design stage included:</b>		
Edinburgh Futures Institute - Quatermile	A	119
Student Centre	A	82
Murchison House Refurbishment	B	14
KB Infrastructure Project [Phase 1]	B	13
<b>Major projects under construction included:</b>		
Institute for Regeneration and Repair	C	54
BAYES	A	40
McEwan Hall redevelopment	A	34
Old College School of Law refurbishment	A	31
Easter Bush Centre Building	D	30

Often the strengths of the collections relate to the University's own specialist areas of excellence, but their breadth means they appeal to a wide range of users from publishers to genealogists from a rare book to a potted specimen in the natural history collection. Many of these items are deemed of national importance while others, such as the historic musical instrument collection and some of the Islamic manuscripts, are regarded as world-class research and heritage resources. For these reasons, the heritage assets held in University Collections at Edinburgh make a telling contribution to scholarly endeavour, teaching and learning, the promotion of innovation and the dissemination of knowledge for the public benefit.

Our heritage assets totalled £212 million at 31 July 2017. The collections that have been valued are estimated at £208 million and, following gains of £7 million in 2015/16, there were no revaluations in year.

### Endowment assets

The Investment Committee regularly reviews the fund managers and asset types in the unitised fund to diversify risk. Current fund managers and associated asset types are presented in the table below.

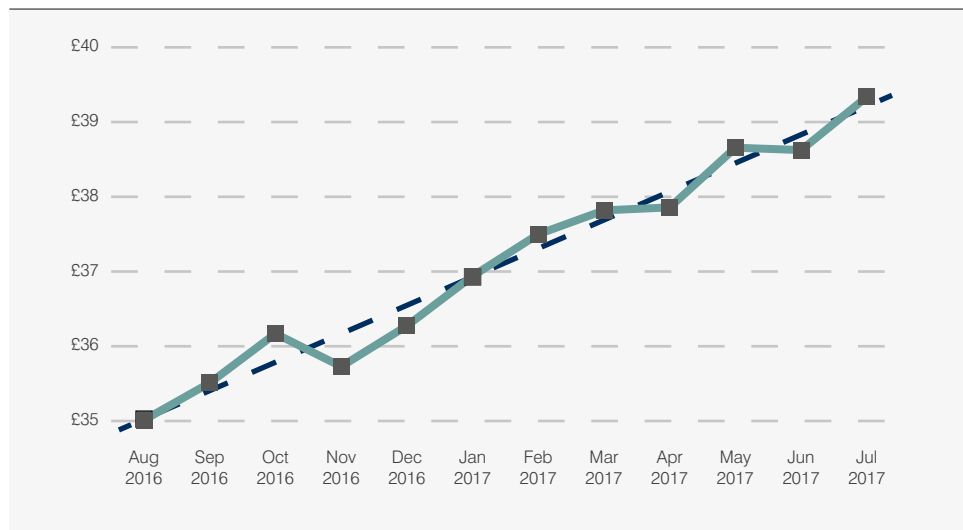
Fund manager	Asset type
Aviva	Multi-asset
Baillie Gifford	Equities
Blackrock	Equities
Hermes	Property
Kames Capital	High yield bonds
M&G	Illiquid credit opportunities
Northern Trust	Emerging market equities
Northern Trust	World custom equities
Pentech	Venture Capital
Savills	Property



# Financial review

## (continued)

### Investment unit price movement 2016/17



### Endowment assets (continued)

During the year Black Rock and other University investments were sold to buy Northern Trust World Custom ESG Equity and M&G Illiquid assets. The University has also invested in the UoE Deaconess subsidiary company.

Investment performance continues to deliver satisfactory results despite market volatility. In the year to 31 July 2017, the Endowment and Investment fund unit price rose to £39.34, an increase of 14 per cent on the price at 31 July 2016 (£34.51). In 2016/17, the University invested an additional £27 million in its unitised fund and £1.2 million of new endowment funds from bequests. The number of units rose from 12.6 million to 13.4 million bringing the valuation at the year end to £527 million.

### Responsible Investment (RI)

The University continues to review its approach to responsible investment including engagement strategies with companies it invests in. We are working to strengthen with our fund managers how we engage with companies. Similarly to 2016, we were assessed highly by the UNPRI (United Nations Principles of Responsible Investment) for Strategy and Governance (A+) and also for general integration of ESG in listed Equity (A) and Property (B). Our Responsible Investment Policy can be found at [www.ed.ac.uk/about/sustainability/themes/responsible-investment](http://www.ed.ac.uk/about/sustainability/themes/responsible-investment).

All of our fund managers are signatories to UNPRI.

To support the University's strategic commitment to deliver impact for society, the University has committed to a range of social finance initiatives. This builds on the leadership shown by the University in the area of social investment and community engagement, as well as its commitment to responsible areas of investment. The University has agreed to invest £1 million in a new scheme with Big Issue Invest, the social investment arm of The Big Issue Group, one of the world's most recognised social enterprises. The scheme offers loans and investments to non-profit organisations and charities that are trying to find new solutions to some of the toughest social challenges, and demonstrates the University's commitment to generating positive social value as well as financial return.

### Net current assets

Net current assets have increased by £11 million on last year, due to a bigger increase in current assets, of £40 million, than in current liabilities, which increased by £29 million. Current assets grew by seven per cent, due to a £51 million combined increase in cash and cash equivalents and investments, offset by a £12 million decrease in trade receivables (due to prior year accrual of RDEC income). Our value creation strategy is to make our cash balances work hard before they are required to fund the long-term capital plan and we

have placed an additional £27 million of our treasury balance as an investment with our current fund managers in the year. After capital appreciation, our total general reserve investment is now valued at £139 million.

Current liabilities increased by £29 million due to increased accruals and deferred income.

### Pension liabilities

The University's defined benefit pension schemes (USS and EUSBS) continue to record deficits relative to their forecast liabilities (full details are provided in Note 31 on pages 76 to 83). The University's share of the deficit on the Lothian Pension Fund (LPF) decreased by £1.2 million, while the deficit on the Strathclyde Pension Fund (SPF) has decreased by £2.5 million.

The triennial valuation of the EUSBS scheme took place as at 31 March 2015. This showed a shortfall between the assets and liabilities of £101.7 million. The University has proposed changes to the benefit structure to ensure the scheme can continue to provide an alternative level of benefits at a sustainable cost. The proposed changes were subject to consultation with affected employees, which took place during August and September 2016. The Trustees and the University have now agreed upon a recovery plan, which provided for a substantial one-off lump sum payment of £19 million in July 2016, plus a further £1 million paid annually while the scheme is in deficit. On an FRS 102 basis the fund deficit at 31 July 2017 included in these financial statements was £145.6 million (2016: £131.3 million).

The USS sector deficit at its last triennial valuation at March 2014 was approximately £5.3 billion. An alternative way of expressing the position is that the scheme's assets were sufficient to cover 89 per cent of its liabilities. USS is currently consulting with employers and staff representatives on reform that will make the scheme sustainable. At the previous valuation at 31 March 2011 the shortfall was £2.9 billion, equivalent to a funding level of 92 per cent. The valuation as at 31 March 2017 is underway and is scheduled for completion by the statutory deadline of 30 June 2018. In the years between valuations, the financial position is updated by keeping all the assumptions to determine accrued pension constant except



## Pension liabilities and active members 2016/17

Pension scheme	Assets £m	Liabilities £m	Deficit £m	Active members	Active members %
<b>Service cost accounted for under FRS102:</b>					
EUSBS	403	(549)	(146)	1,887	17.1%
LGPS (SPF and LPF)	56	(60)	(4)	47	0.4%
	459	(609)	(150)	1,934	17.5%
<b>Defined contribution treatment:</b>					
USS				7,475	67.7%
NEST				1,424	12.9%
Other schemes				212	1.9%
				9,111	82.5%
<b>Total</b>				<b>11,045</b>	<b>100.0%</b>

the discount rate. Using this methodology the deficit was £12.6 billion at 31 March 2017 (2016: £10 billion).

Following a review of scheme funding, the trustee confirmed that substantially increased contributions would be required to continue to provide the existing arrangements.

Since 1 April 2016, all members became part of the USS Retirement Income Builder. From that date all members will accrue a pension of 1/75th of salary and a cash lump sum of 3/75th of salary for each year of service, based on pensionable salary each year. From 1 October 2016, a Career-Revalued Benefits (CRB) scheme is available on pensionable salary up to the threshold – initially £55,000 a year.

From 1 October 2016, the new defined contribution (DC) section was introduced, the USS Investment Builder. Members of the USS pension scheme earning above £55,000 per year will be automatically contributing to the new DC section on their earnings above that level. In addition, all members, irrespective of their salary, will have the opportunity to take up a one percent matching contribution from their employer.

Prior to 2015/16, the University's share of the USS deficit was not accounted for on the University's balance sheet as the scheme assets and liabilities are not broken down by individual institution; however this has

changed from 2015/16 under FRS 102.

Under FRS 102 the present value of deficit recovery plans for multi-employer pension schemes needs to be recognised on the balance sheet as a provision for that liability. Under the new rules the initial liability in respect of the University's share of the USS deficit was recorded as a provision on the balance sheet, and will be unwound over time as the liability is discharged.

### Taxation

The University is an exempt charity within the meaning of the Trustee Investment and Charities (Scotland) Act 2005 and recognised as a charity by HM Revenue & Customs. Commercial trading activities undertaken by the University are operated through its subsidiary companies and attract VAT where applicable. Indirect tax (VAT) and payroll taxes (PAYE and National Insurance contributions) collected and paid amounted to £4.4 million and £119 million respectively.



# Financial Review

## (continued)

### Cash movement

The University has cash commitments of £283 million. £139 million is contractually committed via leases, capital contracts and borrowings and £144 million relates to restricted funds not spent but provided by external funders, mainly research sponsors and donors.

Changes in cash movement for 2016/17 are summarised in the graphs below as follows:



① The University's operations generate cash flows in and out of the business: inflows from fees, grants and services; outflows from payments to staff, students and suppliers. In 2016/17 this resulted in a net inflow of **£97 million** (2015/16 £86 million).

② The University borrows from external sources to fund capital expenditure. In 2016/17 the University drew down £67 million of European Investment Bank (EIB) loan funding, the second of three tranches of a £200 million long-term loan facility. When interest and loan repayments are deducted, the net cash inflow from financing activities totals **£54 million**, (2015/16 £148 million).

③ The University generates cash flow from investing cash: placing funds on short term deposit and in longer term investments. In 2016/17 this generated **£45 million** inflow (2015/16 £216 million outflow).

④ The University invests in its estate, acquiring new land, buildings and equipment and refurbishing existing property. In 2016/17 this resulted in a cash outflow of **£122 million** (2015/16 £95 million). Capital expenditure on land and buildings was £166 million and on fixtures, fittings and equipment it was £20 million. Offset against these outflows, we received in £42 million in capital grant and £23 million from selling fixed assets.

The net impact of the cash inflows and outflows in 2016/17 was a **£74 million** cash inflow, as inflows on operating activities and financing, exceeded the outflow from capital expenditure and investing activities.



### Institutional sustainability

The University of Edinburgh's governing body, the University Court, has comprehensive arrangements in place to monitor, assess and ensure the institution's sustainability. The University's *Strategic Plan 2016* performance measures provide a benchmark for the University Court and its committees to annually consider and review progress against. These measures cover the University's activities including teaching, learning and the student experience, research outputs, financial performance and sustainability, financial health and other key areas. This annual reporting is supplemented by in-year reporting of areas where further work is required.

The annual self-evaluation progress report on the University's Outcome Agreement with the Scottish Funding Council is reviewed and considered by the Principal. This progress report covers activity in support of broad outcomes, and for 2016/17 these included: industry/university collaboration, exploitation and competitiveness and research, widening access to university, learner journey and retention, equality and diversity as well as the coherence of education provision. The progress report on the Outcome Agreement sits alongside the annual report on institution-led internal review, which is part of the University's quality assurance and enhancement arrangements.

### Future

The University of Edinburgh has made good progress over the last year, and we are confident that the institution is well placed financially to deal with its short and longer term commitments. While the consequences of leaving the EU are still somewhat ambiguous, our new framework which focuses on online education and international partnerships will ensure continued stability. We are also able to manage significant change as it arises and work is underway to ensure compliance with the provisions of the Higher Education Governance (Scotland) Act 2016.

The University will continue to introduce changes to its Annual Report and Accounts to improve the quality of financial and non-financial performance reporting to its broad audience of stakeholders. These will increasingly reflect the integrated thinking, forecasting and reporting we apply internally.



**Ms Anne Richards**  
Vice-Convener of Court



# Corporate governance statement

The University of Edinburgh is committed to sector-leading standards of corporate governance.

Throughout 2016/17, the University has applied the main principles of the Scottish Code of Good Higher Education Governance. This code has been revised under the auspices of the Committee of Scottish Chairs and the University contributed constructively throughout the consultation process, recognising the importance of supporting high level principles of good governance across a diverse sector.

The Higher Education Governance (Scotland) Act 2016 received Royal Assent in April 2016. Compliance with the requirements of the Act will require amendment of University Ordinances, which are subject to the approval of the Privy Council. Throughout 2016/17, Nominations Committee, which includes representatives from the main stakeholder groups on the University Court including student, Senate, General Council and co-opted members, has given careful consideration to appropriate amendments to ensure compliance with the new Act within the four year transitional period and this work will continue in 2017/18.

## 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

The University Court has 22 members. The Rector, who is elected by staff and students of the University, presides over meetings of Court. The role of the Vice-Convener of Court is similar to that of chair of institution in many other universities in that the Vice-Convener is responsible for the leadership of the University Court. The Vice-Convener was appointed by an open, transparent recruitment process, managed by the Nominations Committee which included involvement by staff and students. Court has a majority of lay members, including assessors appointed by the Chancellor and the City of Edinburgh Council and elected by General Council. There are also assessors elected by members of Senate and by non-teaching/academic staff from amongst their number and two fully matriculated student members nominated by the Students'

Representative Council (known as Edinburgh University Students' Association). The Principal is an ex-officio member and acts as the Chief Executive Officer of the University and its Accountable Officer. Co-opted members of Court and external members of the Court Committees are appointed through a robust, transparent, open advertisement and interview process managed by the Nominations Committee (which includes staff and student members) taking into consideration skills, experience and diversity. A Skills Register is maintained for all Court members at [www.docs.sasg.ed.ac.uk/GaSP/Governance/CourtSkillsRegister.pdf](http://www.docs.sasg.ed.ac.uk/GaSP/Governance/CourtSkillsRegister.pdf).

In addition to the members of Court and the University Secretary, a number of senior officers of the University regularly attended meetings during 2016/17: Rector's Assessor, Senior Vice-Principal, Vice-Principal (Planning, Resources and Research Policy), Heads of Colleges and Support Groups, Deputy Secretary Strategic Planning, Deputy Secretary Student Experience and Directors of Finance, Communications and Marketing, Estates, Legal Services and Human Resources. The Head of Court Services who acts as Clerk to Court is also in attendance at all meetings.

The terms of office of the two student representatives ceased at the end of the academic year 2016/17 and they were succeeded by new members. The term of office of the Non-Teaching Staff Assessor ceased at the end of 2016/17, with a replacement elected from a field of five nominations. Rt Hon Frank Ross was appointed Lord Provost of the City of Edinburgh in May 2017 and replaced Rt Hon Donald Wilson as the City of Edinburgh Council Court Assessor. Training and development opportunities are made available as appropriate for all Court members throughout the year and a mentoring scheme for new Court members is also in operation.

Court is committed to the Nolan Principles regarding standards to be adopted in public life. It maintains a Register of Interests of its members and senior University officers which is publicly available for inspection. On joining Court, members are required to sign a statement confirming that they will comply

with the University's Code of Conduct which makes reference to the Nolan Principles and to the Register of Interests. The current interests of members of the Court are published at [www.ed.ac.uk/governance-strategic-planning/governance/university-court](http://www.ed.ac.uk/governance-strategic-planning/governance/university-court).

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

Court met on five occasions during 2016/17 and between meetings considered any urgent matters which required Court approval via the Exception Committee, which has delegated authority to enable decisions to be taken between Court meetings. Members were also kept informed by electronic means of any significant issues affecting the University. A Court seminar was held in September 2016 on the implications of Brexit and in December 2016 on the student experience. In April 2017, Court held its annual 'Meet the Court' event, at which the Principal, Vice-Convener of Court, Rector and University Secretary delivered presentations to staff and students on the activities of Court and led a question and answer session.

Court has overall responsibility for the University's strategic development. It is actively engaged in the University's strategic planning processes and in monitoring progress against the Strategic Plan, supported by the work of its committees. The *Strategic Plan 2016* was approved by Court at its meeting on 20 June 2016, following a wide consultation process and at its meeting on 6 February 2017 Court approved a performance measurement framework to assess the University's performance against the Strategic Plan.



During 2016/17, as well as the more routine items, Court considered the following:

- Appointment of Professor Peter Mathieson as the next Principal of the University of Edinburgh on the unanimous nomination of the Curators of Patronage and the unanimous recommendation of the Selection Committee, which included staff and student Court members and an external assessor.
- Consideration and endorsement of the University's involvement in the Edinburgh and South-East Scotland City Region Deal, as a key partner in a major initiative that seeks to make the city and its surrounds the European leader in data science expertise.
- Investment in a University-wide lecture capture system, to begin operation from the 2017/18 academic year.
- Approval for the development of a number of major estates projects, including:
  - The Edinburgh Futures Institute at the Old Edinburgh Royal Infirmary Quartermile site to support interdisciplinary teaching, research and co-production and close working with partners beyond the University;
  - The 'Building a New Biology' project, which will integrate existing and new buildings into a cohesive mini-campus with 30,000m<sup>2</sup> of research space housing more than 800 scientists, improved teaching and social space and a Technology Hub; and
  - An ambitious new Student Centre between Bristo Square and George Square co-locating University and Students' Association student services in one integrated site.

## University of Edinburgh committee structure

### University Court

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

## Standing committees

### Audit and Risk Committee

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

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

### Committee on University Benefactors

**Convener:** Professor Sir Timothy O'Shea, Principal and Vice-Chancellor

The Committee on University Benefactors' purpose is to advise Court on the recipients of the Distinction of University Benefactor.

### Exception Committee

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

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

### Nominations Committee

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

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

### Policy and Resources Committee

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

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

### Remuneration Committee

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

The Remuneration Committee advises Court and oversees the preparation of policies and procedures in respect of salaries, emoluments and conditions of service including severance arrangements for the University's senior management including the Principal and those at professorial or equivalent level and to keep these under review.



# Corporate governance statement

## (continued)

### University of Edinburgh committee structure

#### The 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. Further information on the Senatus Academicus can be found at: [www.ed.ac.uk/academic-services/committees/senate](http://www.ed.ac.uk/academic-services/committees/senate).

### Standing committees

#### ▶ Curriculum and Student Progression Committee

**Convener:** Professor Alan Murray, Assistant Principal

The Curriculum and Student Progression Committee is responsible, on behalf of the Senatus, for the academic regulatory framework, apart from those aspects which are primarily parts of the Quality Assurance Framework.

#### ▶ Learning and Teaching Committee

**Convener:** Professor Charlie Jeffery, Senior Vice-Principal

The Learning and Teaching Committee is responsible, on behalf of the Senate, for undergraduate, taught postgraduate and other forms of academic provision, apart from postgraduate research and higher degrees.

#### ▶ Quality Assurance Committee

**Convener:** Professor Tina Harrison, Assistant Principal

The Quality Assurance Committee is responsible for the University's academic quality assurance framework.

#### ▶ Researcher Experience Committee

**Convener:** Professor Jeremy Bradshaw, Assistant Principal

The Researcher Experience Committee is responsible for postgraduate research degree training, higher degrees and training provision of other, early career researchers. It aims to promote an outstanding student experience and vibrant research community across the University, through a proactive agenda supporting an environment that fosters and enables change.

#### Joint committee of Senate and Court

#### ▶ Knowledge Strategy Committee

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

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

#### University Court

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

#### Performance evaluation

During 2016/17, Court undertook an annual review of its effectiveness, which included mapping out assurances and providing evidence on compliance with Court's Statement of Primary Responsibilities and with the Scottish Code of Good Higher Education Governance as well as an anonymised survey of Court members' views.

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

General Council consists mainly of alumni of the University of Edinburgh, includes eligible academic staff and a more limited number from other related categories. It has a statutory right to comment on matters which affect the well-being and prosperity of the University and to be consulted on ordinances and resolutions. The aim is to ensure that graduates of this University have a continuing voice in the management of its affairs. It is also responsible for election of the Chancellor and three Court Assessors. Further information on the General Council can be found at [www.general-council.ed.ac.uk](http://www.general-council.ed.ac.uk).

#### Central Management Group

The University also has a Central Management Group whose membership includes major budget holders in the University, Vice-Principals who advise the Principal on senior management decisions, particularly on the allocation of budgets to Colleges and Support Services and representation from Heads of Schools. The Central Management Group is chaired by the Principal and acts as a forum for debate and decision-making on initiatives and issues for the University. Its members are responsible and accountable for all components of the University's budget, both income and expenditure. As such it plays an important part in the internal governance and academic operations of the University, and brings together the academic, financial, human resources and accommodation aspects of planning. It is responsible for managing the



## Standing committees

### Audit and Risk Committee

### Policy and Resources Committee

## Thematic committees

### Risk Management Committee

**Convener:** Mr Hugh Edmiston, Director of Corporate Services

The role of the Risk Management Committee is to support and advise Audit and Risk Committee and through it the Court, on the implementation and monitoring of the risk management policy.

### Estates Committee

**Convener:** Professor Jonathan Seckl, Vice-Principal Planning, Resources and Research Policy

The Estates Committee's purpose is to oversee the University's estate in order that it can support world-class academic, teaching and research activity.

### Investment Committee

**Convener:** Mr Richard Davidson, External Member

The role of the Investment Committee is to consider the corporate governance and other related implications of the University's investments.

### People Committee

**Convener:** Professor Jane Norman, Vice-Principal People and Culture

The People Committee provides advice and guidance on the University's strategic human resources policies and objectives and provides assurance that the University was monitoring its performance and managing its HR issues effectively.

University's performance and for assisting the Principal in delivery of the University's strategy. The Central Management Group also provides advice and views on proposals and reports and ensures a consistent approach to activity across the University.

### The University's system of internal control

The University Court is responsible for the University's system of internal control and for reviewing its effectiveness. Such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The internal control environment includes delegated authorities, policies, procedural and system controls, planning and budgetary processes, professional capability in specialist areas, governance structures and management reporting. A Delegated Authority Schedule lists those Committees or individuals to whom authority has been delegated by the University Court to commit the University to a contractual or quasi-contractual arrangements within approved budget limits. The most recent iteration was approved by Court on 5 December 2016 and is subject to annual review.

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

The University operates processes for the identification, evaluation and management of significant risks. The 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. The University's Risk Register focuses primarily on risks related to the attainment of the University's strategic objectives and identifies responsibility for the overall management of each risk. This aligns to the University Strategic Plan. During 2016/17 the Register and Risk Appetite Statement was reviewed by the

Risk Management Committee and revised to reflect the *Strategic Plan 2016*. Following consideration by the Central Management Group, the Audit and Risk Committee, and the Policy and Resources Committee the University Risk Register and Risk Appetite Statement 2017/18 were approved by Court on 19 June 2017.

College, Support Group and subsidiary company risk registers ensure key operational risks are identified and managed by the relevant sub-organisation within the University. All major projects have risk registers, and risk assessment is incorporated into planning and decision-making processes: risk assessment training and awareness are promoted through the management structure. The University's major risks are regularly reviewed and there are year-end processes to obtain further assurances on the adequacy of the management of key risks and to document the sources of assurances for each major risk.

Internal Audit undertake an independent review of the overall risk management process, having regard to best practice as recommended by professional institutes and other relevant organisations. The Audit and Risk Committee considered the Internal Audit



# Corporate governance statement

## (continued)

### The University's system of internal control (continued)

opinion on risk management at its meeting on 19 September 2017 and expressed itself satisfied with the outcome.

By its 4 December 2017 meeting, Court had received the Audit and Risk Committee Report for the year ended 31 July 2017 and information from the Risk Management Committee; it also had taken account of relevant events since 31 July 2017. During 2016/17, 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 wholly compliant with the guidance provided by the UK Corporate Governance Code, in so far as its provisions apply to the higher education sector, has been in place throughout the year ended 31 July 2017.

In reaching this view, Court's confirmation of the effectiveness of the system of internal control has also been informed by the following:

- The Internal Audit Service's annual report for 2016/17 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 2016/17 presented to the Audit and Risk Committee regarding its operation;
- Comments made by the External Auditors in their Report to the Audit and Risk Committee and other reports; and
- The work of managers within the institution, who have responsibility for the development and maintenance of the internal control framework, and by any relevant comments made by other external agencies (e.g. the Quality Assurance Agency for Higher Education, Scottish Funding Council).

### Charitable status

The University had charitable status (no. SC005336) under the legislative framework operative throughout the 2016/17 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 and Investment 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 individuals external to the University. All disbursements are applied for the specific purposes of the relevant donations and benefactions, or in the case of general donations and benefactions, for the University's general purposes. All of those purposes are charitable for the purposes of the legislation. The operations of the Development Trust were reviewed in 2016/17, with the University Court accepting the recommendations of the review, that: new philanthropic donations will be made directly to the University from a future date (to be agreed); that the Development Trust is retained, primarily to receive legacy pledges, and is streamlined; and that the University Court accepts an oversight function in relation to the University's philanthropic and alumni relations activity.

### 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 2017, 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 the foreseeable future and for this reason the going concern basis continues to be adopted when preparing the Accounts.



### Responsibilities of Court

On 12 May 2014 Court adopted a Statement of Primary Responsibilities published on the University website [www.ed.ac.uk/governance-strategic-planning/governance/university-governance/other-useful-information](http://www.ed.ac.uk/governance-strategic-planning/governance/university-governance/other-useful-information). This was in operation throughout 2016/17.

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

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

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

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

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed; and
- financial statements are prepared on the going concern basis.

Court has taken reasonable steps to:

- ensure that funds from the Scottish Funding Council are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University and hence take reasonable steps to prevent and detect fraud; and
- secure the economical, efficient and effective management of the University's resources and expenditure.



**Ms Anne Richards**

Vice-Convener of Court  
4 December 2017



# Corporate governance statement

## (continued)

### Membership of the University Court

		Court meetings attended	Committee memberships 2016/17	Committee memberships 2017/18
<b>Rector</b>				
Presides at meetings of Court	Mr Steve Morrison	5/5		
<b>Principal and Vice-Chancellor</b>				
	Professor Sir Timothy O'Shea	5/5	CB PRC EXC NC	CB PRC EXC NC
<b>Chancellor's Assessor</b>				
Nominated by Chancellor	Sheriff Principal Edward F Bowen	3/5	CB	CB
<b>General Council Assessors</b>				
Three Assessors elected by General Council for terms of office of four years	Dr Alan Brown	5/5	ARC	ARC CB
	Mr Ritchie Walker	4/5	KSC	KSC
	Ms Doreen Davidson	5/5	CB PRC EXC NC NC EXC KSC	CB PRC EXC NC EXC KSC RC
<b>Senatus Academicus Assessors</b>				
Four Assessors elected by the Senate for terms of office of four years	Professor Sandy Tudhope	5/5	NC	NC
	Professor Elizabeth Bomberg	4/5		
	Professor Sarah Cooper	5/5	PRC EXC	PRC EXC
	Dr Claire Phillips	4/5	KSC CB	
<b>City of Edinburgh Council Assessor</b>				
One Assessor nominated by City of Edinburgh Council	The Rt Hon Donald Wilson (to 29 June 2017)	0/4	CB	
	The Rt Hon Frank Ross (from 29 June 2017)	1/1	CB	
<b>Co-Opted Members</b>				
Eight appointed by Court for a term of office of three years including the Vice-Convener (equivalent to Chair of institution)	Ms Anne Richards (Vice-Convener of Court)	5/5	PRC EXC NC RC	PRC EXC NC RC
	Mr David Bentley	4/5	PRC CB EXC	PRC CB EXC
	Dr Robert Black	5/5	ARC NC	ARC NC
	Mr Peter Budd	2/5	ARC CB KSC	ARC CB
	Ms Alison Grant	3/5	PRC KSC	PRC KSC
	Dr Chris Masters	5/5	PRC RC EXC	PRC RC EXC
	Lady Susan Rice	5/5	PRC EXC NC RC	PRC EXC NC RC
	Mr Alan Johnston	5/5	ARC EXC RC	ARC EXC RC
<b>Non-Teaching Staff Assessor</b>				
Elected by non-teaching staff for a period of four years	Ms Angi Lamb	5/5	KSC	KSC
<b>Student Members</b>				
Annually nominated by the Edinburgh University Students' Association (EUSA) from among sabbatical officers	Mr Alec Edgecliffe-Johnson (to 8 June 2017)	4/4	EXC PRC NC	
	Ms Jenna Kelly (to 8 June 2017)	4/4		
	Mr Patrick Kilduff (from 9 June 2017)	1/1	EXC PRC NC	
	Ms Esther Dominy (from 9 June 2017)	1/1		

Audit and Risk Committee	ARC	Knowledge Strategy Committee	KSC
Committee on University Benefactors	CB	Nominations Committee	NC
Estates Committee	EC	People Committee	PC
Exception Committee	EXC	Policy and Resources Committee	PRC
Investment Committee	IC	Remuneration Committee	RC

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



## Membership of Standing Committees

Audit and Risk Committee		Meetings attended
Lay Members of Court	Mr Alan Johnston (Convener)	4/4
	Mr Peter Budd	1/4
	Dr Robert Black	3/4
	Dr Alan Brown	4/4
External Members		
Appointed through an open advertisement and interview process	Mr Bindesh Savjani	3/4
	Mr Jim Bishop	3/4

Nominations Committee		Meetings attended
Ex-officio Members		
The Principal	Professor Sir Timothy O'Shea	3/3
Vice-Convener of Court	Ms Anne Richards (Convener)	3/3
University Secretary	Ms Sarah Smith	3/3
Senate Assessor	Professor Sandy Tudhope	2/3
General Council Assessor	Ms Doreen Davidson	3/3
Lay Members of Court	Dr Robert Black	2/3
	Lady Susan Rice	1/3
Student Member of Court	Mr Alec Edgecliffe-Johnson	2/3

Policy and Resources Committee		Meetings attended
Ex-officio Members		
The Principal	Professor Sir Timothy O'Shea	4/5
Vice-Convener of Court	Ms Anne Richards (Convener)	5/5
University Secretary	Ms Sarah Smith	5/5
Senate Assessor	Professor Sarah Cooper	5/5
Vice Principal Planning & Resources	Professor Jonathan Seckl	4/5
Lay Members of Court	Ms Doreen Davidson	5/5
	Mr David Bentley	4/5
	Lady Susan Rice	4/5
	Dr Chris Masters	5/5
	Ms Alison Grant	4/5
Student Member of Court	Mr Alec Edgecliffe-Johnson (to 8 June 2017)	3/4
	Mr Patrick Kilduff (from 9 June 2016)	1/1

Knowledge Strategy Committee		Meetings attended
Ex-officio Member		
Chief Information Officer	Mr Gavin McLachlan	4/4
EUSA Representative	Mr Patrick Garratt	1/4
Members of Court	Ms Doreen Davidson (Convener)	4/4
	Mr Ritchie Walker	4/4
	Ms Angi Lamb	4/4
	Ms Alison Grant	3/4
	Dr Claire Phillips	4/4
Members of Senate	Professor Charlie Jeffery	4/4
	Professor Tina Harrison	3/4
	Professor Alan Murray	1/4
	Professor Jeremy Bradshaw	3/4
	Professor Siân Bayne/Ms Melissa Highton	3/4

Remuneration Committee		Meetings attended
Ex-officio Member		
Vice-Convener of Court	Ms Anne Richards	2/2
Lay Members of Court	Lady Susan Rice (Convener)	2/2
	Mr Alan Johnston	1/2
	Dr Chris Masters	2/2

Exception Committee	
Ex-officio Members	
The Principal	Professor Sir Timothy O'Shea
Vice-Convener of Court	Ms Anne Richards (Convener)
University Secretary	Ms Sarah Smith
Convener of Audit & Risk Committee	Mr Alan Johnston
Convener of Knowledge Strategy Committee	Ms Doreen Davidson
Convener of Remuneration Committee	Lady Susan Rice
Senate/Non-Teaching Staff Assessor	Professor Sarah Cooper
Student Member of Court	Mr Patrick Kilduff

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



# Independent auditor's report to the Court of the University of Edinburgh

## Report on the audit of the financial statements

### Opinion

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

- give a true and fair view of the state of the group's and of the parent institution's affairs as at 31 July 2017 and of the group's and university's income and expenditure and 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 regulation 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 University Balance Sheet as at 31 July 2017; the consolidated Statement of Comprehensive Income and Expenditure for the year then ended; the consolidated and university's Statement of Changes in Reserves for the year then ended; the consolidated Statement of Cash Flow for the year then ended; and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

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

### Conclusions relating to going concern

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

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

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

### Reporting on other information

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

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

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

### Trustees' 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 Trustees' Annual Report is inconsistent in any material respect with the financial statements. We have no exceptions to report arising from this responsibility.



## Other required reporting

### 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 of the Court set out on page 41, 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 parent 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 parent institution or to cease operations, or has no realistic alternative but to do so.

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

We have been appointed as auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act.

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

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

#### Use of this report

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

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

In our opinion, in all material respects:

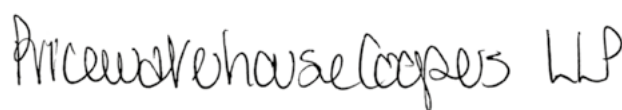
- the requirements of the Scottish Funding Council's accounts direction have been met;
- funds from whatever source administered by the parent institution for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation and any other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

#### Sufficiency of accounting records and information and explanations received

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

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

We have no exceptions to report arising from this responsibility.



#### PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors  
Glasgow  
4 December 2017



# Consolidated and University statement of comprehensive income and expenditure

For the year ended 31 July 2017

		2017		2016	
	Note	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Income</b>					
Tuition fees and education contracts	3	278,493	278,493	255,046	255,046
Funding body grants	4	191,844	191,844	194,514	194,514
Research income	5	265,252	265,252	253,885	253,885
Exceptional item: Research Development Expenditure Credit	5	-	-	19,010	19,010
Other income	6	156,814	133,379	161,252	132,394
Investment income	7	14,548	14,904	13,284	13,634
Donations and endowments	8	21,896	21,962	11,474	11,474
<b>Total income</b>		<b>928,847</b>	<b>905,834</b>	908,465	879,957
<b>Expenditure</b>					
Staff costs	9	492,564	477,767	477,889	463,114
Other operating expenses	10	318,891	310,041	313,061	307,907
Depreciation	13	46,700	45,157	40,286	38,650
Interest and other finance costs	11	14,490	14,491	12,757	12,757
<b>Total expenditure</b>		<b>872,645</b>	<b>847,456</b>	843,993	822,428
<b>Surplus before other gains and losses</b>		<b>56,202</b>	<b>58,378</b>	64,472	57,529
Gain on disposal of fixed assets		8,048	8,048	518	518
Gain on investments	15	66,209	66,209	28,935	28,935
<b>Surplus before tax</b>		<b>130,459</b>	<b>132,635</b>	93,925	86,982
Taxation	12	(18)	-	2	-
Exceptional item: tax on Research Development Expenditure Credit	12	-	-	(3,932)	(3,932)
<b>Surplus for the year</b>		<b>130,441</b>	<b>132,635</b>	89,995	83,050
Unrealised surplus on revaluation of heritage assets	13	-	-	7,240	7,240
Actuarial loss in respect of pension schemes	20	(5,129)	(5,129)	(41,053)	(41,053)
<b>Total comprehensive income for the year</b>		<b>125,312</b>	<b>127,506</b>	56,182	49,237
<b>Represented by:</b>					
Unrestricted comprehensive income/(expense) for the year before exceptional items		68,782	70,736	54	(2,319)
Exceptional items: Research Development Expenditure Credit and tax	5 & 12	-	-	15,078	15,078
Unrestricted comprehensive income for the year		68,782	70,736	15,132	12,759
Endowment comprehensive income for the year	21	49,325	49,325	28,197	28,197
Restricted comprehensive income for the year	22	7,205	7,445	5,613	1,041
Revaluation reserve comprehensive income for the year	23	-	-	7,240	7,240
		125,312	127,506	56,182	49,237
<b>Surplus for the year attributable to:</b>					
University continuing activities		130,441	132,635	74,917	67,972
Exceptional items: Research Development Expenditure Credit and tax	5 & 12	-	-	15,078	15,078
		130,441	132,635	89,995	83,050



# Consolidated and University statement of changes in reserves

## For the year ended 31 July 2017

### Consolidated

	Income and expenditure account			Revaluation reserve	Total
	Endowment £'000	Restricted £'000	Unrestricted £'000	£'000	£'000
Balance at 1 August 2015 as reported	314,599	35,375	714,934	799,537	<b>1,864,445</b>
Transfer revaluation reserve to general reserve 2015/16	-	-	598,997	(598,997)	-
<b>Restated balance at 1 August 2015</b>	314,599	35,375	1,313,931	200,540	<b>1,864,445</b>
Surplus from the income and expenditure statement	28,197	23,799	37,999	-	<b>89,995</b>
Other comprehensive (expense)/income	-	-	(41,053)	7,240	<b>(33,813)</b>
Release of restricted capital funds spent in year	-	(18,186)	18,186	-	-
<b>Total comprehensive income</b>	28,197	5,613	15,132	7,240	<b>56,182</b>
<b>Restated balance at 1 August 2016</b>	342,796	40,988	1,329,063	207,780	<b>1,920,627</b>
Surplus from the income and expenditure statement	49,325	33,562	47,554	-	<b>130,441</b>
Other comprehensive expense	-	-	(5,129)	-	<b>(5,129)</b>
Release of restricted capital funds spent in year	-	(26,357)	26,357	-	-
<b>Total comprehensive income for the year</b>	49,325	7,205	68,782	-	<b>125,312</b>
<b>Balance at 31 July 2017</b>	392,121	48,193	1,397,845	207,780	<b>2,045,939</b>

### University

	Income and expenditure account			Revaluation reserve	Total
	Endowment £'000	Restricted £'000	Unrestricted £'000	£'000	£'000
Balance at 1 August 2015 as reported	314,599	14,541	705,611	798,176	<b>1,832,927</b>
Transfer revaluation reserve to general reserve 2015/16	-	-	597,636	(597,636)	-
<b>Restated balance at 1 August 2015</b>	314,599	14,541	1,303,247	200,540	<b>1,832,927</b>
Surplus from the income and expenditure statement	28,197	19,227	35,626	-	<b>83,050</b>
Other comprehensive (expense)/income	-	-	(41,053)	7,240	<b>(33,813)</b>
Release of restricted capital funds spent in year	-	(18,186)	18,186	-	-
<b>Total comprehensive income for the year</b>	28,197	1,041	12,759	7,240	<b>49,237</b>
<b>Restated balance at 1 August 2016</b>	342,796	15,582	1,316,006	207,780	<b>1,882,164</b>
Surplus from the income and expenditure statement	49,325	33,802	49,508	-	<b>132,635</b>
Other comprehensive expense	-	-	(5,129)	-	<b>(5,129)</b>
Release of restricted capital funds spent in year	-	(26,357)	26,357	-	-
<b>Total comprehensive income for the year</b>	49,325	7,445	70,736	-	<b>127,506</b>
<b>Balance at 31 July 2017</b>	392,121	23,027	1,386,742	207,780	<b>2,009,670</b>



# Consolidated and University balance sheet

For the year ended 31 July 2017

		2017		2016	
	Note	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Non-current assets					
Fixed assets	13	1,617,062	1,607,640	1,493,042	1,466,024
Heritage assets	13 & 14	212,208	212,208	212,143	212,143
Investments	15	530,584	535,476	470,762	490,271
		2,359,854	2,355,324	2,175,947	2,168,438
Current assets					
Stock		3,664	2,912	3,371	2,561
Trade and other receivables	16	121,950	111,782	134,076	122,416
Investments	17	195,000	195,000	218,062	215,000
Cash and cash equivalents	24	250,207	221,265	175,783	149,766
		570,821	530,959	531,292	489,743
Creditors: amounts falling due within one year	18	(304,527)	(296,404)	(276,232)	(266,238)
Net current assets		266,294	234,555	255,060	223,505
Total assets less current liabilities					
		2,626,148	2,589,879	2,431,007	2,391,943
Creditors: amounts falling due after more than one year	19	(319,415)	(319,415)	(256,692)	(256,092)
Pension provisions	20	(260,794)	(260,794)	(253,688)	(253,688)
Total net assets		2,045,939	2,009,670	1,920,627	1,882,163
Restricted reserves					
Income and expenditure reserve - endowment reserves	21	392,121	392,121	342,796	342,796
Income and expenditure reserve - restricted reserves	22	48,193	23,027	40,988	15,582
Unrestricted reserves					
Income and expenditure reserve - unrestricted reserves		1,397,845	1,386,742	1,329,063	1,316,005
Revaluation reserve	23	207,780	207,780	207,780	207,780
Total reserves		2,045,939	2,009,670	1,920,627	1,882,163

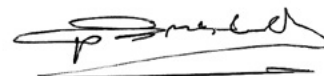
The financial statements on pages 46 to 84 were adopted by Court on 4 December 2017 and were signed on its behalf by:



**Professor Sir Timothy O'Shea**  
Principal and Vice-Chancellor



**Ms Anne Richards**  
Vice-Convenor of Court



**Mr Phil McNaul**  
Director of Finance



# Consolidated statement of cash flow

For the year ended 31 July 2017

	Note	2017 £'000	2016 £'000
<b>Cash flow from operating activities</b>			
Surplus for the year		<b>130,441</b>	89,995
<b>Adjustments for non-cash items</b>			
Depreciation	13	<b>46,700</b>	40,286
Donated assets	14	-	(76)
Impairment	15	-	223
Gain on investments	15	<b>(66,209)</b>	(28,935)
(Decrease)/increase in pension provision	20	<b>(2,324)</b>	11,280
<b>Adjustments for working capital items</b>			
Increase in stock		<b>(293)</b>	(636)
Decrease/(increase) in debtors	16	<b>12,126</b>	(13,749)
Increase in creditors and accruals	18 & 19	<b>29,645</b>	26,762
<b>Adjustments for investing or financing activities</b>			
Investment income	7	<b>(14,548)</b>	(13,284)
Interest payable	11	<b>14,276</b>	12,412
New endowments received	21	<b>(1,714)</b>	(4,427)
Profit on the sale of fixed assets		<b>(8,048)</b>	(518)
Capital grant income		<b>(42,253)</b>	(33,337)
<b>Net cash inflow from operating activities</b>		<b>97,799</b>	85,996
<b>Cash flows from fixed asset investing activities</b>			
Proceeds from sales of fixed assets		<b>23,723</b>	1,325
Capital grant receipts		<b>42,253</b>	33,337
Payments made to acquire fixed assets		<b>(188,070)</b>	(129,688)
<b>Cash flows from other investing activities</b>			
Investment income	7	<b>14,548</b>	12,474
Disposal of non-current asset investments	15	<b>105,707</b>	54,349
Payments made to acquire non-current asset investments	15	<b>(99,320)</b>	(169,273)
Decrease/(increase) in cash on deposit	17	<b>23,062</b>	(98,062)
Lump sum pension contribution to EUSBS	20	<b>(1,010)</b>	(20,000)
New endowment cash received	21	<b>1,714</b>	4,427
<b>Net cash outflow from investing activities</b>		<b>(77,393)</b>	(311,111)
<b>Cash flows from financing activities</b>			
Interest paid	11	<b>(8,998)</b>	(5,237)
Interest element of finance lease payments	11	<b>(121)</b>	(145)
New unsecured loans	19	<b>67,000</b>	167,000
Repayments of amounts borrowed	19	<b>(3,662)</b>	(13,299)
Capital element of finance lease payments		<b>(201)</b>	(156)
<b>Net cash inflow from financing activities</b>		<b>54,018</b>	148,163
<b>Increase/(decrease) in cash and cash equivalents in the year</b>		<b>74,424</b>	(76,952)
Cash and cash equivalents at beginning of the year	24	<b>175,783</b>	252,735
Cash and cash equivalents at end of the year	24	<b>250,207</b>	175,783



# 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 (SORP): Accounting for Further and Higher Education (2015) and in accordance with applicable accounting standards. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable accounting standards. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of heritage assets and investments).

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

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 2017. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of income and expenditure from the date of acquisition, or up to the date of disposal. Intragroup transactions are eliminated on consolidation. The University has taken advantage of the exemption within FRS 102 Section 33.1A and has not disclosed transactions with other group entities where it holds 100 per cent of the voting rights.

The 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 the external customers or the terms of the contract have been satisfied.

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 period in which students are studying. Where the amount of the tuition fee is reduced by a discount for prompt payment, income receivable is shown net of the discount.

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 accounts.

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

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

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

#### Accounting for retirement benefits

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

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

With effect from 1 October 2016, USS changed from a defined benefit only pension scheme to a hybrid pension scheme,



# Notes to the financial statements

## (continued)

### 1. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

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

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

#### Defined contribution plan

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

#### Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans and other post-employment benefits are calculated

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

#### Employment benefits

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

#### Finance leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

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 minimum lease term.

### Research and development

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

### Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated 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.

### 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 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 15 years where they substantially add to the total area of the building, prolong its useful life or enhance the economic benefits of the building.

All land and buildings, including those constructed or acquired with the aid of specific grants, are included in the balance sheet with the exception of the New College Divinity complex on the Mound, which is regarded as inalienable, and two farms, which form part of agricultural tenancies. In addition, the University occupies various premises owned by the NHS and the main locations are subject to formal rentals and service charges which are reflected in the consolidated statement of comprehensive income and expenditure. Some NHS premises are, however, occupied under arrangements such as historic 'knock for knock' agreements. It is not possible to attribute value to these arrangements and hence these assets are not included in the financial statements.

### Equipment

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





# Notes to the financial statements

## (continued)

### 1. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

Capitalised equipment is stated at cost and depreciated over a four-year period from the year in which the equipment, software or building is commissioned.

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

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

#### Heritage assets

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

The University receives a large number of donated assets in addition to heritage assets bought by the University's Centre for Research Collections. Donated assets are not valued unless they are of special interest 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.

#### Investments

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

Non-current investments are held on the balance sheet at fair value. Investments in subsidiary companies are shown at the lower of cost or net realisable value.

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 the lower of cost and net realisable 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.

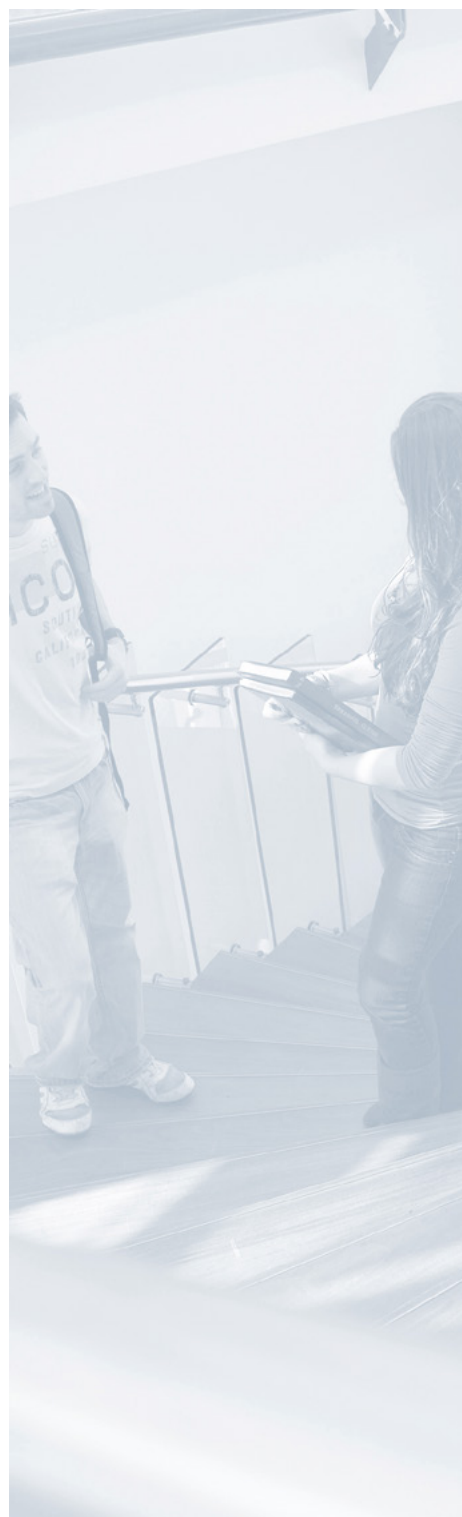
Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### Investment properties

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

#### Borrowing costs

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







### Financial instruments

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

### Taxation status

The University is an exempt charity within the meaning of the Trustee Investment and Charities (Scotland) Act 2005 and, as such, is a charity within the meaning of Section 506 (1) of the Income and Corporation Taxes Act 1988. The University is recognised as a charity by HM Revenue & Customs and is recorded on the index of charities maintained by the Office of Scottish Charity Regulator. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from UK Corporation Tax in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes. The University receives no similar exemption in respect of Value Added Tax.

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

### Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- the University has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of economic benefits will be required to settle the obligation; and
- 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.



# Notes to the financial statements

## (continued)

### 2. ESTIMATES AND JUDGEMENTS

#### 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.

#### Multi-employer pension schemes

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as USS. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in the consolidated statement of comprehensive income and expenditure in accordance with FRS 102 section 28.

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

#### Pension provisions – key actuarial assumptions

The key actuarial assumptions used in the valuation of the USS, EUSBS, SPF and LPF pension schemes including discount rates, salary and pension increases, and mortality rates are reported in note 31 Pension schemes.

The cost of the USS deficit recovery plan has been estimated based on a model devised by USS and the British Universities Finance Directors Group (BUFDG) based on the USS March 2014 deficit valuation. The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient

and appropriate assets to cover their technical provisions.

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

The employee leave accrual is calculated from a sample of departments' holidays earned, but not taken, at the balance sheet date of 31 July 2017. This sample is attributed across the whole population of employees.

#### Heritage assets

Heritage assets are valued based on assumptions made by 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 judgement of market conditions.

#### Property, plant and equipment

Group depreciation charge is calculated based on assumptions on asset useful economic lives and expected residual value. The remaining depreciable lives of assets are periodically reviewed based on actual experience and expected future utilisation. A change in depreciable life is treated as a change in accounting estimate and the accelerated depreciation is accounted for in the period of change and future periods.

#### Key sources of estimation uncertainty

FRS 102 requires that assumptions used in the calculation of liabilities are disclosed as they may represent a source of material uncertainty. In the preparation of the consolidated financial statements, management has made judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. Any estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the financial statements within the next financial year are addressed below. Actual results may differ from these estimates. Estimates and underlying assumptions are regularly reviewed.





### 3. TUITION FEES AND EDUCATION CONTRACTS

	Consolidated and University	
	2017 £'000	2016 £'000
Scotland & EU fees	<b>53,745</b>	52,267
Rest of UK (RUK)	<b>55,356</b>	50,446
Non-EU fees	<b>150,307</b>	131,461
Research training support grants	<b>15,474</b>	16,243
Short course and other fees and support grants (non-credit bearing)	<b>3,611</b>	4,629
	<b>278,493</b>	255,046

#### Tuition fees and education contracts

Undergraduate (UG) numbers (full time equivalents) increased by four per cent (1,012). UG fee income rose £10 million, driving up the average fee for UG students by 4.5 per cent. Postgraduate (PGT) fees rose by 22 per cent, £14.5 million; numbers rose by 12 per cent and the average price rose by nine per cent.

### 4. FUNDING BODY GRANTS

	Consolidated and University	
	2017 £'000	2016 £'000
SFC recurrent grants		
Teaching	<b>64,566</b>	67,669
Research and knowledge exchange	<b>89,218</b>	92,389
SFC specific grants		
Strategic funding: UK Research Partnership Investment Fund (RPIF)	<b>3,114</b>	1,723
Capital maintenance grants	<b>18,047</b>	16,082
Ring-fenced grants funded by Scottish Government	<b>6,500</b>	2,650
Other grants	<b>10,399</b>	14,001
	<b>191,844</b>	194,514

#### Funding body grants

Further reductions to Teaching and Research Excellence Grants (£6.3 million in total) are offset by increased capital funding for Infrastructure of £3.4 million. Other grants (including research pooling) decreased by £3.6 million and these are recognised in line with restricted conditions.

### 5. RESEARCH INCOME

5. RESEARCH INCOME	2017			2016
	Capital £'000	Revenue £'000	Total £'000	Total £'000
Research grants and contracts				
Research Councils	6,639	110,916	117,555	121,062
UK based charities	2,593	55,505	58,098	49,736
UK central government bodies, local and health authorities	4,580	21,753	26,333	22,845
UK industry, commerce and public corporations	-	7,771	7,771	8,405
EU government bodies	58	31,777	31,835	29,641
EU other	385	2,990	3,375	2,896
Other overseas	-	11,102	11,102	7,972
Other sources	-	9,183	9,183	11,328
Total research grants and contracts	14,255	250,997	265,252	253,885
Research exceptional income				
Research and Development Expenditure Credit (RDEC)	-	-	-	19,010
	14,255	250,997	265,252	272,895

#### 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 million. SUERC is a jointly controlled entity with the University of Glasgow.

#### Research exceptional income

The exceptional item in the prior year relates to a claim in respect of Research and Development Expenditure Credits (RDEC) for the year 1 August 2014 to 31 July 2015 and an additional claim for the period 1 August 2013 to 31 July 2014. The RDEC income in the prior year is stated gross of Corporation Tax of £3.9 million (see note 12).



# Notes to the financial statements

## (continued)

### 6. OTHER INCOME

	2017		2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Residences, catering and conferences	67,927	51,761	62,821	47,601
Restricted grants and income:				
Academic and related activities	24,080	24,080	23,642	23,642
Academic services and support activities	5,154	2,158	5,241	2,331
Information systems grants	1,564	1,564	3,600	3,600
Unrestricted income:				
Academic and related activities	35,356	35,356	39,394	39,394
Income generating, academic services and support activities	22,733	18,460	26,554	15,826
	156,814	133,379	161,252	132,394

### 7. INVESTMENT INCOME

	Note	2017		2016	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Income from expendable endowments	21	5,728	5,728	6,170	6,170
Income from permanent endowments	21	2,762	2,762	2,988	2,988
Other investment income		2,648	2,648	1,021	1,021
Other interest receivable		3,410	3,766	3,105	3,455
		14,548	14,904	13,284	13,634

### 8. DONATIONS AND ENDOWMENTS

	Note	2017		2016	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
New endowments	21	1,714	1,714	4,428	4,428
Donations with restrictions	22	16,230	16,296	5,523	5,523
Unrestricted donations		3,952	3,952	1,523	1,523
		21,896	21,962	11,474	11,474

#### Other income

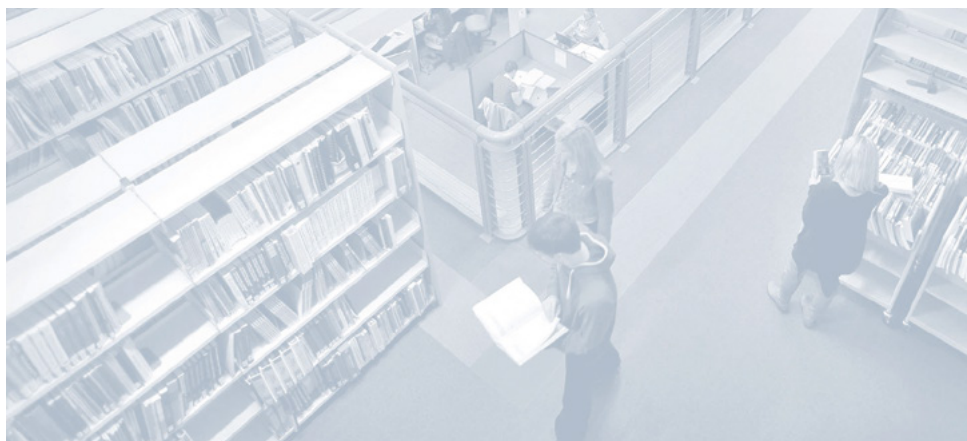
Unrestricted academic and related activity has dropped from £39.4 million to £35.4 million. Once we exclude a one-off provision release of £5 million in the prior year, the position is an increase of £1 million. Accommodation Services income increased by £5.1 million (eight per cent); remaining restricted funds fell by £1.7 million partly due to reduced Jisc funding.

#### Investment income

Income from our endowment investments was £8.4 million, down seven per cent on last year, but the overall market return on investments (income plus capital appreciation) was 16 per cent.

#### Donations and endowments

Donations increased by £13 million to £20 million, and 80 per cent of these donations came with restrictions on how we spend the money. We received £1.7 million from new endowments, where we invest capital and spend the investment income earned; down by £2.7 million on last year.





## 9. STAFF COSTS

	2017		2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Salaries	366,970	354,761	354,587	341,098
Social security costs	37,110	36,111	30,133	29,528
Pension costs (note 31)	91,278	89,839	81,044	80,363
Movement on USS pension provision	(4,854)	(4,854)	9,975	9,975
Other unfunded pension costs	55	55	60	60
Severance costs	2,005	1,855	2,090	2,090
	<b>492,564</b>	<b>477,767</b>	477,889	463,114
<b>Analysis of the above costs by activity:</b>				
Academic/ teaching departments	267,033	267,033	252,260	252,260
Research grants and contracts	113,642	113,642	105,774	105,774
Library, computer and other academic support services	30,597	30,597	30,524	30,524
Administration and central services	40,252	40,252	34,315	34,315
Premises	18,615	18,615	19,266	19,266
Other including income-generating operations	7,783	-	7,984	-
Residences and catering operations	14,396	7,532	13,936	7,145
Unfunded pensions	55	55	60	60
Severance costs	2,005	1,855	2,090	2,090
Pension service costs and USS provision in excess of scheme contributions payable (note 31)	(1,814)	(1,814)	11,680	11,680
	<b>492,564</b>	<b>477,767</b>	477,889	463,114

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

	2017		2016	
	Consolidated	University	Consolidated	University
Academic / teaching departments	4,944	4,944	4,776	4,776
Academic / teaching services	603	603	610	610
Research grants and contracts	2,135	2,135	2,084	2,084
Administration and central services	895	895	821	821
Premises	690	690	680	680
Other including income-generating operations	136	-	158	-
Catering and residences	584	584	586	586
	<b>9,987</b>	<b>9,851</b>	9,715	9,557
Staff on open-ended contracts	7,136	7,026	6,862	6,737
Staff on fixed-term contracts	2,499	2,473	2,507	2,474
Staff on guaranteed hours contracts	352	352	346	346
	<b>9,987</b>	<b>9,851</b>	9,715	9,557

### Staff costs

Staff costs grew by six per cent, three per cent due to volume increases, and three per cent increase in price. The pay award was 1.1 per cent and the remaining 1.9 per cent reflects incremental drift and change in the mix of staff.

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

- Develop a positive culture where disabled employees are able to develop to their full potential. It values a diverse workforce which includes the representation of disabled staff, and will continue to enhance and embed its approach to supporting disabled staff, through policy and good practice and in accordance with current legislation;
- Ensure that we provide a working environment free from discrimination, harassment, bullying and victimisation, in line with the University's Equality and Diversity Outcomes and Action Plan and Dignity & Respect Policy; and
- Commit to creating an accessible and welcoming working environment, including using both internal and external services and support for potential and current staff.

3.5 per cent (2016: 3.1 per cent) of our staff have declared that they have a disability.



# Notes to the financial statements

## (continued)

### 9. STAFF COSTS (continued)

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

	2017		2016	
	Consolidated	University	Consolidated	University
Staff on open-ended contracts	8,198	8,084	7,816	7,661
Staff on fixed-term contracts	2,895	2,867	2,902	2,867
Staff on guaranteed hours contracts	3,193	3,193	2,886	2,886
	14,286	14,144	13,604	13,414
Percentage of staff on fixed-term contracts	20.26%	20.27%	21.33%	21.37%

#### Emoluments of the Principal

	2017 £'000	2016 £'000
Remuneration	257	251
Lump sum award	20	15
Benefit in kind	8	2
Sub-total excluding pension contributions & life cover	285	268
Employer's life cover	5	2
Payment in lieu of employer's pension contribution	31	31
	321	301

#### Key management personnel

	2017 £'000	2016 £'000
Key management personnel compensation	2,023	1,906

	2017 number	2016 number
Number of posts (expressed as full time equivalents during the year) included in key management personnel	8.4	8.4



#### 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 this 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.

The Principal was awarded and accepted a one per cent increase in basic salary in 2016; and a three per cent increase in basic salary in 2017 (the average (mean) pay increase for all staff for the same period, incorporating the pay award and incremental progression, was 3.1 per cent). The Principal also accepted a capped contractual lump sum award of £20,000 in recognition of strong performance against a number of key strategic objectives.

The median basic salary for Heads of Russell Group institutions in the most recent UCEA Senior staff remuneration survey is £278,875 per annum.

The Principal opted out of the pension scheme in 2015. Additional payments equivalent to the pension contributions foregone are included within emoluments.

#### 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.



## Senior post holders

	2017			2016 number
	Clinical number	Non-clinical number	Total	
£100,000–£109,999	19	25	<b>44</b>	44
£110,000–£119,999	16	20	<b>36</b>	33
£120,000–£129,999	7	10	<b>17</b>	19
£130,000–£139,999	10	15	<b>25</b>	27
£140,000–£149,999	10	8	<b>18</b>	15
£150,000–£159,999	5	7	<b>12</b>	11
£160,000–£169,999	7	6	<b>13</b>	8
£170,000–£179,999	7	1	<b>8</b>	9
£180,000–£189,999	5	1	<b>6</b>	12
£190,000–£199,999	7	-	<b>7</b>	4
£200,000–£209,999	8	3	<b>11</b>	6
£210,000–£219,999	-	-	<b>-</b>	2
£220,000–£229,999	1	-	<b>1</b>	2
£230,000–£239,999	5	-	<b>5</b>	3
£240,000–£249,999	1	1	<b>2</b>	4
£250,000–£259,999	1	-	<b>1</b>	1
£260,000–£269,999	1	-	<b>1</b>	1
£280,000–£289,999	1	-	<b>1</b>	-
£290,000–£299,999	-	-	<b>-</b>	2
£300,000–£309,999	-	1	<b>1</b>	-
	111	98	<b>209</b>	203

## Senior post holders

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

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

53 per cent (2016: 54 per cent) of senior post holders are clinical academics.

## Compensation for loss of office

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

There was no compensation payable to key management personnel for the year (2016: nil).

There was no compensation payable to senior post holders during the year (2016: three).

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.

## Compensation for loss of office

	2017 £'000	2016 £'000
Compensation payable to senior post holders	-	82
Other compensation paid in excess of £100,000	<b>209</b>	270
	<b>209</b>	352



# Notes to the financial statements

## (continued)

### 9. STAFF COSTS (continued)

#### Related party transactions

	Income £'000	Expenditure £'000	2017 total £'000	Balance due at 31 July 2017 £'000
Arup Scotland/Ove Arup Foundation Ltd	69	77	8	-
British Library	-	40	40	-
Edinburgh College	1	36	35	-
Edinburgh Festival Fringe Society	2	7	5	-
Edinburgh University Students' Association	-	3,038	3,038	-
Fios Genomics Ltd	5	48	43	-
ICAS	-	2	2	-
LBS Group	-	4	4	-
Marie Curie Cancer Care/Hospice	57	1	(56)	-
Newbattle Abbey College	-	4	4	-
Pleasance Theatre Festival Ltd	233	-	(233)	-
Royal Zoological Society of Scotland	-	23	23	-
Sainsburys Bank/ Supermarkets Ltd	18	4	(14)	-
Scottish Association of Marine Science (SAMS)	-	87	87	-
Scottish Water/Scottish Water Business Stream Ltd	23	413	390	-
Universitas 21, LBG	9	-	(9)	-
	417	3,784	3,367	-

### 10. OTHER OPERATING EXPENSES

	2017		2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Academic and related expenditure	66,468	66,468	63,618	63,606
Scholarships & stipends	31,622	31,622	29,940	29,940
Research grants and contracts	96,590	96,590	96,469	96,469
Library, computer and other academic support services	15,740	15,740	11,835	11,727
Administration and central services	21,477	21,588	20,392	20,392
Refurbishment and maintenance	16,223	15,925	16,896	16,568
Utilities costs	16,896	19,768	17,150	19,993
Other premises costs	9,715	9,715	11,288	11,288
Other including income generating operations	9,875	4,460	13,796	12,511
Residences and catering operations	34,285	28,165	31,677	25,413
	318,891	310,041	313,061	307,907
<b>Other operating expenses include:</b>				
Agency staff costs	7,341	7,130	4,376	4,095
Operating lease rentals:				
Land and buildings	20,007	21,420	17,350	18,737
Other	1,051	969	1,107	1,028
Fees charged by external auditors:				
In respect of audit services	217	164	218	160
In respect of non-audit services	300	300	115	115

#### Court Members

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

The University has taken advantage of the exemption allowed by FRS 102 not to disclose transactions between wholly owned group companies. Related party transactions with University spinout companies have not been disclosed as they are not material.

No Court member has received any remuneration nor waived payments from the group during the year (2016: nil).

The total expenses paid to or on behalf of three Court members was £2,000.88 (2016: £1,222.34). This represents travel and subsistence expenses incurred in attending Court and other Committee meetings in their official capacity.



**11. INTEREST AND OTHER FINANCE COSTS**

Notes	2017		2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Loan interest	<b>8,844</b>	<b>8,845</b>	6,604	6,604
Finance lease interest	<b>121</b>	<b>121</b>	145	145
Net charge on pension scheme	20 <b>5,525</b>	<b>5,525</b>	6,008	6,008
	<b>14,490</b>	<b>14,491</b>	12,757	12,757

**12. TAXATION**

	2017		2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Recognised in the statement of comprehensive income				
Current tax:				
UK Corporation tax charge on subsidiaries' profits	<b>18</b>	-	(2)	-
Exceptional item: tax on RDEC income	-	-	3,932	3,932
	<b>18</b>	-	3,930	3,932

**13. FIXED ASSETS****Consolidated**

	Land and buildings £'000	Fixtures, fittings and equipment £'000	Total £'000	Heritage assets £'000	Total including heritage assets £'000
<b>Cost or valuation</b>					
As at 1 August 2016	1,499,155	168,693	<b>1,667,848</b>	212,143	<b>1,879,991</b>
Additions	168,000	20,388	<b>188,388</b>	65	<b>188,453</b>
Transfer to Endowment & Investment Fund	(12,034)	-	<b>(12,034)</b>	-	<b>(12,034)</b>
Disposals	(2,488)	(5,860)	<b>(8,348)</b>	-	<b>(8,348)</b>
As at 31 July 2017	1,652,633	183,221	<b>1,835,854</b>	212,208	<b>2,048,062</b>
<b>Accumulated depreciation</b>					
As at 1 August 2016	43,896	130,910	<b>174,806</b>	-	<b>174,806</b>
Charge for the year	30,029	16,671	<b>46,700</b>	-	<b>46,700</b>
Transfer to Endowment & Investment Fund	(414)	-	<b>(414)</b>	-	<b>(414)</b>
Disposals	(384)	(1,916)	<b>(2,300)</b>	-	<b>(2,300)</b>
As at 31 July 2017	73,127	145,665	<b>218,792</b>	-	<b>218,792</b>
<b>Net book value</b>					
As at 31 July 2017	1,579,506	37,556	<b>1,617,062</b>	212,208	<b>1,829,270</b>
As at 31 July 2016	1,455,259	37,783	<b>1,493,042</b>	212,143	<b>1,705,185</b>

**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.

The exceptional item in the prior year relates to tax payable on the Research and Development Expenditure Credit (RDEC) of £19 million included in University research income receivable (Note 5) as at 31 July 2016 and included in the tax surplus of the University for the years ending 31 July 2014 and 2015. The net exceptional item of £15.1 million research income was received from HMRC in respect of RDEC in the year to 31 July 2016.

UK Corporation tax at 20 per cent (2016: 20 per cent)

**Consolidated fixed assets**

At 31 July 2017, land and buildings included £120.6 million (2016: £32.2 million) in respect of buildings under construction.

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

Gains on disposal of land and building fixed assets amounted to £8.1 million (2016: £0.5 million).

Certain land and buildings have been partly financed from Exchequer Funds. Funding body grants of £27.4 million recognised as income in the year relates 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.

On 31 July 2017, the Endowment and Investment Fund bought the University's share of Deaconess Ltd. Deaconess House is now 100 per cent owned by the Endowment and Investment Fund (previously, 42 per cent owned by the University).



# Notes to the financial statements

## (continued)

### 13. FIXED ASSETS (continued)

#### University

	Land and buildings £'000	Fixtures, fittings and equipment £'000	Total £'000	Heritage assets £'000	Total including heritage assets £'000
<b>Cost or valuation</b>					
As at 1 August 2016	1,477,224	149,342	<b>1,626,566</b>	212,143	<b>1,838,709</b>
Additions	167,969	20,136	<b>188,105</b>	65	<b>188,170</b>
Surplus on revaluation	-	-	-	-	-
Disposals	(1,367)	(378)	<b>(1,745)</b>	-	<b>(1,745)</b>
As at 31 July 2017	1,643,826	169,100	<b>1,812,926</b>	212,208	<b>2,025,134</b>
<b>Accumulated depreciation</b>					
As at 1 August 2016	42,217	118,325	<b>160,542</b>	-	<b>160,542</b>
Charge for the year	29,406	15,751	<b>45,157</b>	-	<b>45,157</b>
Disposals	(69)	(344)	<b>(413)</b>	-	<b>(413)</b>
As at 31 July 2017	71,554	133,732	<b>205,286</b>	-	<b>205,286</b>
<b>Net book value</b>					
As at 31 July 2017	1,572,272	35,368	<b>1,607,640</b>	212,208	<b>1,819,848</b>
As at 31 July 2016	1,435,007	31,017	<b>1,466,024</b>	212,143	<b>1,678,167</b>



#### Consolidated fixed assets (continued)

Deaconess House, as part of the Endowment and Investment Fund, is classified as an investment property. Previously the University owned portion had been accounted for as an operating asset and depreciated.

#### University fixed assets

At 31 July 2017, freehold land and buildings included £88.1 million (2016: £87.8 million) in respect of freehold land and is not depreciated.

At 31 July 2017, land and buildings included £120.6 million (2016: £30.4 million) in respect of buildings under construction.

The increase of £90.2 million in the value of buildings under construction included further investment in the Meadow Lane student accommodation, Edinburgh Data Technology Centre, New Biological Sciences facilities at the King's Buildings, Easter Bush Innovation Centre and Energy Centre and the redevelopment of the Surgical Wing of the Old Royal Infirmary at Quartermile projects.

In addition to the increase in buildings under construction, the Lauriston Fire Station at the Edinburgh College of Art campus, and a further building in Chambers Street were acquired during the year. Other significant additions to existing buildings included costs of refurbishing the McEwan Hall, Old College School of Law, Edinburgh College of Art Main building, St Cecilia's Hall and fitting out leased property at Argyle House.

There is a standard security over various properties belonging to the University which has been granted as part of a loan arrangement, and further standard securities have been granted over certain properties in favour of the University of Edinburgh Staff Benefits Scheme as part of a pension funding guarantee arrangement.

The net book value of tangible fixed assets includes an amount of £2.3 million (2016: £2.4 million) of buildings, fixtures and fittings held under finance leases. The depreciation charge on these assets for the year was £31,021 (2016: £31,021).



## 14. HERITAGE ASSETS

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

### Additions and disposals

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

	2013 £'000	2014 £'000	2015 £'000	2016 £'000	2017 £'000
Acquisitions purchased with specific donations	-	-	-	67	<b>15</b>
Acquisitions purchased with University funds	-	1,300	-	159	<b>50</b>
Total cost of acquisitions purchased	-	1,300	-	226	<b>65</b>
Value of acquisitions by donation	-	-	-	76	-
Total acquisitions capitalised	-	1,300	-	302	<b>65</b>

### Main collections

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

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

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

### Heritage assets capitalised

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

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

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.

The University also loans out and receives loans of heritage assets.



# Notes to the financial statements

## (continued)

### 15. NON-CURRENT INVESTMENTS

#### Consolidated

	Endowment and Investment Fund £'000	Other fixed asset investments £'000	Total £'000
<b>As at 1 August 2016</b>	435,656	35,106	<b>470,762</b>
Additions	99,320	-	<b>99,320</b>
Disposals	(71,449)	(34,192)	<b>(105,641)</b>
Loans repaid	-	(66)	<b>(66)</b>
Appreciation	63,381	2,828	<b>66,209</b>
<b>As at 31 July 2017</b>	526,908	3,676	<b>530,584</b>
<b>Non-current investments consist of:</b>			
The University of Edinburgh Endowment and Investment fund	526,908	563	<b>527,471</b>
Edinburgh University Press Ltd (intellectual property)	-	118	<b>118</b>
Unlisted investments	-	2,995	<b>2,995</b>
	526,908	3,676	<b>530,584</b>

#### University

	Subsidiary companies £'000	Endowment and Investment fund £'000	Other fixed asset investments £'000	Total £'000
<b>As at 1 August 2016</b>	19,995	435,656	34,627	<b>490,278</b>
Additions	-	99,320	-	<b>99,320</b>
Disposals	(13,250)	(71,449)	(34,963)	<b>(119,662)</b>
Loans advanced	2,348	-	-	<b>2,348</b>
Loans repaid	(5,808)	-	(66)	<b>(5,874)</b>
Appreciation	1,863	63,381	965	<b>66,209</b>
Impairment	2,857	-	-	<b>2,857</b>
<b>As at 31 July 2017</b>	8,005	526,908	563	<b>535,476</b>





## University

	Subsidiary companies £'000	Endowment and Investment fund £'000	Other fixed assets investments £'000	Total £'000
<b>Non-current investments consist of:</b>				
<b>The University of Edinburgh Endowment and Investment fund portfolio</b>				
Equities	-	301,357	-	<b>301,357</b>
Fixed interest stocks	-	68,376	-	<b>68,376</b>
Property	-	107,814	-	<b>107,814</b>
Multi asset type	-	40,449	-	<b>40,449</b>
Venture capital	-	3,513	-	<b>3,513</b>
Bank deposits held at fund managers	-	1,577	-	<b>1,577</b>
Bank deposits held by the University	-	3,822	-	<b>3,822</b>
<b>Other investments</b>				
Other	-	-	563	<b>563</b>
<b>Investment in subsidiary companies</b>				
Edinburgh University Press Ltd	358	-	-	<b>358</b>
<b>Loans to subsidiary companies</b>				
UoE Utilities Supply Company Ltd	5,900	-	-	<b>5,900</b>
Old College Capital LLP	1,318	-	-	<b>1,318</b>
Old College Capital Strategic Investments	206	-	-	<b>206</b>
FloWave TT Ltd	195	-	-	<b>195</b>
Sunergos Innovations Ltd	28	-	-	<b>28</b>
	8,005	526,908	563	<b>535,476</b>

## 16. TRADE AND OTHER RECEIVABLES

	2017		2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Amounts falling due within one year:</b>				
Research grants receivables	<b>71,720</b>	<b>71,720</b>	68,441	68,441
Other trade receivables	<b>35,166</b>	<b>21,269</b>	54,041	42,116
Prepayments and accrued income	<b>15,064</b>	<b>14,046</b>	11,594	10,554
Amounts due from subsidiary companies	-	<b>4,747</b>	-	1,305
	<b>121,950</b>	<b>111,782</b>	134,076	122,416

## 17. CURRENT INVESTMENTS

	2017		2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Short-term deposits	<b>195,000</b>	<b>195,000</b>	218,062	215,000

## Non-current investments

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.

## 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.



# Notes to the financial statements

(continued)

## 18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017		2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Unsecured loans	3,174	3,174	3,264	3,264
Obligations under finance leases	222	222	201	201
Trade payables	38,684	35,736	41,030	35,082
Social security and other taxation payable	14,577	13,866	9,631	9,404
Accruals and deferred income (see below)	247,870	242,521	222,106	216,978
Amounts due to subsidiary companies	-	885	-	1,309
	<b>304,527</b>	<b>296,404</b>	276,232	266,238

### Accruals and deferred income

	2017		2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Accruals	53,787	53,787	45,823	45,823
Donations and other restricted income deferred	23,137	23,137	27,953	27,953
Research grants received on account	116,664	116,664	113,102	113,102
Estates capital grants deferred	19,472	19,472	8,412	8,412
Other income deferred	34,810	29,461	26,816	21,688
	<b>247,870</b>	<b>242,521</b>	222,106	216,978

## 19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017		2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Obligations under finance lease	809	809	1,031	1,031
Unsecured loans	317,892	317,892	254,549	254,549
Other creditors	714	714	1,112	512
	<b>319,415</b>	<b>319,415</b>	256,692	256,092



### 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.



Borrowings, including creditors falling due within one year, at 31 July were as follows:

Note	2017		2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Obligations under finance leases are due as follows:</b>				
Due within one year	18	222	201	201
Due between two and five years		809	1,031	1,031
Due in five years or more		-	-	-
		<b>1,031</b>	<b>1,031</b>	<b>1,232</b>

Unsecured loans outstanding at 31 July 2017 were as follows:

		2017		2016	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Unsecured bank loans are repayable as follows:</b>					
Due within one year	18	<b>3,174</b>	<b>3,174</b>	3,264	3,264
Due between two and five years		<b>10,335</b>	<b>10,335</b>	14,506	14,506
Due in five years or more		<b>307,557</b>	<b>307,557</b>	240,043	240,043
		<b>321,066</b>	<b>321,066</b>	257,813	257,813

	Interest rate %	Repayable	Borrower	Amount £'000
Prudential plc	6.98	2026-2030	University	30,000
European Investment Bank	4.105	2017-2036	University	44,382
Lloyds Bank plc	5.89	2017-2036	University	6,527
Private Placements repayable in 20 years*	3.20	2036	University	40,000
The Royal Bank of Scotland plc	0.2% above base	2017-2037	University	6,640
Private Placements repayable in 25 years*	3.38	2041	University	40,000
Private Placements repayable in 30 years*	3.46	2046	University	20,000
European Investment Bank**	2.105	2021-2046	University	134,000
FRS102 amortisation adjustment				(483)
				<b>321,066</b>



### Unsecured loans

The total of new unsecured loans in 2017 was £67 million (2016: £167 million).

\*In 2015/16 the University raised £100 million through the issue of senior notes purchased by US financial institutions, Northwestern Mutual Life Insurance Company and Babson Capital Management.

\*\*The University has a further £200 million loan facility from the European Investment Bank, with £134 million drawn down to date.



# Notes to the financial statements

(continued)

## 20. PROVISIONS FOR LIABILITIES

	Obligation to fund deficit on USS pension £'000	Pension enhancement on termination £'000	Unfunded pension provision £'000	Funded pension scheme provision £'000	Total £'000
<b>As at 1 August 2016</b>	105,459	7,390	1,510	139,329	<b>253,688</b>
Utilised in year	(6,346)	(584)	(139)	(11,270)	<b>(18,339)</b>
Additions in year	1,491	-	-	14,310	<b>15,801</b>
Additional contributions paid by the University	-	-	-	(1,010)	<b>(1,010)</b>
Interest in year	1,931	178	36	3,380	<b>5,525</b>
Actuarial (gain)/loss in respect of pension schemes	-	207	(331)	5,253	<b>5,129</b>
<b>As at 31 July 2017</b>	102,535	7,191	1,076	149,992	<b>260,794</b>



### Provisions for liabilities

In compliance with FRS 102, Section 21: Provisions and contingencies, the provisions relate only to contractual and legal obligations of the University. All provisions relate to retirement benefits and details including assumptions used are included in Note 31: Pension Schemes.

### USS deficit

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for future payments relating to benefits arising from past performance. Management have assessed future active USS scheme staff and their projected salary payments over the 17-year period of the contracted obligation in assessing the value of this provision.

### Pension enhancement and unfunded pensions

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

### Funded pension schemes

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



## 21. ENDOWMENT RESERVES

### Consolidated and University

	Permanent unrestricted endowments £'000	Permanent restricted endowments £'000	Expendable restricted endowments £'000	2017 total £'000	2016 total £'000
Capital	5,215	103,718	184,009	<b>292,942</b>	270,335
Accumulated income	-	10,897	38,957	<b>49,854</b>	44,264
<b>As at 1 August</b>	5,215	114,615	222,966	<b>342,796</b>	314,599
New endowments	-	1,047	667	<b>1,714</b>	4,427
Investment income	129	2,633	5,727	<b>8,489</b>	9,159
Expenditure	(130)	(2,876)	(5,890)	<b>(8,896)</b>	(7,039)
Increase in market value of investments	731	16,302	30,985	<b>48,018</b>	21,650
	730	17,106	31,489	<b>49,325</b>	28,197
Transfers	-	210	(210)	-	-
<b>As at 31 July</b>	5,945	131,931	254,245	<b>392,121</b>	342,796
<b>Represented by:</b>					
Capital	5,945	120,012	209,351	<b>335,308</b>	292,942
Accumulated income	-	11,919	44,894	<b>56,813</b>	49,854
	5,945	131,931	254,245	<b>392,121</b>	342,796
<b>Analysis by type of purpose:</b>					
Chairs and lectureships	887	19,680	37,923	<b>58,490</b>	113,902
Prizes and scholarships	3,186	70,707	136,261	<b>210,154</b>	92,605
Other	1,872	41,544	80,061	<b>123,477</b>	136,289
	5,945	131,931	254,245	<b>392,121</b>	342,796
<b>Non-current asset investments:</b>					
Equities	3,374	74,892	144,326	<b>222,592</b>	199,516
Multi asset	453	10,053	19,372	<b>29,878</b>	-
Fixed interest stocks	766	16,993	32,747	<b>50,506</b>	65,234
Property	1,207	26,794	51,635	<b>79,636</b>	69,445
Venture capital	39	873	1,683	<b>2,595</b>	2,297
Bank deposits held at fund managers	18	392	755	<b>1,165</b>	5,487
Bank deposits held by the University	43	950	1,830	<b>2,823</b>	(215)
Non-current asset investments	5,900	130,947	252,348	<b>389,195</b>	341,764
Cash balances held by the University	22	484	934	<b>1,440</b>	(1,226)
Current asset - working capital	23	500	963	<b>1,486</b>	2,258
Total endowment assets	5,945	131,931	254,245	<b>392,121</b>	342,796

### Endowment reserves

The University's Endowment Fund is part of the Endowment and Investment Fund of £527 million (see note 15) which is invested with a number of fund managers and in different asset types, to diversify risk.



# Notes to the financial statements

## (continued)

### 22. RESTRICTED RESERVES

Reserves with restrictions are as follows:

#### Consolidated

	Capital grants £'000	Donations and revenue grants £'000	2017 total £'000	2016 total £'000
<b>Balances at 1 August</b>	4,489	36,499	<b>40,988</b>	35,375
New donations and grants receivable	28,807	13,662	<b>42,469</b>	29,368
Capital grants utilised	(26,357)	-	<b>(26,357)</b>	(18,186)
Expenditure	-	(8,907)	<b>(8,907)</b>	(5,569)
Total restricted comprehensive income for the year	2,450	4,755	<b>7,205</b>	5,613
<b>Balances at 31 July</b>	6,939	41,254	<b>48,193</b>	40,988
<b>Closing reserves comprise the following funds:</b>				
Donations			<b>15,096</b>	13,368
Capital grants			<b>6,939</b>	-
Other grants			<b>992</b>	2,214
Funds held at University of Edinburgh Development Trust			<b>25,166</b>	25,406
			<b>48,193</b>	40,988

#### University

	Capital grants £'000	Donations and revenue grants £'000	2017 total £'000	2016 total £'000
<b>Balances at 1 August</b>	-	15,582	<b>15,582</b>	14,541
New donations and grants receivable	32,579	10,130	<b>42,709</b>	24,796
Capital grants utilised	(26,357)	-	<b>(26,357)</b>	(18,186)
Expenditure	-	(8,907)	<b>(8,907)</b>	(5,569)
Total restricted comprehensive income for the year	6,222	1,223	<b>7,445</b>	1,041
<b>Balances at 31 July</b>	6,222	16,805	<b>23,027</b>	15,582

### 23. REVALUATION RESERVE

#### Consolidated and University

	Heritage assets £'000	2017 total £'000	2016 total £'000
<b>Balances at 1 August</b>	207,780	<b>207,780</b>	200,540
Revaluation in year	-	-	7,240
Revaluation depreciation in year	-	-	-
Revaluation realised on disposal	-	-	-
Total restricted comprehensive income for the year	-	-	7,240
<b>Balances at 31 July</b>	207,780	<b>207,780</b>	207,780



#### Revaluation reserves

The University's revaluation reserves have been restated at 1 August 2015. This has meant that prior-year revaluation gains on our land and buildings, which we have accounted for on a historic cost basis from 1 August 2015 onwards, are now included in the balance of general reserves. This has been restated following the advice of the British Universities Finance Directors Group's Financial Reporting Council and has been done in order to improve consistency of accounts presentation across the higher education sector.



**24. CASH AND EQUIVALENTS****Consolidated**

	As at 1 August 2016 £'000	Cash flows £'000	As at 31 July 2017 £'000
Cash and cash equivalents	175,783	74,424	<b>250,207</b>

**University**

	As at 1 August 2016 £'000	Cash flows £'000	As at 31 July 2017 £'000
Cash and cash equivalents	149,766	71,499	<b>221,265</b>

**25. CAPITAL AND OTHER COMMITMENTS**

	2017		2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Commitments contracted for at 31 July	<b>139,620</b>	<b>139,620</b>	141,577	141,560

**26. CONTINGENT LIABILITIES**

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

**27. LEASE OBLIGATIONS**

Total rentals payable under operating leases:

	2017			2016 total £'000
	Land and buildings £'000	Other leases £'000	Total £'000	
<b>Payable during the year</b>	18,407	1,061	<b>19,468</b>	16,079
<b>Future minimum lease payments due:</b>				
Not later than one year	11,313	981	<b>12,294</b>	11,038
Later than one year and not later than five years	18,348	1,707	<b>20,055</b>	21,791
Later than five years	43,485	-	<b>43,485</b>	47,575
<b>Total lease payments due</b>	73,146	2,688	<b>75,834</b>	80,404

**28. EVENTS AFTER THE REPORTING YEAR**

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





# Notes to the financial statements

## (continued)

### 29. SUBSIDIARY UNDERTAKINGS

Subsidiary undertakings comprise companies registered in Scotland as follows:

#### Edinburgh Research and Innovation Limited

The University owns 100 per cent of the issued share capital of Edinburgh Research and Innovation Limited, consisting of two ordinary shares of £1 each. The company's main activities are concerned with the commercialisation of the world-class research and academic expertise at the University of Edinburgh to potential funders, collaborators, licensees or investors. From August 2017, the company name has been changed to Edinburgh Innovations Limited.

#### Edinburgh Technology Fund Limited

The University owns 100 per cent of the issued share capital of Edinburgh Technology Fund Limited, consisting of 6,000 "A" ordinary shares of £1 each. The principal activity of the company is the 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.

#### Edinburgh Technology Transfer Centre Limited

The University is the only member of the Company which is limited by guarantee. In the event of the Company being wound up, the members' liability is limited to £1 each. The company was dormant in the year to 31 July 2017.

#### UoE Accommodation Limited

The University owns 100 per cent of the issued share capital of UoE Accommodation Limited, consisting of two ordinary shares of £1 each. The company's main activities are concerned with non-student lettings and the provision of nursery childcare services for the University of Edinburgh.

#### UoE HPCX Limited

The University owns 100 per cent of the share capital of UoE HPCX Limited consisting of one ordinary share of £1. The company's principal activity is the provision of high-performance computing services.

#### UoE Utilities Supply Company Limited

The University owns 100 per cent of the issued share capital of UoE Utilities Supply Company Limited, consisting of two ordinary shares of £1. This company was set up to provide utility services to the University.

#### Old College Capital LLP, SI and GP

The University is the sole limited partner of Old College Capital LLP and partner of Old College Capital SI and GP. The main purpose of Old College Capital LLP includes making early and mid-stage investments into selected companies that emerge from the University. Old College SI invests in Epidarex, a venture-capital fund. Old College Capital GP is a limited liability partner of Old College Capital LLP and Old College Capital SI.

#### Research into Results Limited

The University owns 100 percent of the issued share capital of Research into Results Limited. The principal activity is the delivery of research and project management services in the area of international development.

#### Edinburgh University Press Limited

Edinburgh University Press Limited is a charity registered in Scotland, registered charity number SC035813, incorporated as a limited company, of which the University owns 100 per cent of the issued share capital of 357,482 ordinary shares of £1 each. The principal activity of Edinburgh University Press Limited is the publication of educational books and journals.

#### The University of Edinburgh Development Trust

The University of Edinburgh Development Trust is a charity registered in Scotland, registered charity number SC004307. The trust is classed as a "quasi-subsidary" of the University under the guidelines of FRS 102: Section 2 Concepts and Pervasive Principles. The primary purpose of the Trust is to act as a fund raiser of funds for the benefit of the University.

#### The Andrew Grant Bequest

The Andrew Grant Bequest is a charity registered in Scotland, Registered Charity No SC001097. The trust is classed as a "quasi-subsidary" 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 benefactions from Andrew Grant.







Other subsidiary undertakings are as follows:

#### **University of Edinburgh Deaconess Limited (UoEDL)**

The University owns 100 per cent of the share capital, consisting of 22,821,322 ordinary shares of £1 in UoEDL, a company registered in England. The main activities are that of investing in and operating student accommodation property, and in particular, Deaconess House.

#### **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 and the Hong Kong Centre for Carbon Innovation Limited.

Dormant subsidiary undertakings in the process of winding up are as follows:

#### **FloWave TT Limited**

The University owns 100 per cent of the issued share capital of FloWave TT Limited, consisting of one ordinary share of £1. The company is registered in Scotland. The company is now dormant and in the process of being wound up following the transfer of the wavetank facilities and operations to the University.

#### **Sunergos Innovations Limited**

The University owns 100 per cent of the share capital, consisting of 100 ordinary shares of £1. The company is registered in Scotland. The main activities include the commercial exploitation of intellectual property arising from research. The company is now dormant and in the process of being wound up following the transfer to the University of the intellectual property commercial exploitation activities.

Associated undertakings include the following:

#### **Roslin Cells Limited**

Following the acquisition of the Roslin Institute, the University now nominates one member of Roslin Cells, a company limited by guarantees of £1 from each of two members. No share of the accounts of that body is consolidated on the ground of materiality.

In addition to the above associated undertakings, the Group and University nominate members of other companies limited by guarantee, and have also acquired in excess of 20 per cent of the issued capital of several start-up companies limited by shares, under seed corn funding and spin-off arrangements. No consolidation is made in these accounts and no investment value is reflected on the basis of materiality.



# Notes to the financial statements

## (continued)

### 30. CONNECTED CHARITABLE INSTITUTIONS

#### Consolidated

	Opening balance £'000	Income £'000	Expenditure £'000	Change in market value £'000	Closing balance £'000
University of Edinburgh Development Trust (Scottish Charity No. SC004307)	26,164	19,792	(19,833)	-	<b>26,123</b>
Edinburgh University Press Limited (Scottish Charity No. SC035813)	1,716	3,236	(3,139)	-	<b>1,813</b>
The Andrew Grant Bequest (Scottish Charity No. SC001097)	4,260	112	(113)	616	<b>4,875</b>
	<b>32,140</b>	<b>23,140</b>	<b>(23,085)</b>	<b>616</b>	<b>32,811</b>

#### Not consolidated

	Opening balance £'000	Income £'000	Expenditure £'000	Change in market value £'000	Closing balance £'000
Edinburgh University Students' Association* (Scottish Charity No. SC015800)	214	11,953	(11,934)	-	<b>233</b>
Edinburgh University Sports Union (Scottish Charity No. SC009248)	133	789	(780)	-	<b>142</b>
	<b>347</b>	<b>12,742</b>	<b>(12,714)</b>	<b>-</b>	<b>375</b>

### 31. 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 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 and MRCPS 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. 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 and MRCPS schemes is included in these accounts. 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.

#### 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 2017, which is in line with their reporting year end.





## Overall scheme participation and pension costs

	Employer contribution rate at 31 July 2017	Employee contribution rate at 31 July 2017	Active members at 31 July 2017	Pension costs year to 31 July 2017 £'000	Active members at 31 July 2016	Pension costs year to 31 July 2016 £'000
<b>Defined contribution plan</b>						
USS	18%(1)	8%	7,475	73,807	7,245	64,366
STSS	17.20%	7.2% to 11.9%	72	555	78	560
MRCPS	14.90%	5.25% to 6.5%	59	411	68	462
NEST	3%	1%	1,424	836	1,205	709
Other: NHS and subsidiaries	14.90%	5.2% to 14.7%	81	1359	77	973
Sub-total: members and costs			9,111	76,968	8,673	67,070
<b>Defined benefit plan</b>						
EUSBS	16.20%	8%	1,887	13,900	1,955	13,600
SPF	27.9%(2)	5.5% to 11.2%	26	248	28	218
LPF	24.9%(3)	5.5% to 11.2%	21	162	24	156
Sub-total: Members and service cost per FRS102 disclosures below			1,934	14,310	2,007	13,974
Total members and cost			11,045	91,278	10,680	81,044

## Key Actuarial Assumptions

	Discount rate	Salary increase rate	Pensions increase rate	Current Pensioners Mortality rate(1)		Non-pensioners Mortality rate	
				Males	Females	Males	Females
USS March 2014 deficit valuation	2.57%	n/a	2.41%	24.4	26.6	26.5	29
<b>Valuations under FRS102 at 31 July 2017</b>							
EUSBS	2.55%	3.10%(2)	2.15%(3)	21.9	24.8	23.2	26.4
SPF	2.60%	4.40%	2.40%	22.1	23.6	24.8	26.2
LPF	2.60%	4.40%	2.40%	22.1	23.7	24.2	26.3

## The Universities Superannuation Scheme (USS)

The institution participates in the USS. With effect from 1 October 2016, the scheme changed from a defined benefit only pension scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial

risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the 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

1. Included a deficit recovery plan contribution of 2.2 per cent to 31 March 2017 and 2.1 per cent thereafter
2. An additional SPF employer's contribution of £750,000 (2017 £718,000) is payable for the 12 months ending 31 March 2018
3. An additional LPF employer's contribution of £386,800 (2017 £280,500) is payable for the 12 months ending 31 March 2018

1. Mortality rates are based on assumed life expectancy at the retirement age
2. Salary increases are assumed to be 3.1 per cent based on CPI plus 1 per cent
3. Benefits after 31 December 2016

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



# Notes to the financial statements

## (continued)

### 31. PENSION SCHEMES (continued)

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 are 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 £73.807 million (2016: £64.366 million) as shown in the overall scheme participation and pension costs table.

The latest available full actuarial valuation of the scheme was at 31 March 2014 (the valuation date), which was carried out using the projected unit method. The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004. It requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89 per cent of the benefits which had accrued to members after allowing for expected future increases in earnings. 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 of £102.5 million (2016: £105.5 million) for the discounted fair value of the future contractual contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the income and expenditure account. The overall employer contribution of 18 per cent includes an element of 2.1 per cent (2.2 per cent to March 2017) paid in respect of this liability under the agreed deficit recovery plan. The

valuation as at 31 March 2017 is underway and is scheduled for completion by the statutory deadline of 30 June 2018.

Since the institution cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

- Male members' mortality 98 per cent of S1NA ("light") YoB tables – no age rating
- Female members' mortality 99 per cent of S1NA ("light") YoB tables – rated down one year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5 per cent p.a. long-term rate were also adopted.

### 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 actuarial valuation was carried out as at 31 March 2005 and the results of this valuation were rolled forward to calculate an updated liability of £20.9 billion at 31 March 2012. The next valuation will be based on the scheme data as at 31 March 2016 and will begin in 2016-17. Any changes arising from that valuation will apply from 1 April 2019.

As the scheme is unfunded, no surplus or shortfall can be identified. The present STSS employers' contribution rate is 17.2 per cent. Future pension contribution rates will be set by the schemes actuary at a level to meet the cost of pensions as they accrue.

### Medical Research Council Pension Scheme (MRCPS)

As a result of the merger with the Human Genetics Unit, the University obtained membership of the Medical Research

### USS scheme assets

	2017 £bn	2016 £bn
Scheme assets	<b>60.0</b>	49.8
Total scheme liabilities	<b>77.5</b>	58.3
FRS 102 total scheme deficit	<b>17.5</b>	8.5
FRS 102 total funding level	<b>77%</b>	85%







Council Pension Scheme (MRCPS) with effect from 1 October 2011. The MRC 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 2013. At the valuation date, the value of the assets of the MRCPS was £1.05 billion (2010: £884 million) and the value of the scheme's technical provisions was £0.9 billion indicating a surplus of £160 million. The assets were therefore sufficient to cover 118 per cent of the benefits that accrued to members after allowing for expected future increases in earnings. As a result of the 2013 valuation, the trustees determined that the employer contribution rate from 1 April 2015 will remain at 14.9 per cent. The results of the next triennial valuation due as at 31 December 2016 are expected to be published towards the end of 2017.

#### 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
- 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.

#### National Health Service Superannuation Scheme (NHSSS)

As a result of the merger with the Human Genetics Unit, the University gained a number of staff in the NHSSS pension scheme. Under the definitions set out in FRS 102, the NHSSS is a multi-employer scheme. The University is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the University has taken advantage of the exemption in FRS 102 and has accounted as if it were a defined contribution scheme. An actuarial assessment was carried out at 31 March 2012.

#### 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 three retired members in receipt of FSSU supplementation retirement benefits.

#### Unfunded pensions

The University has a number of unfunded pensions which relate to the mergers with the Edinburgh College of Art and the Moray House School of Education and ex-gratia payments from the University. The value of these liabilities is £8.3 million (2016: £8.9 million): This comprises:

- Moray House School of Education and Edinburgh College of Art: £7.2 million (2016: £7.4 million)
- University of Edinburgh: £1.1 million (2016: £1.5 million)



# Notes to the financial statements

## (continued)

### 31. PENSION SCHEMES (continued)

#### Edinburgh University Staff Benefits Scheme (EUSBS)

The assets in the EUSBS scheme were:

	Value at 31 July 2017 £m	Value at 31 July 2016 £m	Value at 31 July 2015 £m
Market value of assets:			
Equities	149.9	145.4	126.3
Debt	21.5	82.6	73.1
Property	36.2	34.7	32.6
Liability driven investments	23.5	-	-
Private equity and diversified growth funds	163.9	88.2	84.7
Cash	7.8	20.4	2.1
Total market value of assets	402.8	371.3	318.8
Present value of scheme liabilities	(548.4)	(502.6)	(423.7)
Deficit in the scheme - net pension liability	(145.6)	(131.3)	(104.9)

#### Lothian Pension Fund (LPF)

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

	Value at 31 July 2017 £m	Value at 31 July 2016 £m	Value at 31 July 2015 £m
Market value of assets:			
Equities	18.3	14.4	11.7
Bonds	2.8	4.5	3.2
Property	1.4	1.7	1.6
Cash	0.9	0.6	1.2
Total market value of assets	23.4	21.2	17.7
Present value of scheme liabilities			
Funded	(26.9)	(26.0)	(22.1)
Unfunded	(0.2)	(0.2)	(0.2)
Deficit in the scheme - net pension liability	(3.7)	(5.0)	(4.6)



#### 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 of the scheme was carried out as at 31 March 2015 and has been rolled forward as the basis for the following valuation under FRS 102. As at 31 July 2017, the value of the assets in the scheme was £402.8 million (2016: £371.3 million) and the present value of the funded and unfunded benefits accrued was £548.4 million (2016: £502.6 million), leaving a shortfall of £145.6 million (2016: £131.3 million) included in the University pension liability.

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

#### Lothian Pension Fund (LPF)

Former members of the Edinburgh College of Art are members of the LPF scheme, which is an externally funded, multi-employer, defined benefits scheme from which pensions and other related benefits are paid. LPF is a pool into which employees' and employers' contributions and income from investments are paid, and from which previous and other related benefits are paid out, in accordance with the provisions of the Local Government Pension Scheme. The last full valuation was carried out at 31 March 2014 and the results have been rolled forward as the basis for the following valuation under FRS 102. As at 31 July 2017, the value of the University's assets in the LPF scheme was £23.4 million (2016: £21.2 million) and the present value of the funded and unfunded benefits accrued was £27.1 million (2016: £26.2 million), leaving a shortfall of £3.7 million (2016: £5.0 million) included in the University pension liability. There will be a formal actuarial valuation of the Local Government Pension Scheme (LGPS) in Scotland as at 31 March 2017 that will impact the Consolidated Statement and Consolidated and University balance sheets for the year ended 31 July 2018.

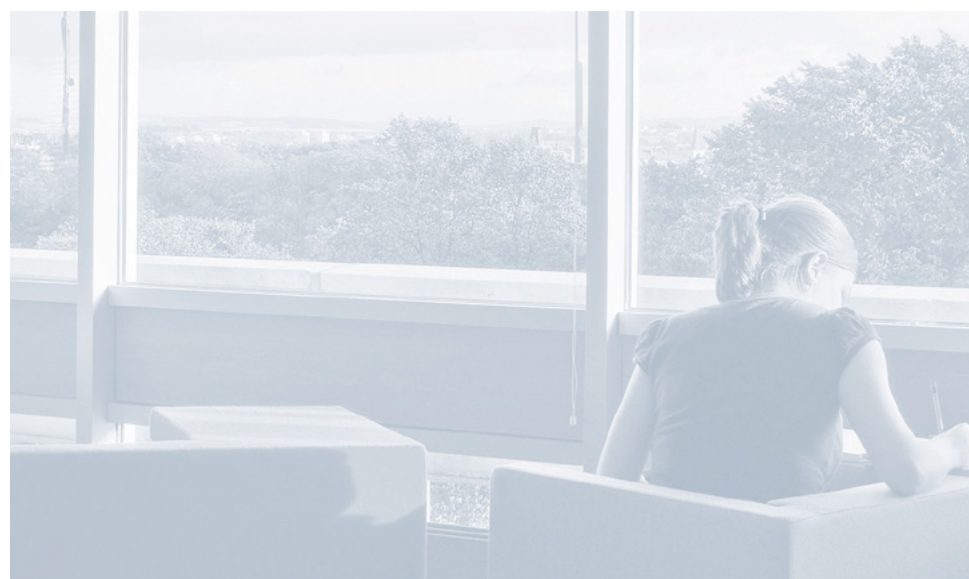
Further information on the scheme is available at: [www.lpf.org.uk](http://www.lpf.org.uk).



## Strathclyde Pension Fund (SPF)

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

	Value at 31 July 2017 £m	Value at 31 July 2016 £m	Value at 31 July 2015 £m
Market value of assets:			
Equities	<b>23.2</b>	21.2	19.4
Bonds	<b>4.6</b>	4.6	3.1
Property	<b>3.6</b>	3.2	3.1
Cash	<b>1.3</b>	-	0.3
Total market value of assets	<b>32.7</b>	29.0	25.9
Present value of scheme liabilities:			
Funded	<b>(32.7)</b>	(31.5)	(28.2)
Unfunded	<b>(0.5)</b>	(0.6)	(0.6)
Deficit in the scheme - net pension liability	<b>(0.5)</b>	(3.1)	(2.9)



## Strathclyde Pension Fund (SPF)

Former members of the Moray House School of Education are members of the SPF pension scheme, which is an externally-funded, multi-employer, defined benefits scheme from which pensions and other related benefits are paid. SPF was, under the State Pension rules up to 5 April 2016, contracted out of the State Second Pension (S2P) scheme. From 6 April 2016, employees are no longer able to contract out of the S2P. SPF is a pool into which employees' and employers' contributions and income from investments are paid, and from which previous and other related benefits are paid out, in accordance with the provisions of the Local Government Pension Scheme. The last full valuation was carried out at 31 March 2011 and the results have been rolled forward as the basis for the following valuation under FRS 102.

As at 31 July 2017, the value of the University's assets in the SPF scheme was £32.7 million (2016: £29.0 million) and the value of the funded and unfunded benefits accrued was £33.2 million (2016: £32.1 million), leaving a deficit of £0.5 million (2016: £3.1 million) included in the University pension liability. There will be a formal actuarial valuation of the Local Government Pension Scheme (LGPS) in Scotland as at 31 March 2017 that will impact the Consolidated Statement and Consolidated and University balance sheets for the year ended 31 July 2018.

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



# Notes to the financial statements

## (continued)

### 31. PENSION SCHEMES (continued)

#### FRS 102 disclosures

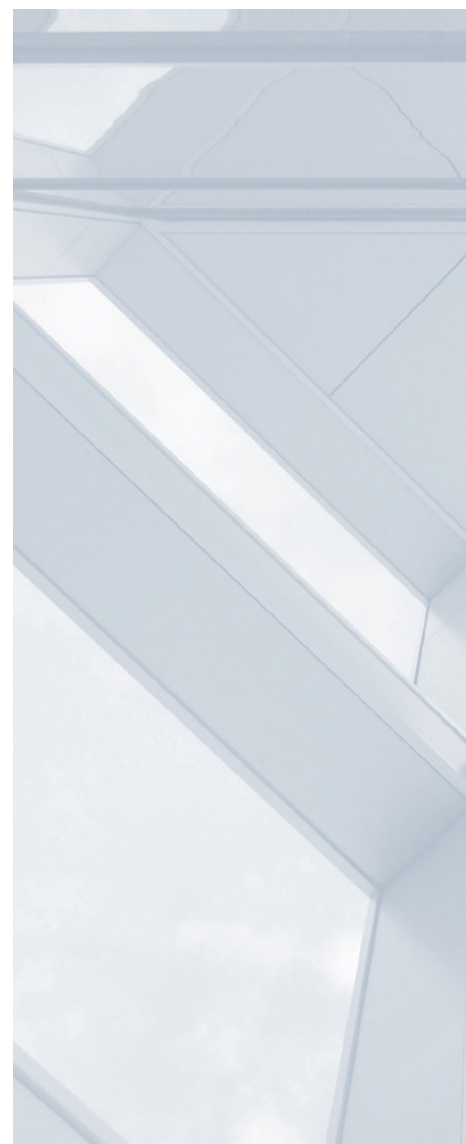
The following amounts were measured in accordance with the requirements of FRS 102 in respect of EUSBS, SPF and LPF and have been recognised in these financial statements.

	2017 £'000	2016 £'000
<b>Analysis of the amount shown in the balance sheet for EUSBS, LPF and SPF pensions:</b>		
Scheme assets	<b>458,766</b>	421,540
Scheme liabilities	<b>608,758</b>	560,869
Deficit in the schemes – net pension liability recorded within pension provisions (Note 20)	<b>149,992</b>	139,329
Unfunded ex gratia pension liability	<b>8,267</b>	8,900
<b>Total provision for net liability</b>	<b>158,259</b>	148,229
Current service cost	<b>14,310</b>	13,972
Past service costs	-	2
<b>Total operating charge</b>	<b>14,310</b>	13,974
<b>Analysis of the amount charged to interest payable</b>		
Interest cost	<b>13,776</b>	17,354
Expected return on assets	<b>(10,396)</b>	(13,408)
<b>Net charge to other interest and other finance costs</b>	<b>3,380</b>	3,946
<b>Analysis of other comprehensive income:</b>		
Gain on assets	<b>(30,260)</b>	(29,729)
Experience gain on liabilities	<b>(49)</b>	(706)
Past service credit arising on change of pension increase assumption in the financial year	<b>35,562</b>	71,757
<b>Total charge to other comprehensive income before deduction for tax</b>	<b>5,253</b>	41,322

#### Analysis of movement in deficit

	2017 £'000	2016 £'000
<b>Deficit at beginning of year</b>	<b>139,329</b>	112,356
Contributions or benefits paid by the University	<b>(11,270)</b>	(12,269)
Additional contributions paid by University*	<b>(1,010)</b>	(20,000)
Current service cost	<b>14,310</b>	13,972
Past service cost	-	2
Other finance charge	<b>3,380</b>	3,946
Loss recognised in other comprehensive income	<b>5,253</b>	41,322
<b>Deficit at end of year</b>	<b>149,992</b>	139,329

\*An additional £1.01 million (2016: £20 million) recurrent contribution was made to the EUSBS in the year as part of a deficit recovery plan while the scheme is in deficit.





## Analysis of movement in the present value of liabilities

	2017 £'000	2016 £'000
<b>Present value of liabilities at the start of the year</b>	<b>560,869</b>	474,745
Current service cost	<b>14,310</b>	13,972
Interest cost	<b>13,776</b>	17,354
Past service cost recorded within other comprehensive Income	-	2
Actual member contributions	<b>469</b>	402
Actuarial loss	<b>35,513</b>	71,051
Actual benefit payments	<b>(16,179)</b>	(16,657)
<b>Present value of liabilities at the end of the year</b>	<b>608,758</b>	560,869

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

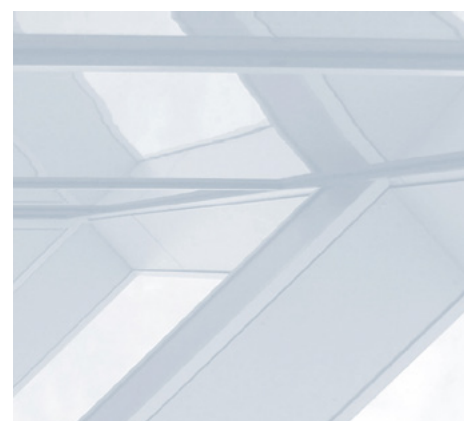
	2017 £'000	2016 £'000
<b>Fair value of assets at the start of the year</b>	<b>421,540</b>	362,389
Expected return on assets	<b>10,396</b>	13,408
Actuarial gain on assets	<b>30,260</b>	29,729
Actual scheme contributions paid by University*	<b>11,270</b>	12,269
Additional contributions paid by University**	<b>1,010</b>	20,000
Actual member contributions	<b>469</b>	402
Actual benefit payments	<b>(16,179)</b>	(16,657)
<b>Fair value of scheme assets at the end of the year</b>	<b>458,766</b>	421,540

## Actual return on scheme assets

	2017 £'000	2016 £'000
Expected return on scheme assets	<b>10,396</b>	13,408
Asset gain	<b>30,260</b>	29,729
	<b>40,656</b>	43,137

## History of experience gains and losses

	2017	2016	2015	2014	2013
<b>Difference between actual and expected return on scheme assets:</b>					
Amount (£'000)	<b>30,260</b>	29,729	21,470	(6,063)	33,286
% of assets at end of year	<b>6.6%</b>	7.1%	5.9%	-1.8%	10.5%
<b>Experience (losses)/gains on scheme liabilities:</b>					
Amount (£'000)	<b>(35,513)</b>	(71,051)	(24,669)	(35,672)	(3,603)
% of liabilities at end of year	<b>-5.8%</b>	-12.8%	-4.4%	-8.2%	-0.9%



\*Actual contributions in the financial year 2016/17 are £11.3 million (2016: £12.3 million) based on the same member take up in the Salary Sacrifice arrangement.

\*\*An additional £1.01 million (2016: £20 million) recurrent contribution was made to the EUSBS in the year as part of a deficit recovery plan while the scheme is in deficit.



# Notes to the financial statements

(continued)

## 32. FINANCIAL INSTRUMENTS

32. FINANCIAL INSTRUMENTS		2017		2016	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
	Note				
<b>Financial assets</b>					
<i>Measured at fair value through profit and loss</i>					
Non-current investments	15	<b>530,584</b>	<b>535,476</b>	470,762	490,278
<i>Measured at amortised cost</i>					
Trade and other receivables	16	<b>106,886</b>	<b>92,989</b>	122,482	110,557
Investments in short term deposits	17	<b>195,000</b>	<b>195,000</b>	218,062	215,000
Amounts due from subsidiary companies	16	-	<b>4,747</b>	-	1,305
		<b>832,470</b>	<b>828,212</b>	811,306	817,140
<b>Financial liabilities</b>					
<i>Measured at amortised cost</i>					
Unsecured loans	18 & 19	<b>321,066</b>	<b>321,066</b>	257,813	257,813
Trade payables	18	<b>38,684</b>	<b>35,736</b>	41,030	35,082
Accruals and deferred income	18	<b>247,870</b>	<b>242,521</b>	222,106	216,978
Other long-term creditors	19	<b>714</b>	<b>714</b>	1,112	512
Finance lease liabilities	19	<b>1,031</b>	<b>1,031</b>	1,232	1,232
Amounts due to subsidiary companies	18	-	<b>885</b>	-	1,309
		<b>609,365</b>	<b>601,953</b>	523,293	512,926

## 33. STUDENT SUPPORT PAYMENTS

	HE childcare £'000	HE discretionary undergraduate £'000	HE discretionary postgraduate £'000	HE Other £'000	<b>2017 Total £'000</b>	2016 Total £'000
<b>Balance at 1 August</b>	-	-	-	-	-	-
Allocation received in year	302	798	216	10	<b>1,326</b>	1,305
Expenditure	(314)	(850)	(154)	(5)	<b>(1,323)</b>	(1,308)
Repaid as clawback	-	-	-	(5)	<b>(5)</b>	-
Interest received	-	2	-	-	<b>2</b>	3
Virements	12	50	(62)	-	-	-
<b>Balance at 31 July</b>	-	-	-	-	-	-

### Financial instruments

The financial statements have been prepared on the historical cost convention (modified by the revaluation of heritage asset 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 are quoted prices in active markets for identical assets or liabilities that the entity can access. Where quoted prices are not available the University then, also to the extent possible, uses observable market data for the asset or liability, either directly or indirectly. All other fair value measurements and based on unobservable inputs for the asset or liability. Further details are provided in the accounting policies.



# Five-year summary (unaudited)

## FRS 102

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

	2017 £'000	2016 £'000	2015 £'000
<b>Income</b>			
<b>Tuition fees and education contracts</b>			
Home and EU higher education students	109,101	102,713	87,961
Non-EU fees	150,307	131,461	115,060
Education grants	19,085	20,872	18,727
<b>Total tuition fees</b>	<b>278,493</b>	<b>255,046</b>	<b>221,748</b>
<b>Funding body grants</b>			
Recurrent teaching grant	64,566	67,669	72,489
Recurrent research grant	89,218	92,389	100,896
Specific grants	38,060	34,456	25,473
<b>Total funding body grants</b>	<b>191,844</b>	<b>194,514</b>	<b>198,858</b>
<b>Research grants and contracts</b>			
Research councils	117,555	121,062	114,819
UK based charities	58,098	49,736	46,095
UK central government bodies, local and health authorities	26,333	22,845	17,423
UK industry, commerce and public corporations	7,771	8,405	7,499
EU government bodies	31,835	29,641	26,381
EU other	3,375	2,896	2,883
Other overseas	11,102	7,972	7,249
Other sources	9,183	11,328	8,809
<b>Total research grants and contracts (excluding RDEC)</b>	<b>265,252</b>	<b>253,885</b>	<b>231,158</b>
<b>Other income</b>			
Residences, catering and conferences	67,927	62,821	54,574
Specific grants, donations and other designated income	30,798	32,483	33,873
General income	58,089	65,948	57,270
<b>Total other income</b>	<b>156,814</b>	<b>161,252</b>	<b>145,717</b>
<b>Investment income</b>			
Income from expendable endowments	5,728	6,170	6,733
Income from permanent endowments	2,762	2,988	3,756
Other investment income	2,648	1,021	490
Other interest receivable	3,410	3,105	3,620
Net return on pension scheme assets	-	-	-
<b>Total investment income</b>	<b>14,548</b>	<b>13,284</b>	<b>14,599</b>
<b>Total income before endowments and donations</b>	<b>906,951</b>	<b>877,981</b>	<b>812,080</b>
<b>Donations and endowments</b>			
New endowments	1,714	4,428	2,008
Donations with restrictions	16,230	5,523	10,396
Unrestricted donations	3,952	1,523	-
<b>Total donations and endowments</b>	<b>21,896</b>	<b>11,474</b>	<b>12,404</b>
<b>Total income</b>	<b>928,847</b>	<b>889,455</b>	<b>824,484</b>

## 2007 SORP

### GROUP INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR TO 31 JULY

	2014 £'000	2013 £'000
<b>Income</b>		
<b>Tuition fees</b>		
Home and EU higher education students	74,722	64,144
Non-EU fees	100,906	93,435
Education grants	18,439	16,500
<b>Total tuition fees</b>	<b>194,067</b>	<b>174,079</b>
<b>Funding body grants</b>		
Recurrent teaching grant	76,316	80,621
Recurrent research grant	100,446	93,439
Specific grants	23,094	26,096
Deferred capital grants released in year	4,260	4,126
<b>Total funding body grants</b>	<b>204,116</b>	<b>204,282</b>
<b>Research grants and contracts</b>		
Research councils	109,101	97,054
UK-based charities	43,178	43,335
UK central, government bodies, local and health authorities	17,903	17,346
UK industry, commerce and public corporations	5,413	8,733
EU government bodies	24,325	23,383
EU other	2,071	1,614
Other overseas	6,714	5,011
Other sources	7,229	3,647
<b>Total research grants and contracts</b>	<b>215,934</b>	<b>200,123</b>
<b>Other operating income</b>		
Residences, catering and conferences	50,170	48,195
Specific grants, donations and other designated income	35,199	28,869
General income	57,597	60,258
Released from deferred capital grants	2,345	3,059
Benefit on acquisition	2,078	1,351
<b>Total other operating income</b>	<b>147,389</b>	<b>141,732</b>
<b>Endowment income and interest receivable</b>		
Income from expendable endowments	6,689	5,292
Income from permanent endowments	3,727	2,991
Other investment income	270	485
Other interest receivable	8,438	8,802
<b>Total endowment income and interest receivable</b>	<b>19,124</b>	<b>17,570</b>
<b>Total income</b>	<b>780,630</b>	<b>737,786</b>



# Five-year summary (unaudited)

## FRS 102

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

	2017 £'000	2016 £'000	2015 £'000
<b>Expenditure</b>			
<b>Staff costs</b>			
Salaries and wages	366,970	354,587	342,659
Social security costs	37,110	30,133	27,381
Pension costs	91,278	81,044	75,430
Movement on USS provision	(4,854)	9,975	46,527
Other unfunded pension costs	55	60	837
Severance costs	2,005	2,090	1,521
<b>Total staff costs</b>	<b>492,564</b>	<b>477,889</b>	<b>494,355</b>
<b>Other operating expenses</b>			
Academic and related expenditure	66,468	63,618	61,948
Scholarships & stipends	31,622	29,940	25,835
Research grants and contracts	96,590	96,469	79,735
Library, computer and other academic support services	15,740	11,835	9,888
Administration and central services	21,477	20,392	17,869
Refurbishment and maintenance	16,223	16,896	21,298
Utilities costs	16,896	17,150	21,428
Other premises costs	9,715	11,288	8,164
Other including income generating operations	9,875	13,796	13,855
Residences and catering operations	34,285	31,677	30,960
<b>Total other operating expenses</b>	<b>318,891</b>	<b>313,061</b>	<b>290,981</b>
Depreciation	46,700	40,286	34,154
Interest and other finance costs	14,490	12,757	11,131
<b>Total expenditure</b>	<b>872,645</b>	<b>843,993</b>	<b>830,621</b>
Surplus/(deficit) before other gains and losses	56,202	45,462	(6,137)
Exceptional items (RDEC)	-	19,010	21,868
Tax and minority interest	(18)	(3,930)	(4,956)
Gain on disposal of fixed assets	8,048	518	39
Gain on investments	66,209	28,935	15,880
<b>Surplus for the year</b>	<b>130,441</b>	<b>89,995</b>	<b>26,694</b>
Unrealised surplus on revaluation of land and buildings	-	-	-
Unrealised surplus on revaluation of heritage assets	-	7,240	29,443
Actuarial loss in respect of pension schemes	(5,129)	(41,053)	(3,199)
<b>Total comprehensive income for the year</b>	<b>125,312</b>	<b>56,182</b>	<b>52,938</b>

## 2007 SORP

### GROUP INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR TO 31 JULY

	2014 £'000	2013 £'000
<b>Expenditure</b>		
<b>Staff costs</b>		
Salaries and wages	312,836	291,214
Social security costs	25,528	21,716
Other pension costs	68,886	63,180
Unfunded pensions	916	(595)
Severance costs	1,828	1,750
<b>Total staff costs</b>	<b>409,994</b>	<b>377,265</b>
<b>Other operating expenses</b>		
Academic and related expenditure	58,695	52,199
Scholarships & stipends	23,045	20,010
Research grants and contracts	83,907	75,774
Library, computer and other academic support services	13,156	14,803
Administration and central services	18,395	18,513
Refurbishment and maintenance	32,535	28,703
Utilities costs	17,608	19,614
Premises	9,757	12,768
Other including income generating operations	13,121	14,186
Residences and catering operations	29,148	28,194
<b>Total other operating expenses</b>	<b>299,367</b>	<b>284,765</b>
Depreciation	32,292	32,699
Interest payable	5,538	5,604
<b>Total expenditure</b>	<b>747,191</b>	<b>700,333</b>
Surplus on continuing operations	33,439	37,453
Exceptional items	-	-
Tax and minority interest	(36)	(14)
Gain on disposal of assets	-	547
Transfers from/(to) endowment reserves	(3,003)	265
	-	-
<b>Surplus retained within general reserves</b>	<b>30,400</b>	<b>38,251</b>
Transfers (from)/to endowment reserves	3,003	(265)
<b>Surplus after depreciation of assets at valuation, taxation and minority interest</b>	<b>33,403</b>	<b>37,986</b>
Net appreciation on tangible fixed asset – land and buildings values	-	(7,542)
Unrealised surplus on revaluation of tangible fixed assets – heritage assets	2,700	1,636
New endowments and appreciation on endowment and investments	11,687	42,215
Actuarial gain/(loss) in respect of pension schemes	(43,335)	32,683
<b>Total gain recognised during the current year</b>	<b>4,455</b>	<b>106,978</b>



## FRS 102

## CONSOLIDATED BALANCE SHEET AT 31 JULY

	2017 £m	2016 £m	2015 £m
Fixed assets	<b>1,617</b>	1,493	1,399
Heritage assets	<b>212</b>	212	205
	<b>1,829</b>	1,705	1,604
Investments	<b>531</b>	471	327
Current assets	<b>571</b>	531	495
Total assets	<b>2,931</b>	2,707	2,426
Less current liabilities	<b>(305)</b>	(276)	(253)
Total assets less current liabilities	<b>2,626</b>	2,431	2,173
Non-current liabilities	<b>(319)</b>	(257)	(93)
Pension provisions	<b>(261)</b>	(254)	(216)
<b>TOTAL NET ASSETS</b>	<b>2,046</b>	1,920	1,864
Restricted reserves	<b>440</b>	383	350
Unrestricted reserves	<b>1,606</b>	1,537	1,514
<b>TOTAL FUNDS</b>	<b>2,046</b>	1,920	1,864

## 2007 SORP

GROUP BALANCE SHEET  
AS AT 31 JULY

	2014 £m	2013 £m
Fixed assets		
Heritage assets		
	1,421	1,399
Endowment assets	298	284
Current assets	477	450
Total assets	2,196	2,133
Less current liabilities	(260)	(250)
Total assets less current liabilities	1,936	1,883
Non-current liabilities	(106)	(118)
Pension liability and provisions	(113)	(64)
<b>TOTAL NET ASSETS</b>	<b>1,717</b>	<b>1,701</b>
<b>Represented by:</b>		
Deferred capital grants	378	366
Endowments	298	284
Reserves	1,041	1,050
<b>TOTAL FUNDS</b>	<b>1,717</b>	<b>1,700</b>



		2017	2016	2015	2014	2013
<b>Liquidity measures</b>						
Liquidity ratio ([current assets - stock] / current liabilities)	x	<b>1.9</b>	1.9	2.0	1.8	1.8
<i>Extent to which current liabilities can be met from cash and liquid investments</i>						
Days ratio of cash to total expenditure (investments + cash at bank - overdraft) / (total expenditure - depreciation)*365	Days	<b>197</b>	179	167	194	191
<i>The number of days expenditure that could be sustained from available funds</i>						
<b>Solvency measures</b>						
Interest cover (earnings before interest and tax / interest payable)	x	<b>3.9</b>	5.1	1.4	6.0	6.8
<i>Measures the ability to pay interest on outstanding debt</i>						
Interest cover (operating cash flow/ interest payable)	x	<b>6.7</b>	6.7	5.7	9.5	8.6
<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>18%</b>	24%	11%	8.0%	8.1%
<i>Measures the extent to which the University is funded by long-term debt</i>						
<b>Operating performance</b>						
Surplus before other gains and losses	%	<b>6.1%</b>	6.8%	-0.7%	4.3%	5.1%
<i>Measures the ability to deliver surpluses</i>						
ROCE (EBITDA/[total net assets - pension provisions])		<b>3.2%</b>	4.5%	2.1%	3.0%	3.3%
<i>Measures the return that is being earned on capital invested</i>						
EBITDA for HE (FRS102 surplus/(deficit) before other gains/losses + interest payable + depreciation + change to pension provisions within staff costs - capital grants received - new permanent endowments)	£m	<b>75</b>	99	43	n/a	n/a
EBITDA (historic cost surplus for year + depreciation + amortisation + interest payable + tax charges - release of deferred capital grants - exceptional items + FRS staff charges)	£m	<b>n/a</b>	n/a	n/a	55	59
<i>Measures operating performance before local decisions on accounting and finance policies are taken into account</i>						



## FRS 102

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

	2017 % total	2016 % total	2015 % total
<b>Income</b>			
<b>Tuition fees and education contracts</b>			
Home and EU higher education students	11.7%	11.5%	10.7%
Non-EU fees	16.2%	14.8%	14.0%
Education grants	2.1%	2.3%	2.3%
<b>Tuition fees as % of total income</b>	<b>30.0%</b>	<b>28.6%</b>	<b>27.9%</b>
<b>Funding body grants</b>			
Recurrent teaching grant	7.0%	7.6%	8.8%
Recurrent research grant	9.6%	10.4%	12.2%
Specific grants	4.1%	3.9%	3.1%
<b>Funding body grants as % of total income</b>	<b>20.7%</b>	<b>21.9%</b>	<b>24.1%</b>
<b>Research grants and contracts</b>			
Research councils	12.7%	13.6%	13.9%
UK based charities	6.3%	5.6%	5.6%
UK central government bodies, local and health authorities	2.8%	2.6%	2.1%
UK industry, commerce and public corporations	0.8%	0.9%	0.9%
EU government bodies	3.4%	3.3%	3.2%
EU other	0.4%	0.3%	0.3%
Other overseas	1.2%	0.9%	0.9%
Other sources	1.0%	1.3%	1.1%
<b>Research grants and contracts as % of total income</b>	<b>28.6%</b>	<b>28.5%</b>	<b>28.0%</b>
<b>Other income</b>			
Residences, catering and conferences	7.3%	7.1%	6.6%
Specific grants, donations and other designated income	3.3%	3.7%	4.1%
General income	6.3%	7.4%	7.9%
<b>Other income as % of total income</b>	<b>16.9%</b>	<b>18.2%</b>	<b>17.6%</b>
<b>Investment income</b>			
Income from expendable endowments	0.6%	0.7%	0.8%
Income from permanent endowments	0.3%	0.3%	0.5%
Other investment income	0.3%	0.1%	0.1%
Other interest receivable	0.4%	0.3%	0.4%
Net return on pension scheme assets			
<b>Total investment income as % of total income</b>	<b>1.6%</b>	<b>1.5%</b>	<b>1.8%</b>
<b>Total income before endowments and donations as % of total income</b>	<b>97.8%</b>	<b>98.7%</b>	<b>98.5%</b>
<b>Donations and endowments</b>			
New endowments	0.2%	0.5%	0.2%
Donations with restrictions	1.7%	0.6%	1.3%
Unrestricted donations	0.4%	0.2%	0.0%
<b>Total donations and endowments as % of total income</b>	<b>2.3%</b>	<b>1.3%</b>	<b>1.5%</b>
<b>Total income £'000</b>	<b>928,847</b>	<b>889,455</b>	<b>824,484</b>

## 2007 SORP

GROUP INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR TO 31 JULY

	2014 % total	2013 % total
<b>Income</b>		
<b>Tuition fees</b>		
Home and EU higher education students	9.6%	8.7%
Non-EU fees	12.9%	12.7%
Education grants	2.4%	2.2%
<b>Tuition fees as % of total income</b>	<b>24.9%</b>	<b>23.6%</b>
<b>Funding body grants</b>		
Recurrent teaching grant	9.8%	10.9%
Recurrent research grant	12.9%	12.7%
Specific grants	3.0%	3.5%
Deferred capital grants released in year	0.5%	0.6%
<b>Funding body grants as % of total income</b>	<b>26.2%</b>	<b>27.7%</b>
<b>Research grants and contracts</b>		
Research councils	14.0%	13.2%
UK-based charities	5.5%	5.9%
UK central, government bodies, local and health authorities	2.3%	2.4%
UK industry, commerce and public corporations	0.7%	1.2%
EU government bodies	3.1%	3.2%
EU other	0.3%	0.2%
Other overseas	0.9%	0.7%
Other sources	0.9%	0.5%
<b>Research grants and contracts as % of total income</b>	<b>27.8%</b>	<b>27.3%</b>
<b>Other operating income</b>		
Residences, catering and conferences	6.4%	6.5%
Specific grants, donations and other designated income	4.5%	3.9%
General income	7.4%	8.2%
Released from deferred capital grants	0.3%	0.4%
Benefit on acquisition	0.3%	0.2%
<b>Other operating income as % of total income</b>	<b>18.9%</b>	<b>19.2%</b>
<b>Endowment income and interest receivable</b>		
Income from expendable endowments	0.9%	0.7%
Income from permanent endowments	0.5%	0.4%
Other investment income	0.0%	0.1%
Other interest receivable	1.1%	1.2%
<b>Endowment income and interest receivable as % of total income</b>	<b>2.5%</b>	<b>2.4%</b>
<b>Total income £'000</b>	<b>780,630</b>	<b>737,786</b>



# Five-year summary (unaudited)

## FRS 102

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

	2017 % total	2016 % total	2015 % total
<b>Expenditure</b>			
<b>Staff costs</b>			
Salaries and wages	42.1%	42.0%	41.3%
Social security costs	4.3%	3.6%	3.3%
Pension costs	10.5%	9.6%	9.1%
Movement on USS provision	-0.6%	1.2%	5.6%
Other unfunded pension costs	0.0%	0.0%	0.1%
Severance costs	0.2%	0.2%	0.2%
<b>Staff costs as % of total expenditure</b>	<b>56.4%</b>	56.6%	59.5%
<b>Other operating expenses</b>			
Academic and related expenditure	7.6%	7.5%	7.5%
Scholarships & stipends	3.6%	3.5%	
Research grants and contracts	11.1%	11.4%	9.6%
Library, computer and other academic support services	1.8%	1.4%	1.2%
Administration and central services	2.5%	2.4%	2.2%
Refurbishment and maintenance	1.9%	2.0%	
Utilities costs	1.9%	2.0%	
Other premises costs	1.1%	1.3%	1.0%
Other including income generating operations	1.1%	1.6%	1.7%
Residences and catering operations	3.9%	3.8%	3.7%
<b>Other operating expenses as % of total expenditure</b>	<b>36.5%</b>	37.0%	35.0%
Depreciation as % of total expenditure	5.4%	4.8%	4.1%
Interest payable as % of total expenditure	1.7%	1.5%	1.3%
<b>Total expenditure £'000</b>	<b>872,645</b>	843,993	830,621
<b>Expenditure as % of total income</b>	<b>93.9%</b>	94.9%	100.7%

## 2007 SORP

### GROUP INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR TO 31 JULY

	2014 % total	2013 % total
<b>Expenditure</b>		
<b>Staff costs</b>		
Salaries and wages	41.9%	41.6%
Social security costs	3.4%	3.1%
Other pension costs	9.2%	9.0%
Severance costs	0.2%	0.2%
Unfunded pensions	0.1%	-0.1%
<b>Staff costs as % of total expenditure</b>	<b>54.9%</b>	53.9%
<b>Other operating expenses</b>		
Academic and related expenditure	10.1%	9.7%
Research grants and contracts	11.2%	10.8%
Library, computer and other academic support services	1.8%	2.1%
Administration and central services	3.3%	3.2%
Premises	8.0%	8.7%
Other including income generating operations	1.8%	2.0%
Residences and catering operations	3.9%	4.0%
<b>Other operating expenses as % of total expenditure</b>	<b>40.1%</b>	40.7%
Depreciation as % of total expenditure	4.3%	4.7%
Interest payable as % of total expenditure	0.7%	0.8%
<b>Total expenditure £'000</b>	<b>747,191</b>	700,333
<b>Expenditure as % of total income</b>	<b>95.7%</b>	94.9%



## What makes us Edinburgh

Our scale and ambitions for growth, our people, and the city of Edinburgh provide a unique context for the University.



# Our statements

### The Consolidated Comprehensive Statement of Income (COSI)

We have reported our financial statements 2016/17 in line with Financial Reporting Standard 102 (FRS 102) which came in to effect for the University on 1st August 2015.

FRS102 has changed the Financial Statements fundamentally: both in format and also the and interpretation of key figures and accounting concepts. As the standard is still relatively new and the notes overleaf guide the user on key changes and on how to interpret this statement

Notes	
a	<b>Income</b>
	Tuition fees and education contracts
b	Funding body grants
	Research income
	Other income
	Investment income
c	Donations and endowments
<b>Total income</b>	
d	<b>Expenditure</b>
	Staff costs
	Other operating expenses
	Depreciation
	Interest and other finance costs
<b>Total expenditure</b>	
<b>Surplus/(deficit) before other gains and losses</b>	
	Gain on disposal of fixed assets
e	Gain on investments
<b>Surplus/(deficit) before tax</b>	
	Taxation
f	<b>Surplus/(deficit) for the year</b>
g	Unrealised surplus on revaluation of heritage assets
	Actuarial loss in respect of pension schemes
<b>Total comprehensive income for the year</b>	
h	<b>Represented by:</b>
i	<b>Unrestricted comprehensive income for the year</b>
	Restricted comprehensive income for the year
	Endowment comprehensive income for the year
	Revaluation reserve comprehensive income for the year

### a) The income format and content has changed

Tuition fees now appear first on the statement and are reported before funding body grants.

### b) Income from funding body grants now includes capital grants recognised in full on receipt

Previously, the majority of SFC capital grants were deferred on the balance sheet and ‘drip fed’ into income over a number of years as the capital items were depreciated. Now, only capital grants with performance related conditions are deferred, and then released to the COSI once the conditions are met.

### c) New donations/endowments are now recognised as income in the year of receipt

Previously, income from donations and endowments was deferred and then recognised when we spent it. Now, this income will be included in the year it is received or pledged, but, as with capital grants, we still defer this income if the donation has performance related conditions that have not been met at the balance sheet date.

Also, when a donor endows money (where initial sum is invested and we spend the interest) this appears here too, even though this initial sum is invested to generate a return.

### d) Expenditure format is unchanged — but changes behind the scenes

There is no change to format, although accounting treatment of some of the numbers. For example, staff costs now include a new provision relating to the University’s share of the USS deficit recovery plan and a provision for holiday pay earned but not taken at the balance sheet date. Other operating expenses are lower as more Estates project spend is capitalised.

### e) Unrealised gains/losses on investments (not yet converted to cash) now feature here

These used to appear within the Statement of Total Recognised Gains and Losses.

### f) Surplus for the year has changed

This no longer represents funds available for reinvestment. The term ‘surplus’ now includes capital grants, restricted resources (for example endowments) and unrealised sums valued at a point in time.

### g) Unrealised gains/losses on revaluation and pension schemes now included

These amounts, not yet converted to cash, are calculated as at a point in time, using market indices.

### h) Comprehensive income lines are new

These represent the net movement during the year between income and expenditure, as well as any unrealised gains, for each reserve.

Restricted funds were previously reported as deferred income on the balance sheet but will now flow to the restricted income and expenditure reserve, this ‘ring-fences’ restricted income for its intended purpose.

### i) Unrestricted comprehensive income for the year

We now believe this to be the most appropriate measure of our performance and sustainability.



This publication is available online  
at **[www.ed.ac.uk/finance/accounts](http://www.ed.ac.uk/finance/accounts)**  
It can also be made available in  
alternative formats on request.

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

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

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## UNIVERSITY COURT

4 December 2017

### Letter of Representation – University of Edinburgh Annual Report and Accounts 2016/17

#### Description of paper

1. The draft letter of representation from PricewaterhouseCoopers LLP (PwC), in respect of the Annual Report and Accounts for the University Group for 2016/17, is attached as Appendix 1.

#### Action requested/Recommendation

2. Court is invited to approve the letter of representation and its signing by the Principal and Vice-Convener.

*Paragraphs 3 - 6 have been removed as exempt from release due to FOI.*

#### Risk Management

7. A report, 'Understanding our risks', is included in the Annual Report and Accounts to 31 July 2017.

#### Equality & Diversity

8. University funds are managed in accordance with its policies on equality and diversity. The Operational review in the Annual Report and Accounts includes sections on social responsibility and sustainability and equality and widening participation.

#### Next steps/implications

9. The University's letter of representation will be signed by the Principal and Vice-Convener after the Court meeting. It will then be sent to PwC so that they have the assurances in place to allow them to sign the audit certificate for the University's Annual Report and Accounts 2016/17.

#### Consultation

10. The letter of representation has been drafted by PwC and reviewed by the Audit & Risk Committee on 23 November 2017, who have recommended its approval by the Court.

#### Further information

11. Author

Lee Hamill

Deputy Director of Finance

24 November 2017

Presenter

Phil McNaull

Director of Finance

#### Freedom of Information

12. This paper is closed. The letter is to be agreed by Court on 4 December 2017 for signature by the Principal and Vice-Convener of Court. The release of the Reports and Financial Statements is covered by the University publication schedule. The



reports and Financial Statements will be published 30 days after adoption and signature by Court and the letter of representation will be also made available at that stage.





UNIVERSITY COURT

4 December 2017

**US GAAP Management Commentary and Financial Statements 2016/17**

**Description of paper**

1. The US GAAP Management Commentary and Financial Statements contain the financial results for the University Group for the financial year 2016/17 restated under US GAAP accounting rules.

**Action requested/Recommendation**

2. Court is invited to confirm approval of the US GAAP Management Commentary and Financial Statements to 31 July 2017, which are a restatement of the figures, and include an extract from the commentary, already reviewed in the Annual Report and Accounts to 31 July 2017 (Paper H2).

*Paragraphs 3 - 6 have been removed as exempt from release due to FOI.*

**Risk Management**

7. A risk report is included in the US GAAP Management Commentary for 2016/17.

**Equality & Diversity**

8. The University's commitment is detailed in the Social Responsibility and Sustainability section included in the US GAAP Management Commentary.

**Next steps/implications**

9. The US GAAP Management Commentary and Financial Statements will be sent to the US Department of Education following approval by Court and PwC, in time to meet the US Department of Education deadline of 31 January 2018.

**Consultation**

10. The US GAAP Management Commentary and Financial Statements have been drafted in consultation with stakeholders and the figures have been prepared and reviewed by External Audit.

**Further information**

11. <u>Author</u>	<u>Presenter</u>
Lee Hamill	Phil McNaul
Deputy Director of Finance	Director of Finance
27 November 2017	

**Freedom of Information**

12. This paper is closed. The release of the US GAAP Management Commentary and Financial Statements is covered by the University publication schedule. The Financial Statements will be published 30 days after adoption and signature by the Court on 4 December 2017 and the signing of the audit opinion by the external auditor.





## UNIVERSITY COURT

4 December 2017

### Delivering Our Low Carbon Vision – Impact Through Innovation

#### Description of paper

1. This paper provides an update on progress towards making our Zero by 2040 vision a reality in line with our Climate Strategy and reports on the initial outcome of a review of renewable and low carbon technology, with an initial planned course of action and further planned work.

#### Action requested/Recommendation

2. Court is invited to note and comment on the paper.

*Paragraphs 3 - 15 have been removed as exempt from release due to FOI.*

#### Risk Management

16. As with other risks to be managed, managing our carbon will first require prevention before looking towards offsetting the risk. Not addressing carbon risks will have financial, reputational and operational risks for the University as would failure to move onto a credible pathway to our Zero by 2040 target. The proposed actions contain risks arising from project delivery and reputation but if fully funded and executed correctly should deliver a self-sustaining activity which will help contribute towards the ultimate goal of global leadership in carbon and multiple wider benefits.

#### Equality & Diversity

17. Climate change has implications for global equality and diversity. Impacts such as drought, floods, extreme weather events and reduced food and water security, particularly affect the world's poorest, most disadvantaged and disproportionately affect women from the developing world.

#### Consultation and Support

18. Discussions indicate wide ranging support including from Ministers and senior government officials; elected student representatives; Heads of the Colleges of Science & Engineering and the College of Arts, Humanities and Social Sciences and Heads of Schools of Engineering, Chemistry and GeoSciences; Vice-Principal International; Directors of Corporate Services Group, Estates and Finance; Director of Social Responsibility & Sustainability; Edinburgh Innovation; Edinburgh Centre for Carbon Innovation; Energy@Edinburgh initiative.

#### Further Information

19. Author & Presenter  
Phil McNaul  
Director of Finance  
6 November 2017

#### Freedom of Information.

20. This is a closed paper.





## UNIVERSITY COURT

4 December 2017

### Investment Committee – Statement of Investment Principles

#### Description of paper

1. This paper introduces a Statement of Investment Principles (SIP) governing the investment of resources both within the Endowment & Investment Fund and University Treasury balances.

#### Action requested/Recommendation

2. Court is invited to approve the Statement of Investment Principles.

*Paragraphs 3 - 5 have been removed as exempt from release due to FOI.*

#### Risk Management

6. The Investment Committee consider risk aspects in all decisions taken.

#### Equality and Diversity

7. University investments are managed in accordance with the University's Socially Responsible Investment policy and by approved direction of Court.

#### Next steps/implications

8. The SIP will help guide the actions and decisions of the Investment Committee, and will be reviewed in three years, unless intervening events require a review at an earlier stage.

#### Consultation

9. The draft SIP has been agreed and is supported by the Investment Committee and Policy & Resources Committee.

#### Further information

10. Author

Terry Fox

Director

Finance Specialist Services

Presenter

Phil McNaul

Director of Finance

#### Freedom of Information

11. This paper is closed but the Statement of Investment Principles will be published if approved.









UNIVERSITY COURT

4 December 2017

Edinburgh College of Art Masterplan

**Description of paper**

1. This paper requests approval of the Edinburgh College of Art (ECA) Masterplan, which sets a vision to meet the future growth aspirations of the ECA over a 10 year period to accommodate all of the ECA on the Lauriston Campus.

**Action requested/Recommendation**

2. Court is invited to:

- approve the ECA Masterplan (Appendix 1) ;
- note the Outline Business Plan financial modelling (Appendix 2) and Living Tax Document (Appendix 3);
- note that Estates Committee approved £750k of funding from University Corporate Resources to progress design works to redevelop workshops, improve connectivity to Evolution House, redevelop the former Fire Station entrance and the Hunter Building and public realm improvements.

*Paragraphs 3 - 27 have been removed as exempt from release due to FOI.*

**Risk Management**

28. A risk register will be prepared and monitored at each stage of the design process.

**Equality & Diversity**

29. Equality and diversity will be considered at each stage of the design process. The appointed consultants will be asked to review the current and new provision of facilities for all users and the capacity to support future need. All designs will have access surveys and reports prepared to ensure compliance.

**Next steps/implications**

30. Subject to Court approval of the Masterplan, the Estates Directorate will progress the design to tender action. A Project Board will be established to oversee the governance of the project.

**Consultation**

31. Policy & Resources Committee (November 2017) and Estates Committee (September 2017) have both endorsed the ECA Masterplan.

32. In preparation, a series of consultation sessions were held in late 2016 / early 2017 with staff and students from Edinburgh College of Art and the College of Arts, Humanities and Social Sciences more widely.

**Further information**

33. Authors

Steven Poliri  
Estates Development Manager  
Francine Shields

Presenter

Professor Jonathan Seckl  
Vice-Principal Planning, Resources &  
Research Policy



Director of Professional Services  
3 October 2017

**Freedom of Information**

34. This paper should remain closed until tendering of works has been concluded.





UNIVERSITY COURT

4 December 2017

**Strategic Acquisition of the Gap Site Behind Edinburgh Futures Institute**

**Description of paper**

1. The purpose of the paper is to provide Court with an update on discussions which have taken place with Quartermile Ventures Ltd (QVL) regarding the potential acquisition of the gap site at the rear of the University owned Edinburgh Futures Institute (EFI) at the Quartermile site. The paper also highlights that this acquisition is conditional on the University entering into a Development Agreement with QVL for the delivery of a new academic facility of 10,000 – 12,000m<sup>2</sup> on the site.

*Paragraphs 2 – 17 have been removed as exempt from release due to FOI.*

**Equality & Diversity**

18. There are no equality and diversity issues at this point.

**Next steps/implications**

19. Next steps internally are to develop a more comprehensive and robust business case with full input from the proposed stakeholders. Following approval of the acquisition the detailed Development Agreement will be worked through with QVL.

**Consultation**

20. The paper has been discussed with the Director of Finance and his Business Partner team who have prepared the high level outline business case.

**Further information**

21. Author

Jane Johnston,  
Director of Estate Development

Presenter

Gary Jebb, Director of Estates

**Freedom of Information**

22. The paper should remain closed until all commercial negotiations on purchase price are concluded as well as any commercial or construction contracts have been concluded.





UNIVERSITY COURT

4 December 2017

City Deal Update

**Description of paper**

1. This paper provides an update on the University's participation in the Edinburgh and South East Scotland City Region Deal.

**Action requested/Recommendation**

2. Court is invited to note and discuss issues arising from recent developments.

**Background and context**

3. The Court Seminar on 25 September included a briefing on the City Deal Heads of Terms, where it was noted that work was now under way to develop detailed business cases for individual City Deal projects. The following provides an update.

*Paragraphs 4 - 17 have been removed as exempt from release due to FOI.*

**Risk Management**

18. The City Deal project has a comprehensive risk register which is reviewed on a regular basis.

**Equality & Diversity**

19. No impacts are anticipated at this stage.

**Next steps/implications**

20. We will continue to progress the Outline Business Cases for the expected December submission date.

**Consultation**

21. The new City Deal Executive Governance Group is the locus of consultation.

**Further information**

22. Author

Professor Charlie Jeffery  
Senior Vice-Principal

Presenter

Hugh Edmiston  
Director of Corporate Services

**Freedom of Information**

23. This paper is closed.





UNIVERSITY COURT

4 December 2017

**The Low Carbon College: Shanghai JiaoTong University and University of Edinburgh Partnership**

**Description of paper**

1. In April 2017, Court received a progress update on the development of a partnership with Shanghai JiaoTong University (SJTU) to establish a Low Carbon College in Shanghai Lingang, China. Court endorsed the planned work to develop a Low Carbon College ahead of the signing of a non-binding Memorandum of Understanding by the Senior Vice-Principal in Shanghai on 18 May. This paper provides a progress report on developments since April, seeks approval for the signing of a Memorandum of Agreement by the Senior Vice-Principal in December and support for the development of a Firm Proposal, as described in the paper.

**Action requested/Recommendation**

2. Court is invited to:

- Note the progress update;
- Approve the signing of a Memorandum of Agreement (MoA) for the Low Carbon College by the Senior Vice-Principal, subject to confirmation that the University's project team and Legal Services directorate are content with the finalised MoA; and,
- Support the development of a Firm Proposal, to be considered by the Policy & Resources Committee and Court when complete.

*Paragraphs 3 - 30 have been removed as exempt from release due to FOI.*

**Risk Management**

31. The early risk is centred on SJTU's ability to recruit its 'best' academics to the Low Carbon College as without their involvement there is no encouragement for Edinburgh's 'best' academic staff to participate in the partnership. To mitigate this risk, recognising Low Carbon College is in its start-up phase, a partnership between SJTU and the University of Edinburgh is proposed and as relevant collaborations are identified (with funding) these will be channelled via the Low Carbon College. The December 2017 delegation visit to SJTU and confirmation of research alignment and participating Schools' Strategy is a key dependency.

31. Edinburgh Global, Legal Services and Edinburgh Innovations with ECCI have been part of the China Working Group, advising on risk as appropriate. The proposed collaboration has also been discussed at the International Ventures Group convened by the Vice-Principal International. A full risk review will be conducted as the Firm Proposal is finalised and prior to its approval for issue to SJTU.

**Equality & Diversity**

32. Any equality and diversity issues will be considered as the Firm Proposal and business case are finalised.

*Paragraphs 33 - 34 have been removed as exempt from release due to FOI.*



### **Consultation**

35. Policy & Resources Committee reviewed an earlier draft at its meeting on 13 November. This paper has been reviewed by the identified academic leadership team and developed with the advice of the China Working Group, International Ventures Group and Head of College and relevant Deans in the College of Science and Engineering. Legal Services have advised on the draft MoA prepared by SJTU. .

### **Further information**

36. <u>Author</u>	<u>Presenter</u>
Gordon Donald, COO, Edinburgh Innovations	Hugh Edmiston Director of Corporate Services

### **Freedom of Information**

36. This paper is closed as it contains commercially confidential information.





UNIVERSITY COURT

4 December 2017

**Distance Learning at Scale Programme Update**

**Description of paper**

1. This paper provides an update on the current status of the Distance Learning at Scale programme.

**Action requested/Recommendation**

2. Court is invited to review and comment on this update and the strategic direction being proposed.

*Paragraphs 3 - 18 have been removed as exempt from release due to FOI.*

**Further information**

19. Authors

Gavin McLachlan  
Assistant Principal Professor Siân Bayne  
Assistant Principal Melissa Highton

Presenter

Gavin McLachlan  
CIO and Librarian to the University

**Freedom of Information**

20. This is a closed paper.





## UNIVERSITY COURT

4 December 2017

**Edinburgh University Students' Association President's Report****Description of paper**

1. This paper notes developments at Edinburgh University Students' Association (EUSA) since the last Court meeting and provides an update on current work and initiatives.

**Action requested/Recommendation**

2. Court is invited to note the report. It is recommended that this information be considered to support other initiatives and projects designed to improve student satisfaction and enhance the student experience.

**Background and context**

3. The Students' Association provides regular reports to Court on projects, campaigns and developments of the organisation as a whole.

**Discussion***Impact Report*

4. Court members will by now have received a copy of our annual impact report, this year developed as a short film! This format has enabled us to widen the circulation of this impact update and we hope Court members enjoy the update and find it useful.

*Finance Update*

5. The results shown here give the position at the Association's half year point, at the end of September 2017. This shows a surplus for the organisation of £449,000, just under £100,000 ahead of budget. Significantly, these figures include the impact of our trading during the Festival Fringe period.

*Year to date figures*

**September (Period 6)**  
**2017/18**

	Year to Date			
	Actual	Budget	Variance	Last Year
	£000	£000	£000	£000
Trading	797	794	4	688
Block Grant	1,245	1,245	0	1,239
<b>Total net income</b>	<b>2,043</b>	<b>2,039</b>	<b>4</b>	<b>1,926</b>
Student Support Activities	(256)	(290)	34	(233)
Central costs	(1,337)	(1,394)	57	(1,251)
<b>Total expenditure</b>	<b>(1,594)</b>	<b>(1,685)</b>	<b>91</b>	<b>(1,484)</b>
<b>Surplus / (deficit)</b>	<b>449</b>	<b>354</b>	<b>95</b>	<b>442</b>

Numbers shown in red & brackets denote a net expense or an adverse variance



## ***Commentary***

### ***Profit and Loss***

6. Much of the year to date surplus relates to the Festival. Although even at this stage the Festival numbers continue to fluctuate, and we do expect a further £75k expenditure at least over the remainder of the financial year to fall against it. We can however get a strong feel for the overall position at this stage. The budget for our Festival operations was a surplus of £730k and we have exceeded this by nearly £130k in these results. However factoring in that £75k additional cost and we have a maximum Festival surplus of £785k at year end.

7. This exceeds any other commercial activity operations – our Bars department, the next-largest, is budgeted to make a full year surplus of about £500k, and that is a tough target – so we are becoming ever more dependent on a good Festival performance. This carries its own fairly obvious risks.

8. In other areas, Student Support activity (which covers areas such as Representation & Democracy, The Advice Place, the Activities team etc) is operating generally on or slightly ahead of budget. Central costs have some larger favourable variances with one or two known overspends – generally under control, but as always we are aiming to land on a small area and need to maintain a close eye on the expenditure.

### ***Balance Sheet and Cash***

9. Cashflow continues in a positive direction, with the growth in cash balances slowing to a more modest 5% or so, equivalent to around £100k more than the total cash a year ago (we have in some other recent years seen year-on-year growth of 30% or more). We have for the first time been in a position to squirrel away a reasonable (for us) sum in a three-month cash deposit. Ok, so we're not in regular contact with Warren Buffett yet, but we do continue on the road to recovery.

10. Increased capital investment is part of the reason for the slowing of cash growth rates. We have budgeted to spend £325,000 of our own cash on capital expenditure this year, a marked increase from recent years. Much of this has gone or will go on targeted improvements to our buildings and also commercial outlets.

11. Our investment in integrated card payment terminals earlier this year has paid off, certainly in so far as they are being utilised: card transactions in October 2017 were nearly 60% of the total, up from under 40% in October 2016. Card transactions are faster than cash (particularly when contactless is used), ensure the funds reach our bank quickly, and are more secure than cash.

## ***Commercial/Estates Update***

### ***Trading Activity***

12. Whilst our trading activity is below our budgeted level, we are in general trading above previous years. New outlets at King's Buildings, the Wee Red Bar and Pleasance are all up and trading. The Pleasance complex is gaining weekly in numbers both for society activity and trading. The café bar had a slow start but is growing by 20% week on week and is above levels for daytime use prior to its closure



for refurbishment. There is more to do to make this space ideal, including increasing the warmth of the area, but it is being used as anticipated.

13. Trading in Teviot Row House is also below budgeted levels, but ahead of last year where the Bristo Square works impacted significantly. It is clear that as with other similar operations the impact of these works and the recovery will take longer as we have missed an intake of students forming habits. That said we have additional activity which is helping to rebuild trade, and changes to our product ranges and structures are increasing financial contribution.

14. Our Welcome Week trade levels were positive and most events were oversubscribed. Both financial results and student satisfaction were impacted partially by the lack of opportunity to use McEwan Hall. Clearly Welcome Week events being oversubscribed is positive as it indicates the programme was engaging, however the demand levels come with the challenges of queues and limited capacity, which is often frustrating to students.

#### *Internal Estates developments*

15. We have a significant programme of minor improvements to the buildings we occupy. This year we introduced a 'Heat and Eat' student kitchen facility at Potterrow, following the very successful model we introduced at King's Buildings House last year. This has seen wide use and increased the footfall to the building.

16. We are continuing with our redecoration and light refurbishment of Teviot Row House areas. Currently in progress is a redecoration of both the Sports Bar and the Library Bar, both schemes complimented by new furniture, lighting and AV installations. Obviously, any work here is in the context of the larger Student Centre scheme, but there is a need not to stand still in the meantime.

17. We have received some funding from the Pollock Trust and will be refurbishing the Advice Centre at King's Buildings House as a result; we are currently finalising a refurbishment of the Advice Place at Potterrow including redecorations, a new counter and the rebranding exercise.

18. Our rebranding project in terms of signage and physical elements is almost complete two years on. The most visible final element is the shop at Potterrow which will be completed in November; this only leaves some relatively minor elements still to complete as part of our programme this academic year.

19. We are also planning refurbishments of several other spaces over the coming months including the Teviot reception area, our main Potterrow offices, Pollock halls shop, the main Potterrow Dome area and further areas at King's Buildings; these have a mix of benefits both financial and student satisfaction.

#### ***Governance and Democracy Update***

20. One of the Association's key change projects, our Governance and Democracy work has shifted emphasis over the last few months. Court members will recall the earlier democracy review and student referendum, calling for significant changes to our student representative structures. The majority of these have now been implemented. The current focus of work is in developing the Association's



governance in line with best practice, influenced significantly by the joint National Council of Voluntary Organisations (NCVO) and National Union of Students Code of Good Governance. Current work includes:

- **A substantial review of our Board and Subcommittee business and operations**, taking into account best practice benchmarking with Leeds and Kent and the NCVO guidance. The key aims being to facilitate more time at Board level for strategic rather than operational discussions, and to encourage broader engagement with issues and options through the subcommittees. In addition, as the organisation has improved and matured in governance terms, the committee remits now reflect the stronger focus on governance, future thinking, and stakeholder insight as a key influence. Our new subcommittee structure is being implemented from January 2018.
- **Work to develop recruitment information and processes as we move to appoint, rather than elect, our additional student trustees** – our first round of recruitment has been taking place in November.
- Work from December to March 2018 to **review and develop processes and support around our Board induction, development, review and strategic thinking** (for individual trustees and the group)
- Discussions with the University to enable implementation of one final aspect of the democracy review – **the possibility of sabbatical officers running for a 2<sup>nd</sup> term of office**. Proposals on this issue are also being presented to this Court meeting
- Identification of **other current procedures/regulation that would benefit from review and updating** (e.g complaints procedure; member discipline; sabbatical officer terms and conditions, grievance and discipline procedures).

#### *October elections, and postgraduate engagement*

21. Our by-elections took place in October. Turnout was lower than October 2016 (although in line with turnout before that), with 921 individual voters across our own internal elections and National Union of Students delegate elections. It is worth noting that primarily as a result of the democracy review, the nature of these elections has changed substantially, with very few Association wide positions available. The bulk of the positions were for postgraduate School representatives – and we know we have challenges in reaching and engaging postgraduate students. In addition, last year we also had student trustee positions up for election, which were highly contested and generated a substantial proportion of the votes. Bearing all of this in mind, we are proposing rebranding our October elections as postgraduate elections in future, to make it much more obvious to the postgraduate community that this is relevant to them. In addition, we have been considering postgraduate engagement more generally within the Association – several teams have direct contact with the postgraduate community in relation to various specific activities, but so far this isn't converting into more substantial engagement, so we are planning to develop a more strategic approach. However, in the short term our current pool of postgraduate representatives provides the opportunity to engage with them as a 'forum' to begin to understand and identify solutions to these issues, combined with insight from existing postgraduate surveys where this is available.

#### ***Sexual violence/harassment***

22. The 'No-One Asks for It' anti-sexual harassment campaign has been running again this semester, to highlight and raise awareness of unacceptable behaviours,



and sources of support for survivors. We are also pleased to be working with the University on a number of strands to review and develop new approaches to supporting students who come forward, and to consider how to provide pre-emptive advice and information as part of a wider framework of how we support and educate our students. The Advice Place, as well as University colleagues, continue to experience rising numbers of students coming forward, and our experience of the complexity of these situations, the options available, and the level of support required for the students over a long period of time serves to highlight the current challenges/gaps. It seems clear this is an area of work that is only going to continue to grow, given the local conversations, existing wider higher education sector discussions both here and abroad, and broader external conversations going on across cultural/political/corporate contexts at present.

### ***Mental Health and Wellbeing week***

23. Our week-long programme of events, talks and workshops, ran from 13 -17 November, aiming, to provide students with information, support and practical advice on how to take care of themselves and others. Events and activities included a wellbeing fair, outreach activities taking information and support across all campuses, support and networking sessions on bipolar disorder, School specific events to create local community and support, animal handling, alpaca petting at King's Buildings, and speaker events including stand-up comedian Francesca Martinez and Olympic silver medallist swimmer Michael Jamieson. The Association organised the week in collaboration with several student groups, and colleagues from Schools and services.

### ***Participation Grant***

24. Following a well-received pilot last year, we are once again running our Participation Grant to support students in financial need with the additional costs associated with taking part in societies and sport. Eligibility is based on University of Edinburgh Scholarship levels (a straightforward way of assessing household income/financial need, but therefore only available to UK undergraduate students). As last year, the fund has been over-subscribed – with £17,810 worth of requests, with a fund of £10k from the University available. Discussions with the University have very helpfully resulted in an additional allocation to enable us to meet the shortfall. Discussion points for the future include; addressing the relative expense of some activities compared to others (substantial costs associated with sport for example; whether/how we could widen eligibility; balancing front-loading of some costs (often sports kit) v the ongoing/'any time' nature of others; the administrative process/work required; whether some more 'core' costs (e.g. gym membership) could come within an existing package of scholarship support.

### ***Addressing the National Student Survey***

25. The Association has reflected and identified measures to address the concerns expressed through the National Student Survey. We have focussed primarily on addressing the score in our core question 26, focussed on representing academic interests. Our Vice-Principal Education Bobi Archer has been leading on discussing with academic colleagues how we can best develop and support local academic representation and feedback resulting in proposals to substantially develop the class rep system – with discussions at Learning & Teaching Committee and Senate. In addition, in an effort to raise the profile of the various work we do to support academic experience we have relocated key representation support staff and our peer learning



and support team into a new 'shopfront' space in Potterrow – the Student Representation and Leadership Hub. The space aims to enable representatives and volunteers to more easily access support, or have space to meet, but also serves as a large advertising space to highlight a previously 'back office' set of functions focussed on supporting students' academic experience, and has sparked other ideas about how we can best engage students in and about this work. In addition we have been running several local 'learning lunch'/'rep lunch' engagement events in Schools, primarily aimed at class reps and School reps, to bring them together as a community and discuss how they can be most effective in their own areas in terms of communicating student concerns and securing change and creating more visibility and awareness of this work.

### ***Coming up:***

26.

- **Give it a Go** – our week long programme of events to encourage students to try out new activities takes place in January this year. So far we have over 100 events planned – the move from November also gives newly-arrived visiting international students an opportunity to get involved in their student community.
- **Sustain.Ed** – a day of activities run in collaboration with the Social Responsibility and Sustainability department to promote and encourage sustainable practices by staff and students
- **March elections** – planning has begun for our 'General' elections which will see Sabbatical positions, undergraduate and postgraduate School Liberation reps, section reps, and Activities reps elected. The elections process and experience has been a real area of focus for us over the last few years, and we have been commended by the National Union of Students as an example of best practice in terms of the positive experience and culture around our elections. Now the focus is on increasing the number of candidates across all positions and ensuring our elections feel accessible – there is significant work currently to provide much more accessible information and support for prospective candidates, and to make this available earlier. For the first time this year we are opening nominations from the end of November, although campaigning and voting will remain limited to the week of the elections themselves.
- **Student Celebration Events** – planning for our annual celebration events is underway, and we are launching all of the events on 1 December to promote and encourage more nominations from across the university.
  - **The Teaching Awards** recognise academic and support staff through student nominations, and spotlight good practice in teaching, learning and student support.
  - **The Activities Awards** showcase the best of society and volunteering activities and achievements.
  - **The Impact Awards** highlight students contributing to student community, student support and student experience through peer support, global experience, student representation activity and other initiatives.



### ***Sabbatical Update***

27. We have had a wonderful and busy time working with and on behalf of students through this semester. We have been progressing with our team and individual objectives both with our members and colleagues from across the Students' Association and University to many productive ends. Additionally we held our October Elections where we elected postgraduate representatives and held a number of by-elections which were held at the newly opened Pleasance complex. Below is an update on the key projects officers have been working on.

#### ***28. Patrick Kilduff – President***

- *Fairer transport and accommodation offering* – Working with the Vice-President Community and colleagues in the University to develop a transport offering more inclusive of students from lower socioeconomic backgrounds and widening participation. Having secured a £1 trial fare for Semester One with Lothian Buses which we await to see results of we are continuing to develop more secure offerings for students. In terms of accommodation we look forward to working with colleagues on a long-term Residential Strategy as well as forging more accessible forms of living here and now.
- *Student Centre Development and Consultation* - Working closely with our Vice-President Activities and Services, key Association staff, University colleagues and Page/Park architects over the past few months we were pleased to hold the second round of consultations in November. The redesign sought to address key concerns of students and other stakeholders. As of the submission of this report the consultation has not been held so a verbal update from this will follow.
- *Student Engagement and Outreach* - As part of a project of developing and enhancing Association engagement with students we have been working to ensure we maintain year round open, accessible conversations with students outwith student council and elections. Each officer has been designated a campus within the University and each has been running outreach sessions at respective campuses every few weeks; this has helped us address key ongoing as well as ad hoc concerns as well as prospering student awareness of the Association, our services and our work. We have also been developing our Student Council procedure to create a more accessible and attractive to the wider student populous.

#### ***29. Bobi Archer – Vice-President Education***

- *Enhancing the class representative system.* Endeavouring to develop degree-programme level representatives to enhance and tailor support available from the Students' Association and allow for more substantial and informed discussion at staff-student liaison committees.
- *Widening Participation.* Working with the University to develop the Widening Participation Strategy; advocating for financial support for nursing students; researching correlation between class representatives and widening participation students.
- *Supporting students to enable change.* Building clear lines of communication between students, class and school representatives and the Vice-Principal Education to support school reps to achieve their goals. Furthering engagement in the College of Science and Engineering by creating the CSE Forum to discuss King's Buildings related issues.



30. *Kai O'Doherty – Vice-Principal Activities and Services*

- *Food sustainability.* Working to provide healthier food options across Association venues and tackle food waste. Additionally, we've introduced a monthly Farmer's Market, and are working with the Vegetarian Society to institute Meat Free Mondays.
- *Supporting trans students.* Working in the Students' Association and in various University departments, such as Disability Services, to deliver Trans Awareness workshops. Continuing to lobby for and working with colleagues to ensure there is increased gender neutral toilet provision across the University estate.
- *Widening participation in Activities.* Exploring avenues to enhance funding and support for widening participation students to engage in activities, societies and sports without the fear of a financial barrier. This includes work on the Participation Grant to which we are grateful to the Senior Vice-Principal and Principal for continuing support in development.

31. *Ollie Glick – Vice-Principal Community*

- *Fairer housing for students.* Lobbying against the rise of private halls in Edinburgh and addressing the grave concerns students have about their increasing prevalence as well as fight for tenant rights in private flats in the city. Working with colleagues in the University to develop fairer rents and bed space for first year accommodation.
- *Community.* Our social enterprise pilot is up and running as well as a new project developed in our Peer Assisted Learning and Support team to train and send students out to understaffed schools to aid with maths teaching. Working with the University on developing community grants and tangible student involvement in local community projects.
- *Sustainability.* Working with the University's Renewable and Low Carbon Options group on exciting new proposals for positive and sustainable reinvestment. Setting up a Food Waste Task Force with students and the Vice-President Activities. Looking at safer cycling routes to non-central campuses and continuing sustainability day in second semester.

32. *Esther Dominy – Vice-Principal Welfare*

- *Mental Health and Wellbeing Week.* Developing the week long programme of events, speakers and activities around the topic of mental health and wellbeing that ran from the 13 -17 November across multiple campuses. Running several events in conjunction with both the Sports Union and University to raise awareness and engagement with students – we even had a few alpacas on campus!
- *Sexual violence on campus.* Looking at how to take the 'No One Asks For It' campaign forward including more student-led initiatives and much increased visibility. Also working to map out existing policies and processes for students who choose to report through the University and how these can be improved.
- *Service Excellence.* Feeding into workshops for Special Circumstances, Extensions and Concessions to improve the process for students and make University policy more consistent and vastly more accessible.



**Resource Implications**

33. There are no resource implications for this report because this report is retrospectively outlining existing projects.

**Risk Management**

34. Not applicable.

**Equality & Diversity**

35. Equality and Diversity considerations are implicitly included in this paper. Edinburgh University Students' Association represents the interests of a diversity of student groups and exists to maintain the equal representation of students and student groups.

**Next Steps/Implications**

36. None.

**Consultation**

37. All relevant Association Sabbatical Officers, staff members, student staff and members of our organisation. Any items relating to partnerships with other organisations or branches of the University include information provided by all participating stakeholders.

**Further Information**

38. Author and Presenter

Patrick Kilduff

Edinburgh University Students' Association President

November 2017

**Freedom of Information**

39. This paper is open





UNIVERSITY COURT

4 December 2017

**The University's Annual Review**

**Description of paper**

1. This paper contains eight features to be published in this year's Annual Review.

**Action requested/Recommendation**

2. Court is invited to approve these features for publication, attached at Appendix 1.

**Background and context**

3. The Annual Review is a flagship publication targeted at a range of external stakeholders. It also constitutes the Report of the University to the General Council. The features attached represent a selection of highlights of the University's work over the academic year August 2016 to July 2017.

**Discussion**

4. The Annual Review aims to provide insight into the activities and achievements of the University, its students and staff, and enhance awareness and understanding of our contribution to the social, economic and cultural life of Scotland and the global community we serve.
5. This year's features cover an interesting spectrum of the University's activities and provide a narrative context for the financial and statistical information included within the publication.
6. They provide a better sense of the University's varied activities, to ensure our audience enjoys a rounded picture and clear understanding of the impact the University has, as a world-leading research and teaching institution, providing the highest quality environment for our students, to produce graduates fully equipped to achieve the highest personal and professional standards, and make a socially responsible contribution in the UK and overseas.

**Resource implications**

7. The publication is managed by Communications & Marketing and no additional funds are requested.

**Risk Management**

8. There are no risks associated with this proposal.

**Equality & Diversity**

9. Equality and diversity have been considered in the selection of subject matter. The paper does not propose any new policies.

**Next steps/implications**

10. Communications & Marketing will publish the Annual Review and disseminate to stakeholders in January 2017. Should any changes to content be required, this will be relayed following the Court meeting, and amendments made before end December.



**Consultation**

11. Features have been reviewed and approved by the Principal, and the Vice-Principals and other members of staff, as well as the students and graduates featured.

**Further information**12. Author

Barbara Morgan  
Head of Publishing and  
Communications  
20 November 2017

Presenter

Rob Tomlinson  
Acting Director of Communications &  
Marketing

**Freedom of Information**

13. This is an open paper.





THE UNIVERSITY  
of EDINBURGH

Annual Review 2016/2017





The cover shows the recently refurbished McEwan Hall.

MINERVA



This publication is available online at [www.ed.ac.uk/annual-review](http://www.ed.ac.uk/annual-review).  
It can also be made available in alternative formats on request.

**The University of Edinburgh**

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

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

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# Principal’s foreword



The University’s *Annual Review* always provides a welcome opportunity to step back and take stock of another year in the life of our great institution.

As I prepare to demit office I am struck by the sheer variety and scope of the work that we carry out, thanks to the diligence, dedication and innovation of our staff, students, alumni and supporters.

This year’s edition is no exception, showcasing as it does our influence and impact both locally, nationally and globally.

As we play such an important part in the life of the city of Edinburgh, we are enormously aware of our responsibilities as a neighbour, and as a custodian of some of the great buildings we are fortunate enough to inhabit. In this year’s *Review* we focus on our

£35-million refurbishment of the magnificent Grade A-listed McEwan Hall, and our redevelopment of St Cecilia’s Hall and the Pleasance complex – as well as our plans for creating the Edinburgh Futures Institute on the site of the Old Royal Infirmary.

The University brings much to the artistic life of the Scottish capital and beyond. I am proud that this year we highlight the work of colleagues at the world-famous Venice Biennale with contributions from our distinguished alumna Rachel Maclean, Edinburgh College of Art, the Centre for Research Collections and the University’s Talbot Rice Gallery.

We are a truly international university and that is reflected in many ways. In this publication we examine our global outlook using a number of examples: with the launch of our Institute for International Cultural Relations, with our efforts to bring computer technology to schools in sub-Saharan Africa, and with some of the ground-breaking cross-border research being carried out by our early-career academics.

The quality of our research and innovation at all levels is something that really sets Edinburgh apart. The research projects which our staff and students lead on are both fascinating and inspiring, generating headlines around the world. Here we delve

into just two which have been selected from very many: the team from the School of Chemistry which has discovered a new way to recover gold from electrical devices such as mobile phones; and the students working to design and build a futuristic travel system known as the Hyperloop.

We live in challenging yet exciting times and at the University we are particularly excited by the promise for the future being delivered by the signing of the Edinburgh and South East Scotland City Region Deal. As a signatory, the University will play a key part in turning our region into the data capital of Europe. In this edition of the *Review*, you can read in detail about our plans to make this vision a reality.

After 15 years at the helm, it is gratifying for me personally to reflect on what excellent shape we as an institution are in. That is thanks to the efforts of our staff, students, alumni and supporters worldwide. I have every confidence that the University will continue to go from strength to strength in the years to come.

*Tim O’Shea*

**Professor Sir Timothy O’Shea**  
**BSc, PhD, FRSE**  
Principal and Vice-Chancellor  
The University of Edinburgh

Tha *Lèirmheas Bhliadhnail an Oilthigh* daonnan na dheagh chothrom gus ceum a ghabhail air ais agus a bhith a’ cnuasachadh air bliadhna eile ann am beatha na buidhne cudromaich seo.

Agus mi ag ullachadh gus an oifis agam fhàgail, tha e a’ tighinn a-steach orm cho farsaing is cho diofraichte ’s a tha an obair a nì sinn san oilthigh, mar thoradh air an dicheall is tionnsgalachd aig an luchd-obrach, oileanaich, alumni agus luchd-taic againn.

Chan eil lèirmheas na bliadhna seo eadar-dhealaichte, agus e a’ taisbeanadh na buaidh agus na buil a bh’ againn gu h-ionadail, gu nàiseanta agus air feadh an t-saoghail.

A chionn ’s gu bheil sinn cho cudromach ann am beatha baile Dhùn Èideann, tha sinn gu math mothachail air an dleastanas a th’ againn mar nàbaidh agus mar an luchd-glèidhidh aig cuid de na toglaichean cudromach a tha sinn fortanach a bhith a’ cleachdadh. Ann an *Lèirmheas* na bliadhna seo, tha fòcas againn air an obair ath-nuadhachaidh £35-millean againn air togalach àlainn Talla MhicEòghainn, a tha air a’ chlàradh aig Ìre-A, agus air an ath-leasachadh a tha sinn a’ dèanamh air Talla Naomh Cecilia agus àrainn a’ Phleasance – cho math ris na planaichean a th’ againn airson a bhith a’ cruthachadh Institiud Dhùn Èideann son an Àm ri Teachd air làrach an t-Seann Ospadail Rìoghail.

Tha an t-Oilthigh a’ cur tòrr ri saoghal nan ealainean ann am prìomh bhaile na h-Alba agus nas fhaide air falbh. Tha mi moiteil gu bheil sinn a’ toirt sùil am-bliadhna air obair nan co-obrach againn aig Venice Biennale, a tha ainmeil air feadh an t-saoghail, le fiosrachadh ann bhon t-seann oileanach chliùiteach againn Rachel NiclIleathain, bho Cholaiste Ealain Dhùn Èideann, bho Aonad nan Cruinneachaidhean Rannsachaidh agus bho Ghailearaidh Talbot Rice an Oilthighe.

’S e oilthigh a th’ annainn a tha fìor eadar-nàiseanta agus chithear sinn ann an iomadh dòigh. Anns an sgrìobhainn seo, bheir sinn sùil air an t-sealladh chruinneil againn a’ cleachdadh grunn eisimpleirean: bogadh na h-Institiud againn airson Dàimhean Cultarach Eadar-nàiseanta, na h-oidhirpean againn gus teicneòlas coimpiutair a thoirt do sgoiltean ann an sgoiltean sub-Sahàrach, agus fios mu chuid den rannsachadh tar-chrìche tionnsgalach a tha cuid de na sgoilearan againn a’ dèanamh aig Ìre thràth sa chùrsa-obrach aca.

Tha càileachd an rannsachaidh is an tionnsgalachd aig gach ìre a’ cur Oilthigh Dhùn Èideann air thoiseach air càch. Tha na pròiseactan a tha an luchd-obrach is na h-oileanaich againn a’ stiùireadh an dà chuid fìor inntinneach agus brosnachail, agus iad a’ faighinn iomraidhean sna cinn-naidheachd air

feadh an t-saoghail. An seo, bheir sinn sùil air dìreach dà dhiubh seo, a tha air an taghadh bho fharsaingeachd de phròiseactan: air sgioba bho Sgoil na Ceimigeachd a tha air dòighean ùra a lorg gus òr fhaighinn air ais bho innealan dealain mar eisimpleir fònaichean-làimhe – agus air oileanaich a tha ag obair gus siostam còmh-dhail ùr-nodha a dhealbhadh is a thogail air a bheil an Hyperloop.

’S e àm dùbhlanaich ach brosnachail a tha seo agus aig an Oilthigh, tha sinn a’ coimhead air adhart gu sònraichte ris na cothroman san àm ri teachd a tha an lùib soidhneadh Aonta Sgìre Baile-mòr Dhùn Èideann agus Ear-dheas na h-Alba. Mar soidhniche, bidh pàirt nach beag aig an Oilthigh ri cluich gus prìomh bhaile dàta na Roinn Eòrpa a dhèanamh den roinn againn. Anns an tionndadh seo den *Lèirmheas*, is urrainn dhut leughadh ann am mion-fhiosrachadh mu na planaichean againn gus an sealladh seo a thoirt gu buil.

Às dèidh 15 bliadhna aig an stiùir, tha e toirt tlachd dhomh gu pearsanta cnuasachadh air an deagh chor a th’ againn mar bhuidhinn. Tha seo mar thoradh air oidhirpean an luchd-obrach, oileanaich, alumni agus luchd-taic againn air feadh an t-saoghail. Tha mi làn chinnteach gun lean an t-Oilthigh air a’ dol bho neart gu neart anns na bliadhnaichean ri teachd.





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# Vision

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.

# Mission

We discover, develop and share knowledge.

- As a centre of academic excellence we aim to:
- provide the highest-quality research-led teaching and learning;
  - challenge the boundaries of knowledge, research and disciplines;
  - enable our graduates and staff to be exceptional individuals equipped to address global challenges;
  - promote good health, economic growth, cultural understanding and social well-being.



# Revitalising a treasured symbol of civic pride

The University’s McEwan Hall is a fine example of its commitment to investing in Edinburgh’s cityscape and heritage.

When William McEwan donated £115,000 to the University in 1886, it was the largest single donation the University had ever received, and it sparked the creation of a magnificent landmark that would host public events and graduation ceremonies for generations to come.

In 2015, the doors to the McEwan Hall were closed to restore the Grade A-listed building back to its original glory. The £35million refurbishment took place over two years, with the Hall reopening in summer 2017 to the great excitement of staff and students alike, and to the great pleasure of graduating alumni, their parents and friends.

As well as making critical structural improvements, the windows, stonework and frescos were conserved, and the building was updated to meet modern-day accessibility requirements. While the University made a significant contribution from its own funds, alumni and donors played an important role in this chapter of the building’s story.

For Mr Chris Cox, Vice-Principal Philanthropy and Advancement, the spirit in which the original donation was made, strikes a chord with generous donors today: “William McEwan was the MP for Edinburgh Central and had huge pride in the city and the University,” he says. “McEwan saw universities as places where people from all walks of life could convene. This is as important today as it was then. Swingeing funding cuts in the mid-19th century meant that to build this wonderful civic building, the University really needed the generous support of benefactors.”

Fortunately the University’s secure financial position today enabled it to contemplate this major renovation. However, without the generosity of University benefactors the completed upgrade may not have had the same impact.

A campaign entitled Pathways to Enlightenment was launched in early 2016. To honour the original benefaction, alumni were invited to make a gift of £115, and in return, their name was inscribed on a tile, used within the newly restored building.

“McEwan saw universities as places where people from all walks of life could convene. This is as important today as it was then.”  
**Mr Chris Cox**

The response to the campaign was unprecedented, with more than 1,700 alumni from more than 50 countries contributing to the redevelopment. For Mr Cox the participatory nature of the campaign was important: “It was about finding a way in which hundreds, and eventually thousands, of alumni could connect themselves to this historic building, which clearly means so much to so many people.”

Current students were also at the heart of the redevelopment. A competition was held for third-year art students to design the tiles that would recognise donors’ contributions. Inspired by images held in the University’s research collections digital archive, the winning undergraduates – Lizzie Bevington and Despina Petridou – proposed an innovative concept that represented people and ideas moving through the University.

The University’s Art Collections Curator, Mr Neil Lebeter was closely involved in the project and saw the commission of students’ work as being the ideal way for the University to support emerging artists.

“As well as thanking our donors in a thoughtful and unique way, commissioning young artists talks to the future, as well as referencing the history of the institution,” says Mr Lebeter. “Lizzie and Despina did an amazing job. To be involved in such a major project was fantastic work experience for them.”

Architectural Conservation students were also given the opportunity to work alongside specialist conservators at the highest reaches of the Hall; learning how to clean and renovate the original murals. Anushka Desouza was one of the students to take part: “Working on the building helped me to implement the techniques learnt in the classroom,” she says. “It definitely enhanced my experience of studying at Edinburgh. It was an opportunity that I wouldn’t have found anywhere else, and I feel like I’m a part of the fabric of this historic building.”

McEwan Hall is one of many landmarks on Edinburgh’s skyline that the University has committed significant investment to restore, maintain and improve.

Work is to begin shortly on the Grade A-listed Old Royal Infirmary. The former city-centre hospital was purchased by the University in 2015, after it lay vacant for more than 12 years. Due to reopen in 2021, it will be home to the Edinburgh Futures Institute, creating new teaching, research and public spaces.

The Pleasance complex plays host to a great variety of student societies, as well as becoming a busy hub during the annual Festival Fringe. The University has worked closely with the Students’ Union to improve and extend facilities and maximise space over the past year.

St Cecilia’s Hall – Scotland’s oldest purpose-built concert venue – reopened in May 2017, after a £6.5 million redevelopment. The concert room and music museum situated in the Old Town is open to the public from Tuesday to Saturday, after previously opening at sporadic times, and the renovation has also brought about a lively programme of concerts and events for the local community to enjoy.

“Our musical instrument collection is highly renowned worldwide,” says Ms Jacky MacBeath, the University’s Head of Museums. “Now we have facilities that match the quality of our collection and expertise of our staff. And the response we’ve had from the local community since reopening has been wonderful.”

The University’s commitment to having a strong relationship with the people of Edinburgh through these visionary yet accessible refurbishment projects fills Mr Cox with optimism. He concludes: “It’s wonderful that the University is investing so much into developing this network of inspiring spaces – giving enormous benefits to our students and alumni – and the city of Edinburgh as a whole.”

Mr Chris Cox





# Nurturing cultural relations across institutions

The University is home to a diverse range of cultures and nationalities across student, staff and academic spheres. Launched in January 2017, the Institute for International Cultural Relations aims to bring these groups and cultures together, both in academic and social circles throughout the University and beyond.

The Director of the Institute, Professor JP Singh, joined the University in 2016. A prize-winning author and former adviser to UNESCO, the World Bank and the World Trade Organization, Professor Singh believes a greater interdisciplinary approach to research and collaboration is required, if Edinburgh is to expand the impact of its expertise to a global audience.

“Culture is who we are and how we think of ourselves,” says Professor Singh. “There are many people at the University and beyond who work on different topics but use culture as a lens. The Institute for International Cultural Relations aims to bring these people together and foster research and education in terms of how we think of ourselves across borders.”

For Professor Singh, several things stand out about education in the future: “We will have to solve issues that can’t be categorised by discipline,” he explains. “For example, the refugee influx into Europe is a public health issue, a human rights issue, a legal issue and a diplomatic issue. It will take an interdisciplinary approach to help solve it.”

He also believes that universities must continue to adapt in order to deliver world-leading education and research: “I’ve been living in the US for the past 34 years, but I grew up in a remote area in India. When people came from big universities to lecture to us, we didn’t listen. So I’m always trying to find a way to connect the Institute to all types of communities and people from different backgrounds.”

Professor Singh has been working with a number of schools across the University to design cutting-edge online programmes, including the planning of an online masters in international cultural relations.

The Institute has already presented a range of events in the UK and abroad. One such initiative was the Institute’s Global Cultural Fellows programme, which worked with a

“I’m always trying to find a way to connect the Institute to all types of communities and people from different backgrounds.

Professor JP Singh

number of international groups to bring 33 cultural experts to Edinburgh for the 70th year of the Edinburgh festivals in the summer of 2017.

“The programme was a resounding success,” says Professor Singh. “It really resonated with people. I can’t believe the number of times so many of the Fellows have said that this was one of the most transformational experiences of their life.”

The diverse group included a dancer from Cambodia, the head of the National Theatre of Nigeria, an Australian opera singer, a Malaysian chef, and a magazine editor from Sweden. Over eight days the group met to discuss international cultural relations and specific issues before attending shows at the various festivals.

“We invited cultural activists from around the world, who are strongly connected to their communities, to think about specific cultural issues,” explains Professor Singh. “The experience had a profound impact on many of them and made them think of the world differently. Over the next year, the Fellows will undertake projects of their own choosing, which help them connect their Edinburgh experience with their communities, and of course, they now have a global network that they can rely on.”

The Institute has also been forging close relations with cultural partners. Professor Singh noted the invaluable input of the Edinburgh festivals to the Global Cultural Fellows programme: “We worked closely with various festivals to design the programme, taking in shows at the Book Festival, the Festival Fringe and the Edinburgh International Festival, which spawned further conversation and research. Integral to this activity was the input of our Visiting Professor Faith Liddell.”

As the founding Director of the organisation Festivals Edinburgh, Professor Liddell led on the development of Edinburgh’s twelve major festivals. The Global Cultural Fellows

programme was one of her first projects in her new role with the Institute: “I had collaborated with a number of people in the University, in my role with Festivals Edinburgh,” explains Professor Liddell. “But when Vice-Principal Dorothy Miell suggested becoming a Visiting Professor I was delighted. The Institute feels like a natural home.”

The individual Global Cultural Fellows came from across the world, clearly with different and distinctive perspectives. They included people working on the frontline in conflict resolution, in community initiatives, in culture-led regeneration as well as radical artists pushing the boundaries of practice. For Professor Liddell, understanding international cultural relations is critical in the current environment: “Shared understanding of cultural interests and values across nations has been put into question,” she says. “Innovative approaches to developing and informing cultural practices are essential to bridging divides.”

Professor Singh also believes that culture is at the heart of many of the world’s most important issues. Therefore the city, the University and the Institute are ideally placed to bring together individuals, ideals and disciplines of contrasting natures in order to connect research, politics and communities. The Institute will have the opportunity to explore this concept further as one of several key research groups within the University’s new Edinburgh Futures Institute – a visionary hub where experts can transcend boundaries and join forces in response to global cultural, technological, political, social and managerial challenges.

“The past year in Edinburgh has provided a deeply meaningful and exciting opportunity to make an institutional mark in international cultural relations,” states Professor Singh. “We’ve had great support from the Scottish and Westminster governments, from the Edinburgh festivals and from people all over the world, and to feel that you are really making a difference in the world, as an institute, really resonates so much.”

Professor Faith Liddell and Professor JP Singh



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# Tapping into a greener goldmine

By developing a new way of recycling gold from electrical devices, researchers in the University's School of Chemistry are part of wider efforts at Edinburgh to make a sustainable and socially responsible contribution to society.

In 2017, a team led by Professor Jason Love revealed a new way of recovering gold from circuit boards used in electronics including televisions, computers and mobile phones.

Methods currently used to recover the precious metal are often inefficient or reliant upon toxic chemicals such as cyanide. Improving these recycling processes could help to cut carbon dioxide emissions and reduce the need for gold mining, a practice harmful to the environment. Seven per cent of the world's gold is inside waste electronics and of that only 30 per cent is currently salvaged.

"As a society, we need to recognise that we have limited resources and that we can't keep consuming these if we don't have a way of returning them back to a useful state," states Professor Love. "We have to think about how we can develop better ways of recycling, and we're interested in the chemical aspects of how we do that."

With an estimated 300 grams of gold present in every tonne of electronics, Professor Love and his team set out to develop a more sustainable and environmentally friendly approach that could allow for greater quantities of gold to be recycled. They formulated a new chemical reagent to use in a process called solvent extraction, which is used widely for the recovery of metals from ores. Compared to other methods such as smelting – which uses extremely high temperatures to separate mixtures of metals – solvent extraction is potentially a very environmentally friendly alternative.

"The solvent extraction process has existed for decades but as chemists we're trying to discover new and better reagents that recover metals more selectively," explains Euan Doidge, a PhD student in Professor Love's research group.

“As a society, we need to recognise that we have limited resources and that we can't keep consuming these if we don't have a way of returning them back to a useful state.

Professor Jason Love

Using their new method, circuit boards are first placed in a mild acid to dissolve all their metal parts. An oily liquid containing the team's reagent is then added, which allows gold to be extracted selectively from the complex mixture of metals found inside electronics.

"Our reagent allows us to recover a very high purity of gold, explains Euan. "Normally, one molecule of reagent binds directly to one metal molecule. Our compound uses a different type of chemistry, and can bind to clusters of gold molecules instead of just one. This means you can use a lot less of it to recover the same amount of gold."

As a by-product of this research, Euan has enjoyed success in a science communication contest. After winning the University's 2017 Three-Minute Thesis heat, he was awarded the People's Choice award in the UK final. This has given him the opportunity to talk about his work at the world-famous Royal Institution, as well as enter into the Three-Minute Thesis international final.

As well as gold, the team is investigating ways of improving the recycling of other precious metals found in waste electronics, such as palladium, platinum, and rare earth elements like neodymium. New reagents could be developed to salvage these and common metals such as copper and tin.

There may also be the opportunity to extract toxic metals such as cadmium and lead, which can cause environmental issues that could, in turn, be prevented. The team is also interested in how chemistry could be used to recover plastics, not currently recycled, from mobile phones.

A big motivation for Professor Love and his team is the concept of the circular economy, which encourages reuse of materials and practising greater resource efficiency: "To develop a circular economy, we cannot

waste these valuable resources," says Professor Love. "If these materials could be recycled at the point of collection, it would provide lots of income to that local area. That doesn't happen at the moment."

In theory, the team's new method could help to facilitate this development, because it can be carried out on a relatively small scale, which could enable local set-up. However, in order to make progress on the development of circular economy initiatives, collaboration is essential.

"Our aim is to build a whole theme of work at Edinburgh around urban mining and waste recycling," explains Professor Love. "To do that we need more expertise in other areas, so we're working with colleagues in geosciences, engineering and social sciences."

Professor Love's team is also working with the organisation Closing the Loop, an Amsterdam-based company that aims to reduce electronic waste by collecting old phones in Africa and bringing them to Europe to be recycled.

This commitment to making a socially responsible contribution to society is echoed across the University. Mr Dave Gorman is Director of the Department for Social Responsibility and Sustainability, which was established in 2014 to underline the University's commitment to making a significant, sustainable and socially responsible contribution to the world. Mr Gorman believes that the many staff- and student-led initiatives at Edinburgh can help it deliver on this strategic ambition.

"Higher education institutions like Edinburgh can play a pivotal role in a transformation to a circular economy," he states. "The work being done by Professor Love and his team is a great example of the kind of cutting-edge research going on at the University to help bring about the adoption of circular economy initiatives."

Professor Jason Love



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# Placing Edinburgh art on the international stage

In May 2017 a deconsecrated church in Venice housed a new work of art by Edinburgh alumna Ms Rachel Maclean, commissioned to represent Scotland at the renowned Venice Biennale.

Ms Maclean’s 37-minute video, entitled *Spite Your Face*, was the focal point for a project that connected several important strands of the University to the Biennale. It marked a special alignment of students, staff, alumni, Edinburgh College of Art (ECA), the University’s Centre for Research Collections and the University’s contemporary art gallery, all working together – with significant external partners – to present on this most global of stages.

At 29, Ms Maclean is the youngest artist to be selected by Scotland + Venice, a partnership run by Creative Scotland, the National Galleries of Scotland and the British Council Scotland. Every two years Scotland + Venice selects an artist that best represents the country’s contemporary art scene.

“It was a big surprise,” says Ms Maclean. “I feel that I’ve been lucky. I owe a lot to Edinburgh and Scotland in terms of people having confidence in me when I was young.”

Since leaving ECA in 2009, Ms Maclean’s satirical, day-glow videos have startled critics and the public around the world. Her ability to weave major contemporary themes into her work made her a bold choice for the 2017 Biennale. *Spite Your Face* is a dark retelling of the Pinocchio story that plays upon the power of lies, populism and misogyny.

Every Biennale, Scotland + Venice also selects a Scottish-based curator to deliver the show. The University’s Talbot Rice Gallery in partnership with the Hawick-based company Alchemy Film & Arts were chosen as commissioners of *Spite Your Face*. It was the first time the Gallery had been involved in the Biennale.

“I feel that I’ve been lucky. I owe a lot to Edinburgh and Scotland in terms of people having confidence in me when I was young.

Ms Rachel Maclean

“Being part of Venice placed us on an international platform and inspires us to stay there,” says the Gallery’s Director, Ms Tessa Giblin. “Most people, rightly, talk about the impact Venice has on the artist. But we mustn’t forget the enormous impact it has on the professionals working behind the scenes – the curators, project managers, technicians, marketing people, the publicists, the fundraisers. All those involved, in my experience, have gone through an enormous growth curve.”

Ms Giblin, who joined the Talbot Rice Gallery in 2016, has been involved with the Biennale for the past 10 years. While other colleagues at the Gallery worked on Scotland + Venice, she was also commissioner and curator of the Irish pavilion. Working with the artist Jesse Jones, she describes it as “the hardest, most rewarding thing” she has ever done.

As well as providing an unprecedented platform for the University’s alumni, its gallery and its staff, art students from ECA were also given a unique opportunity to experience the international festival.

Scotland + Venice’s Professional Development Programme selected 15 students from across Scotland to invigilate *Spite Your Face* in Venice. The cohort included five fine art students from Edinburgh. The students stayed in Venice for a month at a time between May and November, working in pairs to manage the venue, Chiesa di Santa Caterina, in the northern Cannaregio district of the city. In addition, they acted as ambassadors for the project, the University and Ms Maclean’s work. Gemma Batchelor, an ECA student taking part, says: “Because she [Rachel Maclean] came from ECA too, we definitely felt an ownership of the piece, and we felt great when people had a positive response to it.”

The students also had time off to explore the Biennale and to develop their artistic practice. Evenings were spent connecting with representatives from the other pavilions, resulting in screenings, talks and life drawing sessions.

“I just feel really lucky,” says fellow ECA student and invigilator, Siobhan McLaughlin. “I’ve never been out of Scotland for more than two weeks before. Since coming back, I’ve felt much more confident. I’ve applied for things I never would have thought about before. It has made the art world seem more accessible. I’m much less anxious now about life after university.”

Ms Maclean also appreciates how the experience could offer promising futures for this next generation of artists: “The development programme is fantastic,” she says. “The students I have met who are part of it are really brilliant and have done such an amazing job. I’m so excited for them. I’m looking forward to what they make, and what they do, as a result of the experience. I think there will be an amazing legacy for Scotland and the Scottish art scene.”

The 2017 Venice Biennale experience will certainly live on in the University. The students are planning collaborative shows in Cardiff and Edinburgh with artists they met there. The Talbot Rice Gallery is focusing on commissioning new work and exploring the possibilities of group shows, two defining features of the Biennale. The artist who represented Hong Kong, Samson Young, has been commissioned by the gallery to produce a work for 2019, and Jesse Jones’ Venice work, *Tremble Tremble*, will be on show in late 2018.

Additionally, the University has purchased the film *Spite Your Face* to form part of its official Art Collections. In February 2018, nearly a decade after graduating, Ms Maclean will return to the University, and, alongside many others, will attend her film’s UK premiere at the Talbot Rice Gallery.

Ms Rachel Maclean



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# Stimulating success through cross-border research

**A mood of optimism prevails among Edinburgh’s early-career academics despite Brexit uncertainties.**

It is Edinburgh’s global reputation for academic excellence that draws so many early-career researchers to the city; it is the University’s international outlook that convinces so many to stay.

Those who choose to develop their careers here are part of a continuing story, key to the University’s success since its earliest days when European influences first held sway: among them a curriculum taking its lead from Paris; and experimental methods inspired by the Dutch.

It has always been a two-way process. As the University played host to the Scottish Enlightenment’s great flowering of thought in the 18th century, the celebrated French philosopher Voltaire proclaimed: “It is to Scotland that we look for all our ideas of civilisation.”

This appetite for endeavour that transcends disciplinary, intellectual and institutional boundaries endures to the present day, and in the wake of the 2016 EU referendum result, Edinburgh’s desire to be a leading centre of excellence, open to the world, is undiminished.

For the University, two priorities continue – to maintain the mobility of European staff and to sustain European-funded research partnerships. It is perhaps little surprise then, that in the past year, early-career academics at Edinburgh have secured €9 million from the European Research Council’s (ERC) Starting Grants programme.

The successful researchers, based across the University’s three Colleges, are quick to praise a funding scheme that enables ambitious, fundamental work. Among them is Dr Bin-Zhi Qian, Reader and Cancer Research UK Fellow at Edinburgh’s Medical Research Council Centre for Reproductive Health, whose research passion is cancer metastasis – how tumour cells spread – and therapy resistance. Working with teams in the US and Germany, his group’s goal is to develop effective treatments.

A sense of urgency pervades the work that informs his study into metastatic hormone refractory prostate cancer. Despite advances in early diagnosis, fewer than half of patients

“Collaboration across borders is vital. Brexit may impact recruitment, but the University has been very supportive. I am excited about what lies ahead.”  
**Dr Jennifer Smillie**

can expect to survive 12 months once tumour cells begin to resist current treatments.

“Working across borders is critical for success,” says Dr Qian. “The University has been extremely supportive, helping us to attract excellent scientists. Our thoughts, looking forward, are positive.”

Time is of the essence too for Dr Jennifer Smillie, a Royal Society Research Fellow in the University’s School of Physics & Astronomy, who is drawing meaning from data derived from the Large Hadron Collider (LHC) near Geneva.

The discovery in 2012 of the Higgs boson makes this a pivotal period for particle physics. The LHC is a discovery machine, designed to shed light on unanswered questions about physics at its smallest scale. With ERC funding, Dr Smillie can push forward: “With the LHC running, this is time-critical. Collaboration across borders is vital. Brexit may impact recruitment, but the University has been very supportive. I am excited about what lies ahead.”

In the School of Chemistry, Chancellor’s Fellow Dr Michael Cowley is seeking alternatives to costly, toxic metals that underpin much of the chemistry we rely on to make things such as plastics, drugs – even Post-it notes. By exploring the structure of new and unusual aluminium compounds, he hopes to devise cleaner, efficient alternatives, collaborating with other research groups. Having worked overseas, Dr Cowley knows the value of absorbing different techniques, scientific traditions and schools of thought. Such openness is vital: “The University is working to influence policymakers, trying to make it easy for people to cross geographical and scientific boundaries,” he explains. “If we lose this, our science and our society will be poorer.”

Another Chancellor’s Fellow, Dr Alice Street, is all too aware of barriers to progress. Based in the University’s School of Social & Political Science, she is striving to improve the

efficiency of rapid, portable diagnostic medical devices in areas devoid of transportation, communication or electrical infrastructure. Working with research partners in Sierra Leone and India, her study will investigate the social, cultural and technical processes involved in developing and using diagnostic tools in settings where resources are limited.

For Dr Street, the ultimate goal is to guide global health policy: “ERC funding provides an opportunity to lead a large-scale, comparative, anthropological study that not only addresses an intractable challenge, but also helps to advance theoretical thinking.”

This approach chimes with that of Dr Kevin Myant, Principal Investigator at the Cancer Research UK Edinburgh Centre, who is seeking to understand how colon cancer spreads, specifically how genetic mutations drive its formation. There has been huge investment in identifying mutations that occur in cancer, but it is unclear which ones cause disease to form and spread. Dr Myant aims to solve the riddle and pave the way for new therapies.

“The ERC provides generous funding for relatively high-risk, high-gain projects that other funders may find too speculative,” he explains. “Projects such as mine, which work across international boundaries, are ideal for this type of funding.”

It sits well too with Dr Sotiria Grek, Senior Lecturer in Social Policy, whose research explores how metrics – standards that measure efficiency, performance and progress – can actively contribute to policy decision-making across national borders, primarily in education and sustainable development. Her new project’s focus will be the complex relationship between international organisations and the production of statistical data. This comparative, transnational research focus has not only defined her career but also Dr Grek’s identity as a European citizen: “I have always considered the ERC more of an intellectual ‘home’ than just another funder. It values interdisciplinarity and nurtures in-depth study – the kind of slow social science that is so needed, yet is so rare.”

Left to right: Dr Alice Street, Dr Kevin Myant, Dr Sotiria Grek, Dr Michael Cowley and Dr Bin-Zhi Qian



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# Backing a life-changing investment for the whole community

On 20 July 2017, the University was one of several signatories to what could be one of the most significant events in its 434-year history.

The Edinburgh and South East Scotland City Region Deal pledged £1.1 billion to fund major infrastructure projects in Edinburgh, the Lothians, Fife and the Scottish Borders. The money will come from the Scottish and Westminster governments and partners in the local authorities, universities and private sector.

The ambition is to make Edinburgh and its surrounding area ‘the Data Capital of Europe’. By developing clusters of activity based upon data science – the collection, organisation and interpretation of large sets of digital information – the University will be key to achieving the City Region Deal’s goal.

“In many ways, the University is the glue that holds the whole thing together,” says Senior Vice-Principal Charlie Jeffery, who represented the higher education sector in the negotiations. “We have a vision and capacity for technological innovation that can change and drive the economy.”

“The funding gives us both the opportunity and the huge challenge to deliver on our potential,” says Vice-Principal Planning, Resources and Research Policy, Professor Jonathan Seckl. “It is intended to facilitate necessary and beneficial change in how we do things, how we engage with our city and impact on Scotland and the wider world.”

The University is dedicated to data innovation in both teaching and research. For example, it is home to Europe’s highest-ranking School of Informatics. Its world-class research in machine learning, robotics, computer science and artificial intelligence has spawned some 100 companies in recent years.

More sophisticated use of data allows better understanding and prediction of trends and behaviour, leading to improved services. One example of this can be found in University researchers’ work with diabetes patients at the University’s Usher Institute. Experts used vast data sets to ensure patients receive the best possible care at all points of contact within the NHS in Scotland. The work has significantly reduced the disease’s harshest effects: blindness is reduced by 40 per cent and amputations by 42 per cent.

Boosted by the City Region Deal, these existing data science practices will be scaled

“ This university has been in the city, doing great things, for several hundred years combining our strengths with that of the region, to create something new, something very valuable.

Senior Vice-Principal Charlie Jeffery

up and new ones developed. The process will change the University at both an operational and cultural level.

There will be three main emphases, according to Professor Seckl: “Outward-looking researchers; talent generation; and industrial and public sector partners in the same place, breathing the same air.”

The deal will facilitate these three areas by investing in major capital projects that will give a home to researchers, students and industries working on data-driven innovation. An example of this can already be seen in the recently created Bayes Centre, which will house computer scientists, engineers, mathematicians and industry colleagues working on fundamental computer and data science. Major partners such as Intel and Silicon Graphics are already lined up to move in to the building, on its completion in 2018.

In 2021, the Edinburgh Futures Institute will take up residence in the former Royal Infirmary and will pioneer how data can be used in the creative industries, financial sector, government and education.

The Usher Institute – working on health and social care data to improve care – currently exists virtually but the City Region Deal will give it walls.

The National Robotarium – a partnership with Heriot-Watt University – will see advances in robotics, while staff working on the University’s Easter Bush campus will work with environmental, genomics and genetic data, vital for improving agriculture.

“This is moving the University away from the traditional model of buildings in which academics and students mingle, but live their working lives apart from the rest of our city region,” explains Professor Seckl. “It should be where students are rapidly exposed to the working world, to jobs and innovation.”

The City Region Deal will further generate talent through lifelong education in the skills

needed for the data-driven economy, a sector that could be worth \$2.7 trillion in 2020, according to the International Data Corporation.

“This can’t just be growth that simply benefits those who were already doing well,” states Professor Jeffery. “It must be growth that is available to all. We have developed a strong emphasis on inclusion, making sure everyone across the region has a chance to develop those skills.”

The demand for workers with digital skills in Scotland is 11,000 a year. However, only 4,000 a year are currently being produced. The University is working to ensure that the opportunities of the data-driven economy are available to everyone, at all stages of their career.

“We are looking at skills for the data economy across the life-course,” explains Professor Jeffery. “We are looking at everything: how to adapt teacher training from primary school upwards; resources for primary and secondary schools; new forms of cooperation with colleges and other universities; and new ways of supporting on-the-job retraining and upskilling.”

Goals set by the City Region Deal include training 100,000 people to flourish in the data economy over the next 10 years, and the creation of 40,000 to 50,000 new jobs. Datalab, an innovation centre hosted by the University, has an important role to play, offering business development support and training opportunities to both start-up and established businesses.

“In a sense, the City Region Deal is an opportunity to renew that civic tradition on which the University was founded,” says Professor Jeffery. “This university has been in the city, doing great things, for several hundred years combining our strengths with that of the region, to create something new, something very valuable. The City Region Deal has the potential to be one of the landmarks in that centuries-long history.”

Senior Vice-Principal Charlie Jeffery



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# Cracking the code to supporting technology in African schools

**A lack of technology in sub-Saharan African schools has put millions of children at an educational disadvantage. Edinburgh graduate and PhD student James Turing has been working to remedy this through his foundation, the Turing Trust.**

Having first visited Ghana in 2009, James was struck by the lack of technology in school classrooms. Since then he has been working tirelessly to repurpose computers for use in schools across Africa, and has also been working to plug the technology gap.

After gaining his MEng in Structural Engineering & Architecture from Edinburgh in 2015, James is now working towards his PhD in International Development. His research focuses on the circular economy in Kenya, which led to the founding of the Turing Trust and his innovative approach to reusing IT equipment.

“After working in rural African communities for a couple of years, I realised that we weren’t able to support as many schools as we would like, with repurposed computers,” explains James. “Many didn’t have access to traditional on-grid electricity. This led us to establish SolarBerry, which is a solar energy experiment to see what we can do to solve that problem.”

In the past year his efforts have not gone unnoticed. He became one of only 18 students to be awarded a grant from the Clinton Global Initiative (CGI) University Innovation Fund. The fund supports effective, high-impact student innovators and entrepreneurs from around the world.

Ms Megan Strawther, Community Engagement Manager for CGI, explains that the project was chosen for a grant because CGI believed the funds would be implemented thoughtfully and result in significant impact.

“James has consistently demonstrated his reliability, passion for the work, and a willingness to adapt to changing circumstances,” says Ms Strawther. “He is tackling many issues, including lack of digital access within rural communities, the

“I’ve been around these schools for nearly seven years and the desire for education is always awe-inspiring.”  
**Mr James Turing**

technological gap and, perhaps most significantly, access to educational resources. He has dedicated months of his life to really understanding the needs of these communities and we are confident that through his commitment, these areas will be significantly impacted.”

As a direct result of the CGI funding, James and his colleagues were able to work closely with communities in Malawi to identify their specific needs. James is conscious that the Turing Trust works with in-country partners wherever possible and that the relationships with these contacts form the crux of their projects.

“Our work isn’t about white saviours going in and distributing things,” he says. “We always work with in-country partners. In Malawi we are working with a charity called the Centre for Youth and Development. These partnerships truly define everything we do and without them we simply wouldn’t have a project.”

“One of the first steps is getting teachers involved,” he continues. “When they get a computer in their school you always find that teachers are some of the happiest beneficiaries. In their free time they can almost be guaranteed to be using the computers and improving their own digital skills, which then trickles down to the students.”

For James the innovative aspect of the work is simply spending time with the communities and making sure that what is being done is actually working effectively: “We want to ensure that the computers stay working for the next five years or longer; that’s our aim.”

James hopes that the work of the Turing Trust will enable people from rural areas to catch up with their urban counterparts and create an equal distribution of digital opportunities.

“I’ve been around these schools for nearly seven years and the desire for education is always awe-inspiring,” he comments. “The conditions are extremely basic for many children. You don’t think we live in a world where poverty is so endemic but people are genuinely malnourished. With education you sometimes think you’re leapfrogging too far and that the focus should be on food rather than computers but we hope that our work can help improve circumstances in these communities.”

With his PhD work overlapping with the work of the Turing Trust, James is clearly grateful for the support his supervisors have offered him in the past few years. The University supported the Trust’s efforts in a more practical way too: “Our workshop was based in High School Yards for the past two years and we would not have achieved so much if we didn’t have that backing,” comments James. “During that time we grew from delivering a few hundred computers a year to delivering 1,500 a year. We’ve crossed a hurdle thanks to the University’s support.”

James founded the Turing Trust in honour of his great uncle, the computer scientist and World War II code-breaker Alan Turing. His uncle’s legacy is kept alive by James’ work with the Trust. Alan Turing wanted technology to be available to all and was keenly aware that the underprivileged in the world require support.

“One of the lesser-known things about Alan was his charitable philosophy and the fact that he sponsored a refugee through higher education throughout his life,” reveals James. Turing helped a young Jewish refugee from Vienna who arrived in the UK in 1939 by securing him a place in a public school and maintaining an interest in his career.

“When Alan was developing aspects of computing, he would never have wanted access to be restricted to only the wealthiest people in the world,” says James. “Alan undoubtedly would have wished his technology and work to be shared the world over, which is what we are trying to do with the Turing Trust.”

Mr James Turing



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# Racing to develop the next mode of transport

A student team’s award-winning efforts to bring about the creation of a revolutionary mode of transport are providing them with a remarkable Edinburgh experience.

Over the past two years members of a student team, called HYPED, have spent countless hours pursuing a global challenge: to help design and build a futuristic travel system known as the Hyperloop.

The brainchild of billionaire entrepreneur Elon Musk, the Hyperloop is a mode of transport intended to take passengers over land in pods travelling at around 750mph in a near-vacuum tube. These pods are accelerated by linear induction motors and pass between stations using passive magnetic levitation. A pod could carry up to 20 passengers, and building a route linking Edinburgh and London could allow journey times of just 45 minutes.

The Edinburgh team’s hard work and dedication was richly rewarded in 2017 as its achievements took members of HYPED halfway around the world and won them international recognition.

The team’s President, electrical and mechanical engineering undergraduate Adam Anyszewski, believes its success is partly down to its diversity and the international mix of students involved.

“Team spirit is key,” says Adam. “There are a lot of really ambitious students at Edinburgh, and at HYPED we are working together to try to do something interesting for our careers and the well-being of the world.”

Founded in 2015 by a handful of engineering students, HYPED has since grown into a well-structured society with more than 100 members from disciplines including engineering, business, art and law.

Russian postgraduate Sophiya Volkova, who leads HYPED’s six-strong legal team, is currently pursuing an MSc International Business with Emerging Markets, following her undergraduate studies in law at Edinburgh. She was initially drawn to the University by its prestige and the study options available: “The University’s reputation was a big attraction – it’s valued around the world,” says Sophiya. “I also wanted to study law and combine it with Spanish, which is

“Team spirit is key. There are a lot of really ambitious students at Edinburgh, and at HYPED we are working together to try to do something interesting for our careers and the well-being of the world.

Mr Adam Anyszewski

something very few universities in the UK offer. Since I’ve been at Edinburgh, HYPED has become a very significant part of my life, and a definite highlight of my university career.”

Last summer HYPED was the only group from the UK – and one of just four European teams – to reach the final of a contest to design and build a prototype Hyperloop pod. Out of 1,200 groups that submitted initial designs to the SpaceX Hyperloop Pod Competition, HYPED was one of only 24 teams invited to compete in the final in California.

Macaulay Versey, who is currently studying electrical and mechanical engineering at Edinburgh, is an integral part of HYPED’s technical team and rightly proud of its achievements: “The pod was built in around three months by a handful of HYPED members,” he reports. “The fact we were able to build the pod in such a short time-span and take it to California to compete is remarkable.”

Despite putting in a strong performance in California, the team didn’t win, but Adam believes HYPED can achieve this in future: “We firmly believe it’s within our abilities to finish in one of the highest positions at the next SpaceX competition,” he says. “Taking part was a huge logistical challenge – we moved 20 people and half a tonne of gear to the other side of the Atlantic – so this year we’ll begin planning and building much earlier.”

Since its inception, HYPED has drawn on the expertise, advice and experience of Professors Gordon Masterton and Win Rampen of the University’s School of Engineering, who made an invaluable contribution to their efforts.

“I’ve met with the team weekly over the past year to discuss technical issues,” comments Professor Rampen. “It has been my privilege to work with this group of self-organised and highly motivated, visionary students.”

Alongside their technical expertise in Hyperloop pod design, HYPED’s business awareness was also demonstrated last summer when they became the only student team to win a top prize in a related commercial competition.

More than 2,600 teams registered for the Hyperloop One Global Challenge, which tasked teams with developing detailed plans for the most feasible routes to implement one of the world’s first Hyperloop systems. HYPED’s proposed route from Edinburgh to London was chosen as one of just 10 winners by an expert panel.

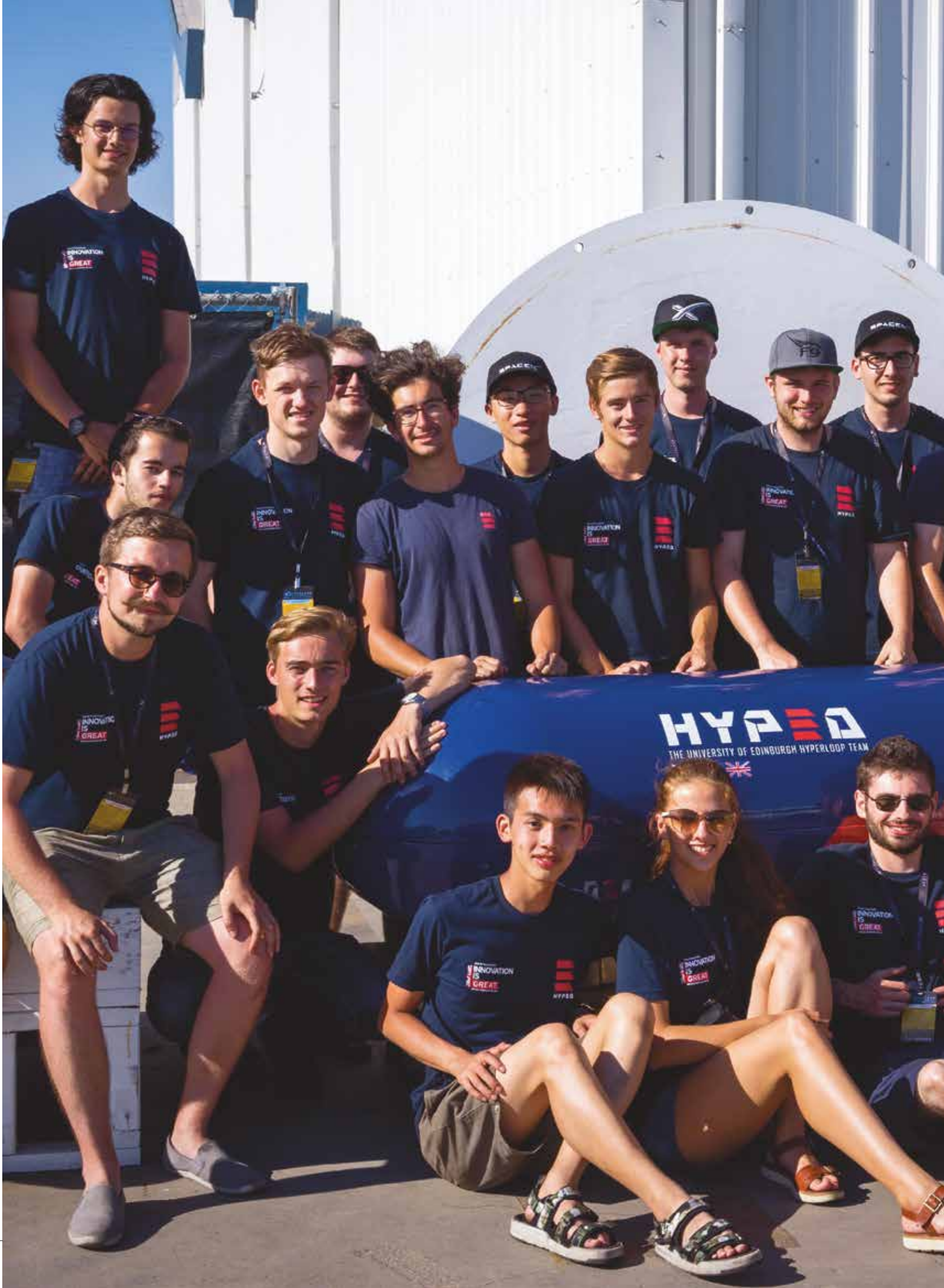
“Our ability to tackle both the technical and commercial challenges presented by the Hyperloop arguably makes HYPED the most accomplished student team working on the technology,” says Adam.

HYPED were the only team to compete in both the SpaceX pod competition and also win Hyperloop One’s business challenge.

Their involvement in Hyperloop One was led by Carolina Toczyska, the team’s Head of Commercial, who is pursuing a PhD in data-driven innovation. Caroline highlights the key role played by the University in helping to create impactful societies: “The University enables students here to create and build amazing experiences for themselves through its support for societies like HYPED,” she says. “I hope that we can inspire other people and show them that there is so much you can achieve as a society at Edinburgh.”

As well as aiming for more success in the next SpaceX pod competition, the team is looking to further develop commercial ties with Hyperloop One and other companies. It is also working on an outreach programme aimed at encouraging more young people, particularly females, into STEM subjects. After a momentous year, the determination and drive of the students of HYPED is sure to propel them on to yet greater success.

Mr Adam Anyszewski, seated front far left, with members of the student team HYPED



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# The Students' Association Teaching Awards 2016–17

Now in their ninth year, the Students' Association Teaching Awards honour the very best contributions to the student learning experience made by teaching and support staff across the University.

More than 2,400 nominations were received from students for this year's awards, which took place in Teviot Row House on Thursday 27 April 2017.

Here we celebrate the winners and share some of the many positive and insightful comments made by the students who nominated them.



**Best Innovative Assessment**  
**Fiona Duffy**  
School of Health in Social Science

for: Applied Psychology for Children and Young People

*"We all developed new services, resources and training that are likely to be useful in the real world. I came out of the assignment with not only a good grade and a strong theoretical understanding, but I had a new mental health resource that I could discuss with future employers."*

**Best Personal Tutor**  
**Dr Rachel Howell**  
School of Social & Political Science


*"She really cares about every student who passes through her doors. She uses her own experiences to connect to us and suggest the best ways forward."*




**Best Feedback**  
**Dr Carlos Soler Montes**  
School of Literatures, Languages & Cultures

*"His feedback is beyond compare... he explains concepts thoroughly, diagnosing the individual strengths and weaknesses of each student while also seeking out 'teachable moments' that are useful for the entire class."*







**Best Course**  
**Dr Chris Breward and Dr Nikki Moran**  
Edinburgh College of Art

for: Music, Style, Identity and Image in the Modern Age

*"This is the first time we have had the opportunity to do a course that is truly cross-disciplinary. It is the only course I have taken which includes a wide range of students from all over the art school, including visiting students. The discussion in seminars is always lively and there has also been a refreshing amount of content about gender and race relations."*



**Best Student Who Tutors**  
**Tim Squirrel**  
School of Social & Political Science

*"When you go to his tutorials, you know you have someone who cares about your academic development and who is there to prepare you for the trauma of your very first university essays."*



**Best Support Staff**  
**Karen Howie**  
School of History, Classics & Archaeology

*"Karen is the linchpin of the School, without her and her IT team, I am convinced the School would fall apart. She is a gold standard employee and the University must never let her go."*



**Kendell Award for Best Teaching in Medicine**  
**Dr Kate Byrne**  
Edinburgh Medical School

*"Kate is fully supportive of all her pupils, taking time to get to know each and every one of us. She strikes the perfect balance between offering knowledge and help and encouraging us to puzzle things out for ourselves."*



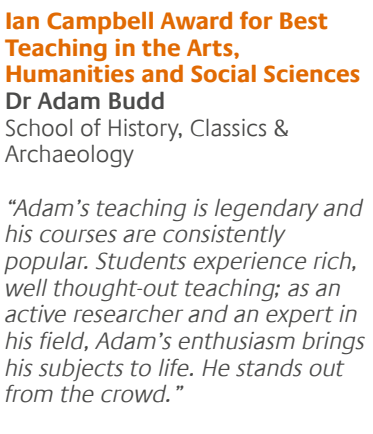
**Best Research or Dissertation Supervisor**  
**Sarah Dunnigan**  
School of Literatures, Languages & Cultures

*"Sarah's contribution to academic life has been her unwavering compassion and kindness as a supervisor. She is an inspirational educator who has supported countless students through their postgraduate studies."*



**Van Heyningen Award for Best Teaching in Science and Engineering**  
**Corinne Baulcomb**  
School of GeoSciences

*"Corinne has blown me away by not only the sheer extent of expert knowledge that she has been able to convey precisely and clearly but also the enthusiasm and excitement that she has for the subject. The teaching has been fluid, fresh and challenging."*



**Ian Campbell Award for Best Teaching in the Arts, Humanities and Social Sciences**  
**Dr Adam Budd**  
School of History, Classics & Archaeology

*"Adam's teaching is legendary and his courses are consistently popular. Students experience rich, well thought-out teaching; as an active researcher and an expert in his field, Adam's enthusiasm brings his subjects to life. He stands out from the crowd."*



**Best Teaching in Veterinary Science**  
**Jenna Richardson**  
Royal (Dick) School of Veterinary Studies

*"It is a challenging thing to make a 150+ seated lecture theatre of mixed-age, tired, unenthusiastic students feel re-enthused immediately after Christmas, but Jenna has done it from day one of our return."*



# Review of the year

A selection of news and events from August 2016 to July 2017

**August 2016**  
**Deep time illuminates Edinburgh castle**

The world-famous Edinburgh International Festival launched with an epic, outdoor artwork of animation, lighting and music celebrating 350 million years of the city's history. The 18-minute display, *Standard Life Opening Event: Deep Time*, was enjoyed by almost 30,000 people who watched the breathtaking animation as it was projected onto Edinburgh Castle and Castle Rock accompanied by music from the Scottish band Mogwai.

University staff worked closely with 59 Productions to help produce the event, which was inspired by the concept of geologic, or 'deep', time, developed by alumnus and 'father of geology' James Hutton in the 18th century.

Professor Dorothy Miell, Vice-Principal and Head of the College of Arts, Humanities & Social Sciences, commented: "This spectacular show is another cutting-edge project demonstrating our long-standing and inspiring partnership with the Edinburgh International Festival and our pioneering work with the digital arts."

[www.eif.co.uk/2016/deeptime](http://www.eif.co.uk/2016/deeptime)

**September 2016**  
**The University welcomes all on Doors Open Day**

The University took part in the annual Edinburgh Doors Open Day, one of the city's most popular free events. Promoted by the Scottish Civic Trust and coordinated by the Cockburn Association, the event offers people a rare opportunity to see inside some of the most important architectural, social and cultural buildings in the area.

With a 430-year history and an estate which includes many converted, listed and contemporary buildings, the University was able to offer an interesting and varied selection for the weekend-long event.

Visitors enjoyed access to buildings including the refurbished St Cecilia's Hall (pictured is a detail of the building's metal façade) in the University's Central Area; the FloWave Ocean Energy Research Facility at the King's Buildings; and the Anne Rowling Regenerative Neurology Clinic at Little France. Each building provided information to help visitors learn more about its history, design and day-to-day function, and many offered a range of activities, exhibitions and talks.

[www.cockburnassociation.org.uk/edinburgh-doors-open-day](http://www.cockburnassociation.org.uk/edinburgh-doors-open-day)

**October 2016**  
**Chemistry alumnus wins Nobel Prize**

Edinburgh alumnus Professor Sir J Fraser Stoddart was awarded the Nobel Prize in Chemistry. The prize was awarded jointly to Professor Stoddart, Jean-Pierre Sauvage and Bernard Feringa for the design and synthesis of molecular machines. Professor Stoddart is one of the few chemists of the past 25 years to have created a new field of organic chemistry. His award recognises his development of a rotaxane molecule in 1991.

Professor Sir Timothy O'Shea, Principal of the University, welcomed the achievement: "For someone who has given so much to others throughout his career, we are thrilled that Professor Stoddart's work is being celebrated at the highest level."

Professor Stoddart, currently of Northwestern University in Illinois, received his BSc from Edinburgh in 1964 and a PhD two years later. He was also awarded a DSc degree by the University in 1980 for his research into stereochemistry beyond the molecule.

[www.nobelprize.org](http://www.nobelprize.org)

**November 2016**  
**Festival celebrates Gaelic community**

The University was closely involved in the week-long Edinburgh Gaelic Festival, known as Seachdain na Gàidhlig in Gaelic. Among the highlights were the screenings of two Gaelic films, *Tron Doras* (pictured) and *Shepherds of Berneray*, at the University's 50 George Square, and a whisky tasting event led by the University's Water of Life Society, during which experts offered an insight into the pronunciation and meaning of Gaelic whisky names.

A new Gaelic journal was launched at the University in partnership with publishers Clàr during the festival. *STEALL* features established and up-and-coming new Gaelic writers. For the festival finale, the University's Highland Society hosted a ceilidh in Teviot Row House.

The annual festival is run by a dedicated committee of volunteers and is supported by Gaelic officers from the University and Iomairt Dhùn Èideann (the Edinburgh Gaelic Initiative).

[www.ed.ac.uk/about/gaelic-language-plan](http://www.ed.ac.uk/about/gaelic-language-plan)

**December 2016**  
**University commits to cut carbon by 2040**

The University's new Climate Strategy was launched, which aims for the institution to be zero carbon by 2040. Action is being taken across all of the University's activities, including research, learning and teaching, operations and responsible investment. The first scheme from the strategy was a £2.75 million initiative called the Sustainable Campus Fund to help bring to reality sustainability suggestions made by staff and students.

Edinburgh's world-leading climate research has secured more than £50 million in funding over the past seven years. The University has also invested more than £30 million in low-carbon and renewable technology on campus. Senior Vice-Principal Charlie Jeffery commented: "In this strategy, we commit to long-term goals to ensure we are leading the way in tackling climate change across all of our activities and recognising the core strength of the University as a globally connected, socially committed research and learning organisation."

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

**January 2017**  
**Zebrafish aid quest to treat disease**

A study, published in the journal *Scientific Reports*, revealed how tropical fish are helping scientists to stop inflammation in the body. Researchers used specialised microscopes to watch neutrophils cells, that are part of the immune system, as they heal wounds in living zebrafish. Once an infection has been cleared, neutrophils usually self-destruct to prevent bystander damage to healthy tissues. Scientists discovered that a key molecule called CDK9 helps neutrophils to swerve the self-destruct process, keeping the inflammation going. Blocking CDK9 – using drugs called CDK9 inhibitors – triggered the neutrophils to die, resolving inflammation in the fish.

"These relatively simple fish are helping us to understand the fundamental process underpinning the resolution of inflammation, and will help discover new therapies for the treatment of inflammatory diseases," said Professor Adriano Rossi of the Medical Research Council Centre for Inflammation Research, where the research was carried out.

[www.nature.com/articles/srep36980](http://www.nature.com/articles/srep36980)



August 2016



September 2016



October 2016



November 2016



December 2016



January 2017



# Review of the year

**February 2017**  
**Enhancing skills through the Festival of Creative Learning**

The University's Festival of Creative Learning saw more than 130 events open to all staff, students and members of the wider community. The week-long event aimed to give people an opportunity to work together and learn new skills.

Among the inspiring and creative offerings were a mathematics themed bake-off competition, a workshop showcasing the biological science behind glow-in-the-dark plants, and an introduction to mindfulness and beginners' Spanish – combining relaxation with learning a new language.

Run by the Institute for Academic Development, the Festival of Creative Learning builds on Innovative Learning Week, which ran from 2012 to 2016. It aims to celebrate and share good practices happening throughout the University, and support innovative ways of teaching.

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

**March 2017**  
**World's first national live music census takes place**

For 24 hours in March, organisers of the UK Live Music Census monitored performances in cities across the country – including buskers, choirs, pub gigs and stadium concerts. The aim of the survey – a world first – was to help measure live music's cultural and economic value and inform policy to help it flourish.

The Arts and Humanities Research Council-funded census – conducted by the Universities of Edinburgh, Newcastle and Glasgow – recruited volunteers to record aspects of a gig including the musical genre, the venue and the audience demographic.

Dr Matt Brennan, Chancellor's Fellow, Reid School of Music, said: "Live music in the UK – from the Beatles and the Sex Pistols to West End musicals and Glastonbury – has transformed our culture, yet it is constantly under pressure. This census will help give us an accurate snapshot of the scene's health."

[www.uklivemusiccensus.org](http://www.uklivemusiccensus.org)

**April 2017**  
**Funding backs next stage of Roslin research**

Research to improve the health, welfare and sustainability of livestock farming received a £29.3 million award from the Biotechnology and Biological Sciences Research Council (BBSRC). The funding is part of a £318 million UK-wide investment by the BBSRC to support strategic research programmes in the UK's National Institutes of Bioscience, of which the University's Roslin Institute is one.

"The Institute plays a pivotal role in the University's mission to tackle the many pressing issues in animal health and welfare, including those which have implications for human health and sustainability of animals in the food chain," explained Professor Sir Timothy O'Shea, Principal and Vice-Chancellor at the University.

The funding will support three key programmes of research: how genes determine the healthy development and function of systems in the body; infectious diseases in farmed animals; and the role of genetic, environmental and dietary factors that affect livestock growth.

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

**May 2017**  
**Edinburgh wins the Scottish Boat Race**

Edinburgh rowed to victory over Glasgow rivals in the Scottish Boat Race. The annual rowing competition, held on the River Clyde, is the third oldest boat race in the world.

Edinburgh took the trophy after winning all seven of the races: the Graduates Race; Men's Beginner VIII; Novice Women's Race; Men's 2nd VIII; Women's 2nd VIII; Men's 1st VIII and Women's 1st VIII. Rowers included beginners, alumni, and senior men and women from Edinburgh University Boat Club.

The Boat Club, which celebrated its 150th anniversary in 2017, is one of the biggest sports clubs at the University with 230 members. It is one of only a handful of clubs in the UK to host a high-performance programme supported by the organisation British Rowing. The programme was awarded in recognition of the club's excellent track record nurturing world-class rowers.

[www.edinburghrowing.co.uk](http://www.edinburghrowing.co.uk)

**June 2017**  
**Innovation celebrated at Inspire Launch Grow Awards**

The 2017 Inspire Launch Grow (ILG) Awards were held in the University's Informatics Forum. The annual awards recognise University staff, researchers, students and alumni who have started a business or social enterprise or turned their research into a business opportunity. Prize money worth a total of £20,000 was awarded to winners of the Innovation Cup, Emerging Innovation Award, the Social and Environment Award and the Enterprise Award.

Grant Wheeler, Head of Enterprise Development at Edinburgh Innovations, commented: "The entrepreneurial talent here at the University is among the best in the UK and this is reflected in the quality of this year's entries to the ILG awards. The presence of so many successful companies that started here at the University, during the Principal's term of office, highlights the first-class support that we provide to the student and staff network."

At the event, the Principal, Professor Sir Timothy O'Shea, was awarded with a Marty the Robot from Robotical, a previous ILG Innovation Cup winner, as a thank you for his support of ILG over the years.

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

**July 2017**  
**Dementia prevention hopes raised by £1.9m boost**

A £1.9 million investment in dementia research was announced. The project – known as the TriBEKa Consortium – aims to give a clearer understanding of the first factors that determine risk of dementia. It brings together experts led by the University, the Barcelonabeta Brain Research Centre and Sweden's Karolinska Institute. The funding came from the US-based Alzheimer's Association and a donation from an anonymous international charitable foundation.

As part of the project, researchers will study the brain using positron emission tomography and magnetic resonance imaging. Participants in the study will also take part in memory tests, and family history and lifestyle assessments.

Professor Craig Ritchie, Director of the University's Centre for Dementia Prevention, said: "As brain changes that cause dementia happen many years before symptoms, we have an opportunity to prevent progression before people are affected. TriBEKa puts us in a unique position to understand how we might do this."




















[www.centrefordementiaprevention.com](http://www.centrefordementiaprevention.com)





# Honorary graduations and other distinctions

Those awarded honorary degrees between 1 August 2016 and 31 July 2017

	<p><b>Professor Dr Elena Vladimirovna Boldyreva</b> Head of Chair of Solid State Chemistry, Novosibirsk State University, Russia Doctor of Science</p>		<p><b>Ms Caroline Natalie Freedman</b> University of Edinburgh appointed member on RCVS Council and active supporter and ambassador of the Royal (Dick) School of Veterinary Studies Honorary Fellow</p>		<p><b>Professor Bruno Latour</b> Professor of Sociology, Institut d'Etudes Politiques de Paris (Sciences Po) Doctor of Science in Social Science</p>		<p><b>Mr Tom Nairn</b> Author and academic Doctor of Science in Social Science</p>		<p><b>Professor Randy W Schekman</b> Professor of Cell and Development Biology, University of California, Berkeley Doctor of Science</p>		<p><b>Mr Brian Robertson and Mr Alastair Maclean</b> Robert O Curle Charitable Trust Named after a former staff member, the trust supports medical and veterinary research at the University.</p>
	<p><b>Mr Donald Hood Brydon CBE</b> Chairman, Medical Research Council, London Stock Exchange and Sage Plc Doctor <i>honoris causa</i></p>		<p><b>Professor Yvonne Galligan</b> Professor of Comparative Politics, and founding Director, Centre for Advancement of Women in Politics, Queen's University Belfast Doctor of Science in Social Science</p>		<p><b>Ms Lilian Keddie Lawson OBE</b> Retired Director of Scottish Council on Deafness Doctor <i>honoris causa</i></p>		<p><b>Professor Helga Nowotny</b> Professor Emerita of Social Studies of Science, ETH Zurich, former President European Research Council Doctor of Science in Social Science</p>		<p><b>Mr Andrew James Scott</b> Artist and sculptural practitioner specialising in public art Doctor <i>honoris causa</i></p>		
	<p><b>Professor Kurt Roger Deketelaere</b> Secretary-General of the League of European Research Universities Doctor of Laws</p>		<p><b>Dr Luke Robert Gamble</b> Founder and Chief Executive of Worldwide Veterinary Service and Mission Rabies Doctor of Veterinary Medicine and Surgery</p>		<p><b>Mr Magnus Duncan Linklater CBE</b> Former Editor of <i>The Scotsman</i>, broadcaster and author Doctor <i>honoris causa</i></p>		<p><b>Mr Tony Oursler</b> Film and Video Artist Master of Arts, <i>honoris causa</i></p>		<p><b>Mr Oliver William Stone</b> Filmmaker Doctor <i>honoris causa</i></p>		
	<p><b>Professor Dianne Edwards</b> Research Professor and Director of Innovation and Engagement, Cardiff University Doctor of Science</p>		<p><b>Dr Alasdair Robert Harris</b> Executive Director of Blue Ventures Doctor of Science</p>		<p><b>Mr Joshua Howard Littlejohn</b> Co-founder of Social Bite and social entrepreneur Doctor of Science in Social Science</p>		<p><b>Professor Sir Roger Penrose</b> Emeritus Rouse Ball Professor of Mathematics at the University of Oxford Doctor of Science</p>		<p><b>Mr Charles Basil Tilley OBE</b> Former Chief Executive of the Chartered Institute of Management Accountants Doctor <i>honoris causa</i></p>		
	<p><b>Professor Wolfgang Hermann Wernher Ernst</b> Regius Professor of Civil Law, University of Oxford Doctor of Laws</p>		<p><b>Professor Andrew Harrison</b> Chief Executive Officer, Diamond Light Source Ltd, Honorary Professor, School of Chemistry, the University of Edinburgh Doctor of Science</p>		<p><b>Mr Robert Paul Madelin</b> Former Director-General, Communications Networks, Content and Technology, European Commission Doctor <i>honoris causa</i></p>		<p><b>Professor William Reid</b> Dean of Postgraduate Medicine, Scotland Deanery (South East Region) Doctor <i>honoris causa</i></p>		<p><b>Mr Justin Pierre James Trudeau</b> Prime Minister of Canada Doctor <i>honoris causa</i></p>		
	<p><b>Reverend Margaret R Forrester</b> Former Minister of St Michael's Church of Scotland, Edinburgh Doctor of Divinity</p>		<p><b>Professor Brigid Laffan</b> Director of the Robert Schuman Centre for Advanced Studies and Director of the Global Governance Programme, European University Institute, Florence Doctor of Laws</p>		<p><b>Dr Michael Hugh Mosley</b> Science journalist, presenter and executive producer Doctor of Science</p>		<p><b>Dr Denis Rutovitz</b> Retired section head, MRC Human Genetics Unit, now Chairman (and founder) of Edinburgh Direct Aid Doctor of Science</p>		<p><b>Professor Andrew Whiten</b> Professor of Evolutionary and Developmental Psychology and Wardlaw Professor of Psychology, University of St Andrews Doctor <i>honoris causa</i></p>		

## University Benefactors



# Awards and achievements

A selection of accolades bestowed upon staff, students, alumni and associates of the University of Edinburgh between 1 August 2016 and 31 July 2017

## Queen’s Honours

**New Year Honours**  
**Professor Susan Deacon**, Assistant Principal External Relations, was appointed Commander of the Order of the British Empire (CBE) for services to business, education and public service.

**Professor Christopher Haslett**, Director of the Queen’s Medical Research Institute, was appointed CBE for services to medical research.

**Simon Frith**, Tovey Professor of Music, was appointed Officer of the Order of the British Empire (OBE) for services to higher education and popular music.

**Susan Rhind**, Chair of Veterinary Education at the Royal (Dick) School of Veterinary Studies, was appointed OBE for services to veterinary education.

The **Reverend Dr Harriet Harris**, the University Chaplain, was appointed Member of the Order of the British Empire (MBE) for services to multi-faith education.

**Kathleen Hood**, retired Head of Widening Participation, was appointed MBE for services to widening participation in higher education.

**Birthday Honours**  
**Dr Colin Adams**, former Director of Commercialisation in the School of Informatics and Director of Informatics Ventures, was appointed CBE for services to innovation and entrepreneurship.

**John Moore**, Professor of Political Economy in the School of Economics, was appointed CBE for services to economics.

**Polly Arnold**, Crum Brown Chair of Chemistry, was appointed OBE for services to Chemistry and Women in Science, Technology, Engineering and Maths.

**Mrs Margaret K Ross**, Senior Lecturer for Dental Care Professionals and Programme Director for the BSc (Hons) Oral Health Sciences, was appointed OBE for services to dentistry.

## University Awards

**Chancellor’s Awards 2016**  
These annual awards, presented by the University’s Chancellor, are given in recognition of innovation, relevance, creativity and personal dedication in teaching and research.

**Dr Jessie Paterson**, Lecturer in Student Learning at The Royal (Dick) School of Veterinary Studies received the Award for Teaching.

**Professor Andrew Rambaut**, Chair in Molecular Evolution, School of Biological Sciences, received the Award for Research.

**Professor Lesley McAra**, Assistant Principal Community Relations and Chair of Penology, and **Professor Susan McVie**, Chair of Quantitative Criminology, School of Law, received the Award for Impact.

**Dr Sam Spiegel**, Lecturer in International Development and Director of Research at the Centre of African Studies, received the Rising Star Award, which honours early-career staff who demonstrate great potential.

**Principal’s Medals 2016**  
These medals are one of the most important ways in which the University recognises both support and academic staff or current students who have made outstanding contributions to both the University and wider communities. Recipients are nominated by colleagues or fellow students.

**Amy Woodgate**, Project Manager, Distance Education Initiative & Massive Open Online Courses (MOOCs), and the MOOCs Team, received the Exceptional Service medal in recognition of their major contribution in establishing the University’s internationally leading reputation for delivering MOOCs.

**Colin Adams**, Director of Commercialisation, received the Service to the Community award in recognition of his work in leading the commercialisation activities within and beyond the School of Informatics.

**Tam Dalyell Prize for Excellence in Engaging the Public with Science**  
The 2016 prize was awarded to **Professor Jon Oberlander**, Chair in Epistemics in the School of Informatics, who died suddenly and tragically in December 2017.

## Research recognition

**Nobel Prize in Chemistry**  
**Professor Sir J Fraser Stoddart**, alumnus of the University, has jointly been awarded the Nobel Prize in Chemistry for the design and synthesis of molecular machines. Professor Stoddart received his BSc from Edinburgh in 1964 and a PhD in 1966. In 1980 he was awarded a DSc.

**Regius Chair of Medical Science**  
**Professor Sir John Savill**, former Head of the College of Medicine & Veterinary Medicine, was appointed to the Regius Chair of Medical Science at the University in recognition of his international reputation and outstanding contribution to medical research in investigating the molecular processes of inflammation.

**Royal Commission for the 1851 Exhibition Medal**  
**Professor Emeritus Peter Higgs**, Nobel Laureate in Physics 2013, has received the Royal Commission for the 1851 Exhibition Medal for his outstanding contribution to physics. It is only the third time the medal has been awarded since its introduction in 2006.

**British Medical Journal Imaging Team Award**  
The **Clinical Research Imaging Centre** and partners NHS Lothian won the BMJ Imaging Team Award for their SCOT-HEART trial using CT coronary angiography, which has led to a threefold reduction in standard invasive angiography, and led to a new model for testing people with chest pain.

**Royal Scottish Geographical Society’s W S Bruce medal**  
**Dr Andy Hein**, a Chancellor’s Fellow in the School of GeoSciences, was presented with the W S Bruce medal by the Royal Scottish Geographical Society. The award recognises his scientific research into the history of ice-sheet fluctuations in Antarctica.

**Academia Europaea**  
**Professor Ian Ralston**, School of History, Classics & Archaeology, was elected as a member of the Academia Europaea. The Academia is a pan-European academy of science, humanities and letters with 4,000 members, including 72 Nobel Laureates.

## Making an impact

**Academic Association for Contemporary European Studies (UACES)**  
**Professor Jo Shaw**, Salvesen Chair in European Institutions received a UACES Lifetime Achievement Award, for her contribution to the development of European Studies as a discipline.

**Tilden Prize**  
**Professor Neil McKeown** was awarded the Royal Society of Chemistry’s Tilden Prize for advances in chemistry, for his work on making porous materials that can be used to separate substances or in safety sensors for the chemical industry.

**Points of Light**  
**Dr Andrew Murray**, from the Physical Activity for Health Research Centre, was given a Points of Light award by the Prime Minister Theresa May. As well as volunteering his medical expertise, Dr Murray has raised more than £170,000 for charity through his extreme running achievements.

**British Psychological Society’s Award for Innovation in Psychology**  
The **Psychology** teaching team at the University was recognised for enhancements made to its undergraduate programme. Changes have been made to improve the active engagement of students in the course, and give them more experience with psychological research and transferable skills.

**Association of Human Rights Institutes**  
**Dr Kasey McCall-Smith**, Edinburgh Law School, was appointed Chair of the Association of Human Rights Institutes (AHRI). AHRI is an international network, which undertakes research and educational activities in the field of human rights, globally. Dr McCall-Smith will lead AHRI on behalf of the University’s Global Justice Academy for a three-year term.

**University Students’ Association of the Year Award**  
**Edinburgh University Students’ Association** received the accolade at the NUS Scotland 2017 Awards. The award recognises the progress the Students’ Association has made over the past two years in seeking to become more inclusive and relevant to students.

## Rising stars

**Royal Society of Chemistry**  
**Dr Andrew Lawrence**, Senior Lecturer in organic chemistry, won the society’s Hickinbottom Award, which is for contributions to organic chemistry from a researcher under the age of 35, for his work on improving how scientists make medicines, agrochemicals and other materials.

**Dr Nicholle Bell**, Research Fellow, won the Joseph Black Award for 2017, which is made to an early-career scientist in any field covering the practice and teaching of analytical science. Dr Bell won for her work in creating tools for assessing the status of peatlands.

**British Ramsay Memorial Fellowship**  
**Dr Jenni Garden**, Christina Miller Fellow in the School of Chemistry, was awarded a two-year British Ramsay Memorial Fellowship which she will take up when her current fellowship ends in September 2018.

**Royal Scottish Academy New Contemporaries**  
Seventeen 2016 graduates from Edinburgh College of Art were selected to exhibit at the Royal Scottish Academy’s New Contemporaries exhibition, and won six awards:

**Oliver Beetschen**, **Shimal Morjaria** and **Jonathan Piper** won the RSA Architecture Prize; **Frances Rokhlin** won the Glenfiddich Artists in Residence Prize; **Megan Hampton** won the Friends of the Royal Scottish Academy Award; **Doug Stevens** won the Edinburgh Sculpture Workshop Graduate Research Award; **Lucy Wayman** was awarded the RSA Chalmers Bursary; and **James Howden Boyle** won the RSA Stuart Prize.

**Royal Society of Edinburgh Prizes**  
Prizewinners from the University include: **Dr Sinead Rhodes**, Deputy Director of Salvesen Mindroom Centre – the Innovator’s Public Engagement Prize; **Professor Polly Arnold** FRSE, the Crum Brown Chair, School of Chemistry – the Lord Kelvin Medal; **Dr Stephen Brusatte**, Chancellor’s Fellow in Vertebrate Palaeontology, School of Geosciences – the Makdougall Brisbane Medal; **Dr Mirko Canevaro**, Chancellor’s Fellow in Classics, School of History, Classics & Archaeology – the Thomas Reid Medal.

## Fellowships

**Royal Society**  
Four members of University staff have been elected Fellows of the Royal Society:

**Professor Wendy Bickmore**, Director of the MRC Human Genetics Unit; **Christopher Bishop**, Professor of Computer Science; **Gabriele Hegerl**, Professor of Climate System Science; and **Josephine Pemberton**, Professor of Molecular Ecology.

**Michela Massimi**, Professor of Philosophy of Science in the School of Philosophy, Psychology & Language Sciences, was awarded the society’s prestigious Wilkins-Bernal-Medawar Medal for her work on communicating the philosophy of science.

**Royal Society of Edinburgh**  
Seven members of University staff have been made fellows of the Royal Society of Edinburgh: **Professor Tim Aitman**, Professor of Molecular Pathology and Genetics and Director of Centre for Genomic and Experimental Medicine; **Professor Christina Boswell**, Professor of Politics; **Professor Harald Haas**, Professor of Mobile Communications; **Professor Neil McKeown**, Crawford Tercentenary Professor of Chemistry; **Professor Jane Norman**, Professor of Maternal and Fetal Health; **Professor Alexander Tudhope**, Head of School of GeoSciences and Professor of Climate Studies; and **Professor Greg Walker**, Regius Professor of Rhetoric and English Literature.

**Academy of Medical Scientists**  
Three members of University staff were made Fellows of the Academy of Medical Scientists: **Professor David Fitzpatrick**, Joint Section Head of Disease Mechanisms in the MRC Institute of Genetics and Molecular Medicine Human Genetics Unit; **Brian Walker**, then Professor of Endocrinology and Head of the BHF Centre for Cardiovascular Science; and **Charles ffrench-Constant**, Professor of Multiple Sclerosis Research and Dean of Research at the Centre for Regenerative Medicine.



# Financial review

It has been another year in which the University has operated in challenging circumstances, facing headwinds in UK public sector funding, more political uncertainty and higher education funding pressures. The University is well positioned for the future, and we will continue to innovate to maintain our position and reputation as an influential and world-class institution.

The University has made good progress over the past year, and we are confident that the institution is well placed financially to deal with its short and longer term commitments. While the consequences of leaving the EU are still somewhat ambiguous, our new framework, which focuses on online education and international partnerships, will ensure continued stability.

In an increasingly competitive environment we are pleased to have increased operational income by 4.3 per cent.

Total unrestricted comprehensive income for 2016/17 was £69 million, which was 55 per cent of total comprehensive income, representing funds available for reinvestment.

Funding council grants reduced by £2.7 million although there were significant offsets underlying the position. Recurrent teaching and research funding is on a reducing trend. However, funding for buildings and equipment was up by £3.4 million.

Our student population grew by six per cent in the year to 39,576 students. Tuition fee income rose by £23 million, up nine per cent. This growth was due to a seven per cent increase in international student headcount. The decline in Scottish and EU tuition fees is offset from Rest of UK (RUK) fees.

Research income from grants and contracts grew by four per cent (£11.4 million) on the previous year to £265 million.

The University achieved great success in winning research grants and contracts of £364 million, up by 36 per cent on last year's total of £268 million and 19 per cent up on the previous record of £305 million reported in 2014/15.

Nearly a fifth of the University's income, £157 million, is earned from other sources, three per cent lower (£4 million) than last year's performance.

Income from our endowment investments was £8.4 million, down seven per cent on last year, but the overall market return on investments (income plus capital appreciation) was 16 per cent (2016: 8.9 per cent). Other investment income grew by £1.6 million on last year and bank interest grew by £0.3 million to £3.4 million, an increase of 10 per cent.

Under Financial Reporting Standard (FRS) 102, revenue recognition rules mean that we include income from new donations and endowments accepted in the year. Donations increased in 2016/17 by £13 million to £20 million and we received £1.7 million from new endowments (down by £2.7 million on last year).

Group expenditure increased year on year by three per cent (£29 million), reflecting controlled investment for growth.

Staff costs as a proportion of total operating income were 53 per cent, compared to nearly 54 per cent in the prior year (excluding Research and Development Expenditure Credit). £15 million of the increase (54 per cent) was in academic and related support staff, with a further £8 million (30 per cent) invested in research grants and contracts staff as research income continued to grow.

Under FRS 102, we provide for our share of the University Superannuation Scheme recovery plan in the staff costs disclosure. In 2016/17 we have a net credit adjustment of £4.9 million as we unwind the opening provision.

Other costs, which include expenditure on subsidiary company activities, student accommodation, bursaries, premises costs and library services, have increased by £6 million (two per cent) from last year.

Depreciation accounted for five per cent of total spend (£47 million in 2016/17), up by 15 per cent (£6 million) on last year. This planned increase is due to the increased capital spend, reflecting the University's ambitious capital programme and commitment to investing in quality infrastructure and equipment.

Interest and other finance costs are £15 million. Two thirds of the charge, £9 million, is interest payable on borrowing and finance leases and £6 million is the net charge on pension scheme liabilities.

We are pleased to report continued strength in the University Group balance sheet. This strength was a key factor in securing long-term funding from which to invest in the transformational Estates Strategy and provides a strong covenant to the trustees of our pension funds. All balance sheet financial metrics are resilient.

This is the second year that we have aligned our Annual Report and Accounts to the International Integrated Reporting Framework, championed by the British Universities Finance Directors Group. Integrated reporting has provided a very useful framework within which we can demonstrate the huge value created by the University to our wide and distinctive group of stakeholders.

The above information reflects the audited accounts for the year to 31 July 2017, published in December 2017. Anyone interested in obtaining further information is invited to contact the University's Finance Department.

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

## Consolidated statement of comprehensive income and expenditure for the year ended 31 July 2017

	Total 2017 £m	Result before exceptional items 2016 £m	Exceptional items 2016 £m	Total 2016 £m
Income	929	889	19	908
Expenditure	873	844	–	844
<b>Operating surplus</b>	<b>56</b>	<b>45</b>	<b>19</b>	<b>64</b>
Gain on disposal of fixed assets	8	1	–	1
Gain on investments	66	29	–	29
Tax	–	–	(4)	(4)
<b>Surplus for the year</b>	<b>130</b>	<b>75</b>	<b>15</b>	<b>90</b>
Revaluations surplus	–	7	–	7
Actuarial loss	(5)	(41)	–	(41)
<b>Total comprehensive income</b>	<b>125</b>	<b>41</b>	<b>15</b>	<b>56</b>
Represented by:				
Unrestricted comprehensive income	69	–	15	15
Endowment comprehensive income	49	28	–	28
Restricted comprehensive income	7	6	–	6
Revaluation comprehensive income	–	7	–	7
	<b>125</b>	<b>41</b>	<b>15</b>	<b>56</b>

## Consolidated balance sheet as at 31 July 2017

	2017 £m	2016 £m
Fixed assets	1,617	1,493
Heritage assets	212	212
Investments	531	471
Net current assets	266	255
<b>Total assets less current liabilities</b>	<b>2,626</b>	<b>2,431</b>
Creditors: amounts falling due after more than one year	(319)	(257)
Pension provisions	(261)	(254)
<b>Total net assets</b>	<b>2,046</b>	<b>1,921</b>
<b>Restricted reserves</b>		
Income and expenditure reserve – endowment reserves	392	343
Income and expenditure reserve – restricted reserves	48	41
<b>Unrestricted reserves</b>		
Income and expenditure reserve – unrestricted reserves	1,398	1,329
Revaluation reserve	208	208
<b>Total reserves</b>	<b>2,046</b>	<b>1,921</b>



# Appointments

Appointments commenced between 1 August 2016 and 31 July 2017

## College of Arts, Humanities & Social Sciences

### Personal Chairs

- Professor Rowena Arshad**  
Personal Chair of Anti-Racist and Multicultural Education
- Professor Stefan Bilbao**  
Personal Chair of Acoustics and Audio Signal Processing
- Professor Stephen Bowd**  
Personal Chair of Early Modern History
- Professor Mary Brennan**  
Personal Chair of Food Marketing and Society
- Professor Matthew Chrisman**  
Personal Chair of Ethics and Epistemology
- Professor Paul Du Plessis**  
Personal Chair of Roman Law
- Professor Adam Fox**  
Personal Chair of Social History
- Professor Alison Koslowski**  
Personal Chair of Social Policy and Research Methods
- Professor Stephen Neff**  
Personal Chair of War and Peace
- Professor Larissa Ryazanova-Clarke**  
Personal Chair of Russian and Sociolinguistics
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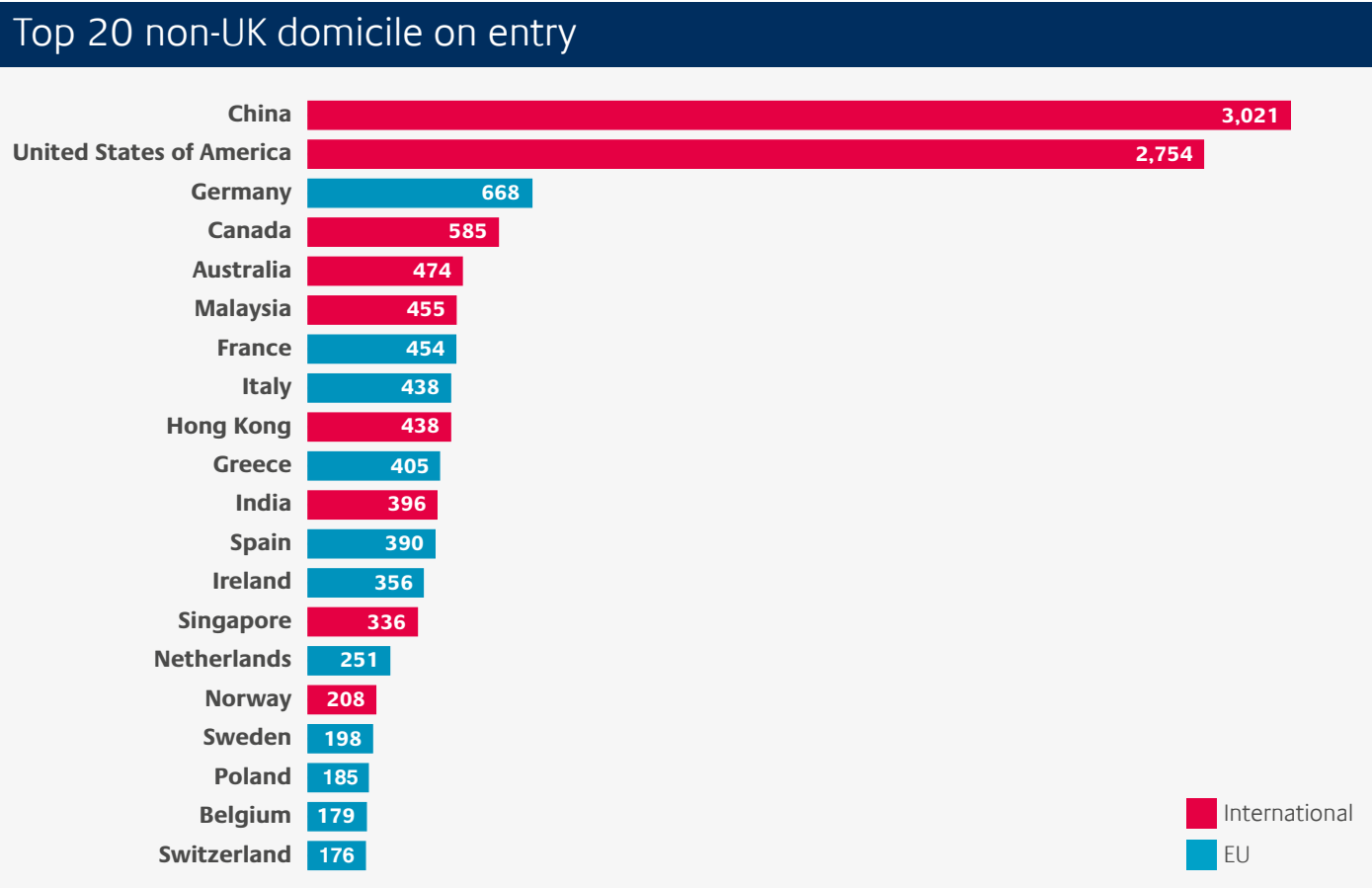
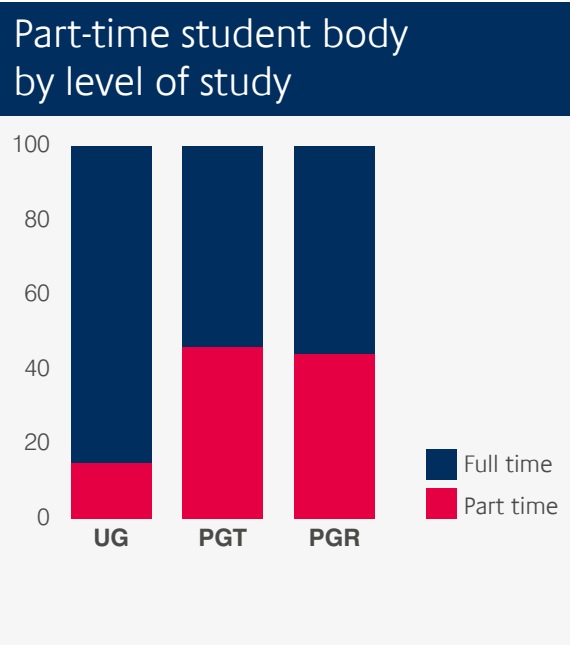
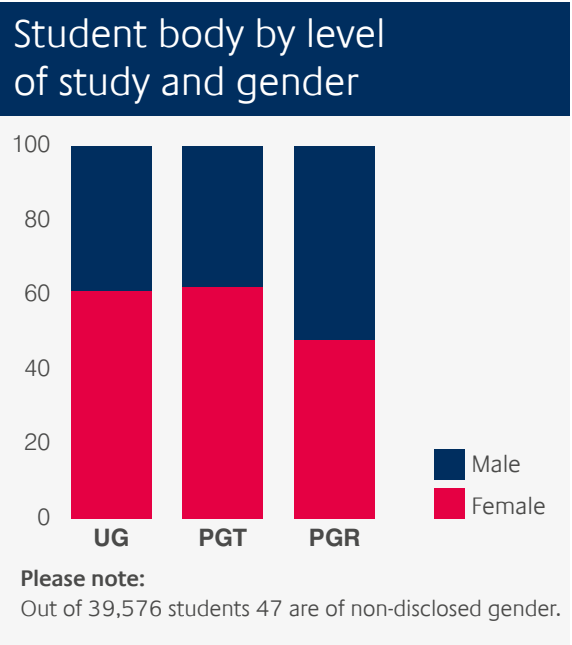
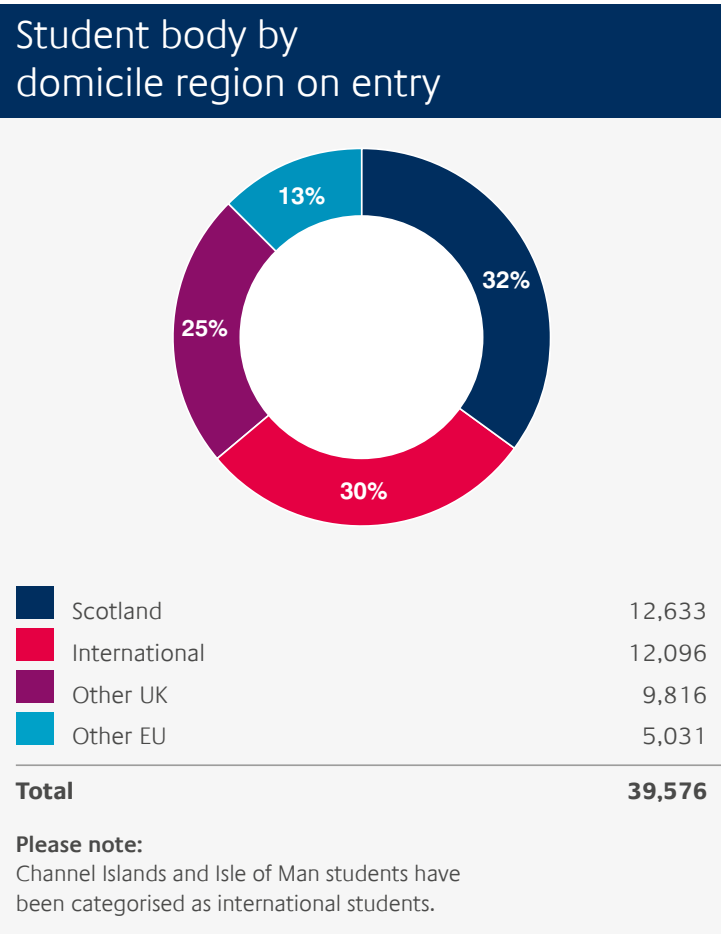
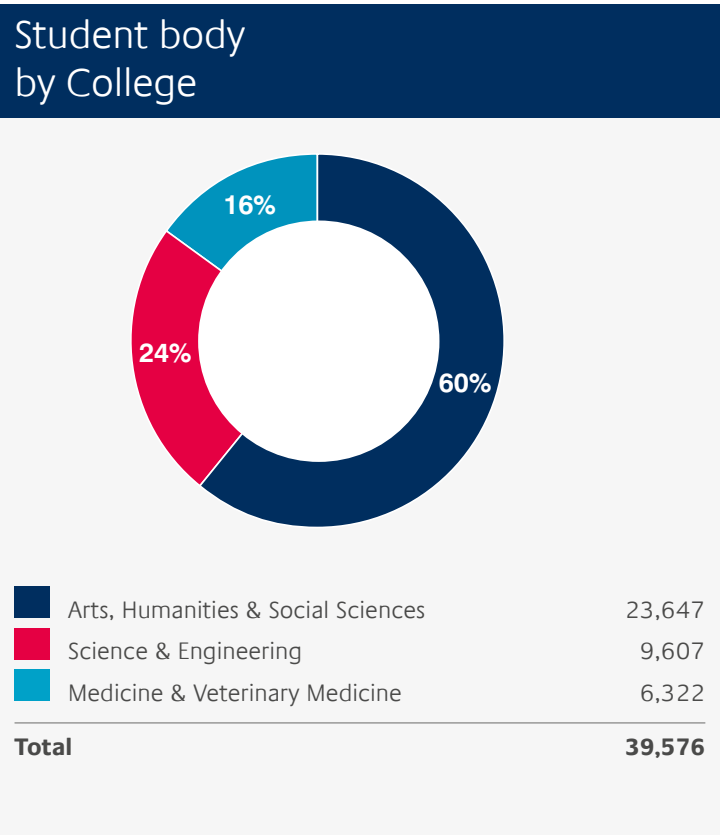
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- Professor Paul Glendinning**  
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# Appendix 1

## Student numbers

Level of study by College				
	UG	PGT	PGR	Total
Arts, Humanities & Social Sciences	15,910	5,598	2,115	23,647
Science & Engineering	6,286	1,256	2,065	9,607
Medicine & Veterinary Medicine	3,033	2,111	1,178	6,322
	25,229	8,965	5,358	39,576
UG	undergraduate			
PGT	postgraduate taught			
PGR	postgraduate research			



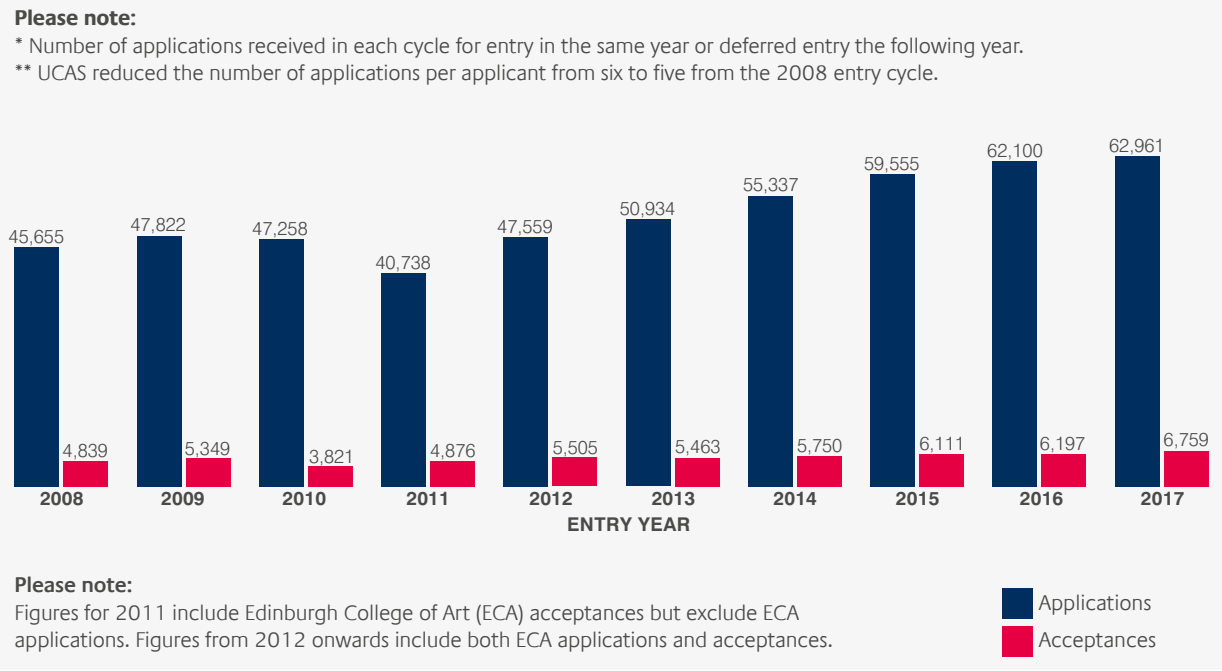
Please note:  
The figures above represent all students matriculated during the session, with the exception of those exiting or interrupting their studies within five weeks of the first semester start date. Visiting students, part-time and distance learning students, and students on collaborative programmes are included. Domicile on entry is declared by the student when first matriculating onto their programme.



# Appendix 2

## Undergraduate applications and acceptances

<b>2008**</b>		<b>Men</b>	<b>Women</b>	<b>Total</b>
Applications*		21,193	24,462	45,655
Acceptances		2,221	2,618	4,839
<b>2009</b>		<b>Men</b>	<b>Women</b>	<b>Total</b>
Applications*		22,523	25,299	47,822
Acceptances		2,479	2,870	5,349
<b>2010</b>		<b>Men</b>	<b>Women</b>	<b>Total</b>
Applications*		21,601	25,657	47,258
Acceptances		1,631	2,190	3,821
<b>2011</b>		<b>Men</b>	<b>Women</b>	<b>Total</b>
Applications*		18,549	22,189	40,738
Acceptances		1,981	2,895	4,876
<b>2012</b>		<b>Men</b>	<b>Women</b>	<b>Total</b>
Applications*		20,371	27,188	47,559
Acceptances		2,281	3,224	5,505
<b>2013</b>		<b>Men</b>	<b>Women</b>	<b>Total</b>
Applications*		21,707	29,227	50,934
Acceptances		2,286	3,177	5,463
<b>2014</b>		<b>Men</b>	<b>Women</b>	<b>Total</b>
Applications*		22,984	32,353	55,337
Acceptances		2,365	3,385	5,750
<b>2015</b>		<b>Men</b>	<b>Women</b>	<b>Total</b>
Applications*		24,563	34,898	59,555
Acceptances		2,395	3,714	6,111
<b>2016</b>		<b>Men</b>	<b>Women</b>	<b>Total</b>
Applications*		25,345	36,755	62,100
Acceptances		2,452	3,745	6,197
<b>2017</b>	<b>Non-disclosed gender</b>	<b>Men</b>	<b>Women</b>	<b>Total</b>
Applications*	8	25,735	37,218	62,961
Acceptances	<5	2,594	4,161	6,759



# Appendix 3

## Benefactions Giving from 1 August 2016 to 31 July 2017

The University is grateful to all donors, including those who wish to remain anonymous.

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# Appendix 3

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# Appendix 4

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Sponsor type	Sum of award
<b>EU – Government</b>	<b>£38,877,363</b>
European Commission	£38,877,363
<b>EU – Industry</b>	<b>£1,495,495</b>
Airbus Operations GmbH	£19,215
Akzo Nobel Coatings International B.V.	£45,252
Aprea AB	£103,308
Boehringer Ingelheim GmbH	£20,652
CorPower Ocean AB	£40,000
Genomica S.A.U.	£20,000
Hendrix Genetics	£116,892
Inter-SAGE Baie du Mont-Saint-Michel	£3,000
Lipogems International SpA	£92,136
Network Engine for Objects in Lund	£53,718
Novem Car Interior Design GmbH	£25,000
PledPharma AB	£373,064
Royal Canin	£56,257
TriaGnoSys GmbH	£120,000
UCB Pharma S.A.	£123,510
Volvo Construction Equipment	£283,490
<b>EU – Other</b>	<b>£5,619,832</b>
Associazione Italiana Sclerosi Multipla	£61,458
BIAL Foundation	£33,462
Eidgenössische Materialprüfungs- und Forschungsanstalt (EMPA)	£40,000
European Energy Research Alliance (EERA) AISBL	£6,667
European Respiratory Society	£34,615
European Space Agency	£38,277
Fondation Leducq	£3,960,004
Foundation National Contest for Life	£38,462
Human Frontier Science Program Organization	£326,492
Humanities in the European Research Area	£496,546
National Center for Scientific Research, The	£147,308
Organisation for Economic Co-Operation and Development	£27,456
Research Council of Norway, The	£141,083
Social Sciences and Humanities Research Council of Canada	£12,428
Swedish Research Council	£151,055
Umeå University	£19,298
University of Oslo	£5,000
University of Stavanger	£76,720
Zentrum für Baltische und Skandinavische Archäologie (Centre for Baltic and Scandinavian Archaeology)	£3,500

<b>Overseas – Charities</b>	<b>£8,226,643</b>
Alzheimer's Association	£947,873
Animal Charity Evaluators	£6,789
Bill and Melinda Gates Foundation	£5,549,911
Brain & Behavior Research Foundation	£48,276
CHDI Foundation Inc	£7,757
Found Animal Charity	£655,601
Gordon and Betty Moore Foundation	£25,810
John Templeton Foundation	£278,739
Melanoma Research Alliance	£120,000
Melville Charitable Trust	£166,550
National Gallery of Art	£34,483
National Geographic Society	£16,667
NCBI National Council for the Blind of Ireland	£27,931
The Henry Luce Foundation	£274,194
The Nature Conservancy	£32,163
The Newberry	£1,724
The Research Society for Victorian Periodicals	£13,775
The Society for Comparative Endocrinology	£4,827
Wenner-Gren Foundation	£13,574

<b>Overseas – Government and Universities</b>	<b>£2,437,250</b>
Academy of Korean Studies, The	£10,344
CARB-X	£561,340
Columbia University	£110,000
Defense Advanced Research Projects Agency	£24,087
Department of Defense	£125,792
DIPLOCAT Public Diplomacy Council of Catalonia	£30,429
Georgetown University	£49,090
Japan Foundation Endowment Committee, The	£2,220
Johns Hopkins University	£76,479
McGill University	£33,813
Ministry of Culture, Republic of China (Taiwan)	£15,172
National Institute of Food and Agriculture	£195,613
National Institute of Standards and Technology	£315,741
National Science Foundation	£25,862
NordForsk	£21,643
Office of Naval Research	£80,762
Project Management Institute, Inc	£11,933
Regents of the University of California	£12,753
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University of New York	£10,919
Social Trends Institute	£21,429
Terra Foundation for American Art	£83,000
The George Institute for Global Health	£16,454
The Japan Foundation	£9,739
UK-India Education and Research Initiative	£414,800
United States Department of Agriculture	£95,272
University of Alberta	£27,500
University of California	£6,061
University of Sydney	£5,405
US Army Research Laboratory	£15,919
Yale University	£27,681

<b>Overseas – Industry</b>	<b>£6,380,582</b>
Agilent	£22,883
Biogen Idec	£535,754
Biological Process Science and Technology Co, Ltd	£180,000
Clene Nanomedicine TM, Inc	£103,000
Cobb-Vantress Inc	£47,441
Corning Incorporated	£92,903
Daiichi Sankyo Company, Limited	£8,000
DePuy Synthes	£45,000
Galios Inc	£61,764
Genome Alberta	£15,789
Google Inc	£159,131
Huawei Technologies Co, Ltd	£2,831,537
Input Output HK Limited	£861,362
Intercept Pharmaceuticals, Inc	£385,994
LEAP Therapeutics Inc	£326,308
Life Technologies Corporation	£14,483
Lockheed Martin	£125,000
Merck Inc	£271,743
Novartis Foundation	£5,600
Pfizer Inc	£11,100
Proctor & Gamble	£15,229
Retrophin	£55,357
Synopsys International Limited	£85,231
Thales UK Limited	£27,000
Zoetis	£92,973

<b>Overseas – Other</b>	<b>£2,016,079</b>
FIL Foundation	£947,873
National Institutes of Health	£286,398
Rett Syndrome Research Trust	£751,119
RIKEN	£20,690
World Health Organization	£10,000

<b>UK – Charities and Learned Societies</b>	<b>£85,711,609</b>
Academy of Medical Sciences	£48,743

Alan Turing Institute, The	£1,887,736
Alcohol Research UK	£57,511
Alzheimer's Research UK	£826,065
Alzheimer Scotland	£100,000
Alzheimer's Society	£610,601
Anatomical Society	£201,190
Arthritis Research UK	£310,706
Association for Public Service Excellence Scotland	£8,922
Association of Physicians of Great Britain and Ireland	£39,140
Asthma UK	£50,000
Bailey Thomas Charitable Fund	£90,860
Binks trust	£2,500
Biochemical Society	£2,000
Biomathematics and Statistics Scotland, Moredun Research Institute, The	£35,450
Brain Tumour Charity, The	£210,026
BRE Trust	£442,000
Breakthrough Breast Cancer	£106,878
Breast Cancer Campaign and Breakthrough Breast Cancer	£73,698
Breast Cancer Now	£216,840
Breast Cancer Research Trust	£100,000
British Association for American Studies	£1,570
British Heart Foundation	£5,012,096
British Institute of Persian Studies	£11,333
British Neuropsychological Society	£5,000
British Skin Foundation	£9,600
British Society for Neuroendocrinology	£5,000
British Teilhard Association, The	£2,650
Cancer Research UK	£8,326,603
Carnegie Trust for the Universities of Scotland	£286,639
Centre for Ecology and Hydrology	£28,750
Chartered Society of Physiotherapy	£6,653
Children with Cancer UK	£18,000
Children's Cancer and Leukaemia Group	£9,600
Clark Foundation for Legal Education	£3,987
Colt Foundation	£261,053
Crohn's and Colitis UK	£74,597
Cunningham Trust	£82,640
Cure Parkinson's Trust	£59,878
Cystic Fibrosis Trust	£237,879
Daiwa Anglo-Japanese Foundation	£3,000
Daphne Jackson Trust	£34,446
Darwin Trust of Edinburgh	£795,000
Diabetes Research & Wellness Foundation	£160,670
Diabetes UK	£151,722
Digital Health Institute	£197,309
Dogs Trust	£119,572
Dr Hadwen Trust	£3,880
Dunhill Medical Trust	£185,751
Edinburgh & Lothians Health Foundation	£479,194
Epilepsy Research UK	£250,000
Experimental Psychology Society	£4,500

Fight for Sight	£18,814
Fiona Elizabeth Agnew Trust	£9,128
Fire Service Research & Training Trust, The	£61,947
Froebel Trust	£14,997
Genetics Society, The	£4,700
Great Britain Sasakawa Foundation	£12,100
Heritage Lottery Fund	£9,500
Hope Trust, The	£49,328
Horse Trust – Home of Rest for Horses	£100,344
Institute of Occupational Medicine	£3,000
Institute of Physics	£1,000
International Institute for Environment and Development	£10,350
Juvenile Diabetes Research Foundation	£2,031,828
Kidney Research UK	£1,376,230
Leadership Foundation for Higher Education	£12,000
Leukaemia & Lymphoma Research	£210,008
Leverhulme Trust	£2,562,997
Life Changes Trust	£2,310
Marie Curie Cancer Care	£310,698
Medical Research Scotland	£233,284
Medical Research Scotland (SHERT)	£360,596
Medical Schools Council	£30,160
Millar-McKenzie Trust	£2,500
Motor Neurone Disease Scotland	£294,869
Multiple Sclerosis International Federation	£32,000
Multiple Sclerosis Society	£348,249
National Eye Research Centre	£8,925
National Museums Scotland	£6,500
National Society for the Prevention of Cruelty to Children	£79,900
NHS Blood and Transplant	£6,748
Oak Foundation	£349,997
Ogden Trust	£18,019
Orchid	£35,210
Oxfam Scotland	£1,500
Paget's Association	£30,000
Pathological Society	£36,048
Petplan Charitable Trust	£14,800
PetSavers, British Small Animal Veterinary Association	£991
PSC Support	£7,000
Regional Studies Association	£1,029
Rosetrees Trust	£127,600
Royal Academy of Engineering	£299,403
Royal College of Physicians of Edinburgh	£2,000
Royal College of Surgeons Edinburgh	£68,696
Royal Commission for the Exhibition of 1851	£149,558
Royal Society	£3,057,636
Royal Society of Edinburgh	£375,694
Royal Society, Wellcome Trust	£2,176,553
Sanofi US	£62,802
Scottish SPCA	£33,800
Sick Kids Friends Foundation	£38,367
Simons Foundation	£20,000,000

Society for Applied Microbiology	£3,408
Society for Endocrinology	£22,530
Society for Reproduction and Fertility	£15,205
Society for the Advancement of Management Studies	£4,500
Spina Bifida Hydrocephalus Scotland	£20,000
Strathmartine Trust	£9,748
Stroke Association	£799,807
Sylvia Waddilove Foundation UK	£2,000
Tenovus – Scotland	£11,800
The John S Cohen Foundation	£2,000
The Rooney Plastic Surgery and Reconstructive Surgery Trust	£95,493
The Shackleton Scholarship Fund	£2,500
Tommys Campaign	£420,000
Tropical Health and Education Trust (THET)	£111,890
Universities' China Committee in London	£1,500
Urology Foundation	£51,526
Waterloo Foundation, The	£46,261
Wellbeing of Women	£257,729
Wellcome Trust	£26,492,561

<b>UK – Government</b>	<b>£40,632,114</b>
Advanced Propulsion Centre UK Limited	£30,000
Air Force Office of Scientific Research	£316,894
British Council	£386,500
Chief Scientist Office	£4,285,680
Children's Commissioner for England	£940
Commonwealth Scholarships	£158,577
Defence Science and Technology Laboratory	£737,345
Department for Environment, Food and Rural Affairs	£81,271
Department for International Development	£103,953
Department of Business Innovation and Skills	£43,240
Department of Health	£13,236,448
Forest Research	£34,646
GlaxoSmithKline, Scottish Funding Council	£33,138
Government Communications Headquarters	£122,274
Historic Scotland	£13,943
Knowledge Transfer Partnership	£73,645
Met Office	£701,752
National Institute for Health Research	£14,796,714
National Records of Scotland	£36,886
NHS Greater Glasgow and Clyde Board	£7,224
NHS Health Scotland	£5,000
NHS Scotland	£100,078
Renfrewshire Council	£1,457
Scottish Enterprise	£758,365
Scottish Funding Council	£1,678,241
Scottish Government	£699,587
South Lanarkshire Council	£6,731



# Appendix 4

## Research grants and other sources of funding (continued)

Stratified Medicine Scotland – Innovation Centre	£648,000
UK Space Agency	£1,533,586

### UK – Health Authorities **£352,695**

Health Research Authority	£110,425
Leeds Teaching Hospital	£6,685
NHS Education for Scotland	£19,985
NHS Highland	£8,586
NHS Lothian	£207,014

### UK – Industry **£6,966,006**

AbbVie Ltd	£892,737
Albatern	£40,000
Aquila BioMedical	£10,000
ARM Limited	£35,000
Artemis Intelligent Power Ltd	£25,000
ARUP	£47,995
AstraZeneca	£580,327
AXA	£96,154
Becton Dickinson	£15,760
Bloomberg	£43,369
CelluComp Ltd	£7,500
CENSIS: Innovation Centre for Sensor and Imaging Systems	£61,357
Centre for Process Innovation Limited	£142,148
Concrete Marine Solutions	£40,000
Costain Oil Gas & Process Ltd	£71,504
Digital Catapult	£40,000
DNV GL UK Ltd	£40,000
ECO Animal Health	£90,833
Edinburgh Molecular Imaging Ltd	£10,000
Ericsson Media Services UK Limited	£52,500
European Marine Energy Centre	£40,000
Ferring Pharmaceuticals	£81,894
Floating Wind Turbines Ltd	£40,000
GALVmed	£41,502
Genius Foods Limited	£40,000
Geno	£126,059
Genus plc	£50,000
GlaxoSmithKline	£783,128
GlycoMar Ltd	£38,900
Golder Associates (UK) Ltd.	£3,000
Hologic Ltd	£20,000
Howden Group Limited	£25,518
Hyaltech Ltd	£100,000
iMC Worldwide	£87,450
INEOS Manufacturing Scotland	£20,000
International Paint Ltd	£13,544
Leica Biosystems	£30,000

Leonardo MW Ltd	£23,333
LTS International Limited	£107,537
LumiraDX Technology Limited	£12,924
MARS Chocolate UK Ltd	£100,000
Mentholatum Company Ltd, The	£15,000
Microsoft Research Ltd	£111,450
National Physical Laboratory	£27,000
Nosebleed Interactive Ltd	£36,272
Nova Innovation Ltd	£25,000
Novartis Pharmaceuticals UK Ltd	£172,014
Offshore Renewable Energy Catapult	£40,000
Optos plc	£30,000
Pearson	£9,427
QinetiQ Group plc	£113,702
Route Monkey	£5,000
Samsung	£60,400
Sanofi Pasteur MSD Limited	£687,419
Scottish Water	£23,333
Selex ES Ltd	£36,918
Shop Direct Finance Company Limited	£74,000
Siemens Healthcare Limited	£30,000
Standard Life Investments Limited	£59,996
STMicroelectronics	£250,823
Sustainable Marine Energy Ltd	£80,000
Toyota	£119,695
UCB	£10,000
Wave Energy Scotland Limited	£731,585
Zyba Renewables Ltd	£90,000

### UK – Research Councils **£171,141,994**

Arts and Humanities Research Council	£2,109,030
Biotechnology and Biological Sciences Research Council	£88,664,715
Bowel & Cancer Research	£32,000
British Academy	£814,750
Economic and Social Research Council	£5,953,372
Engineering and Physical Sciences Research Council	£31,156,655
Innovate – UK	£2,059,438
Medical Research Council	£30,159,815
National Centre for the Replacement, Refinement and Reduction of Animals in Research	£186,334
Natural Environment Research Council	£8,404,103
Research Councils United Kingdom	£237,417
Science and Technology Facilities Council	£1,364,364

### UK – Universities etc. **£3,387,446**

ARUK Scotland Network Centre	£13,499
British Association for Japanese Studies	£9,995
Cardiff University	£35,571
Edinburgh Napier University	£5,000
Energy Technology Partnership (ETP)	£11,052
Faclair na Gaidhlig (Dictionary of the Scottish Gaelic Language)	£22,010
Imperial College London	£45,380
Institute of Latin American Studies	£1,800
Manchester Metropolitan University	£2,845
Scottish Crucible	£4,500
Scottish Imaging Network: A Platform for Scientific Excellence	£45,000
University of Aberdeen	£73,461
University of Birmingham	£138,384
University of Dundee	£2,013,248
University of Glasgow	£22,464
University of Leicester	£358,277
University of Manchester	£156,297
University of Nottingham	£152,191
University of Oxford	£10,000
University of Sheffield	£25,447
University of Southampton	£61,883
University of St Andrews	£9,912
University of Stirling	£418
University of Strathclyde	£17,415
University of Warwick	£141,396
Welsh Thoracic Society	£10,000

### Grand Total **£373,245,107**

**Note:** The above list sets out the total project value of research grants funded from these sponsors. The sponsor will have contributed this whole amount, with the exception of some governmental sources (including research councils) and charitable sources, who fund the majority, with the balance being received indirectly via the Scottish Funding Council.

**Please also note:** rounding has been applied to the figures.









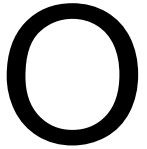
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UNIVERSITY COURT

4 December 2017

**Laigh Year Regulations: terms of office for student sabbatical officers**

**Description of paper**

1. The paper proposes an amendment to the Laigh Year Regulations to allow for student sabbatical officers to serve for a second one-year term of office, if re-elected by the student body.

**Action requested/Recommendation**

2. Court is invited to approve the proposed amendment to the Laigh Year Regulations contained in Appendix 1.

**Background and context**

4. The Laigh Year Regulations are University Regulations which allow for student sabbatical officers in the Edinburgh University Students' Association (EUSA) and the Edinburgh University Sports Union (EUSU) to matriculate as students of the University without (during the academic year concerned) having to fulfil the normal academic requirement of their programme of study.

5. Treating sabbatical officers as matriculated students enables them to resume their studies upon completion of their sabbatical year should they take office prior to completion of their course of study and helps maintain a close link between the student body and their elected representatives as all hold student status.

6. The award of a Laigh Year is not automatic – an applicant must, in addition to having being elected to a sabbatical post, be in 'good academic standing', a decision that is made by the University Secretary on behalf of Court, having considered a report from the applicant's Personal Tutor or Supervisor and determined whether the applicant has completed the requirements to receive a degree or diploma (if in their final year) or if their academic performance would allow them to continue their programme of study (if prior to their final year) if no Laigh Year were awarded.

**Discussion**

7. A student referendum in March 2016 included a proposal to allow sabbatical officers to serve for a second term and was supported with an 80% vote share from approximately 4,000 voters. EUSA and EUSU now wish to implement this proposal ahead of their elections scheduled in Spring 2018.

8. A second one-year term is the maximum allowed under the Education Act 1994 ("a person should not hold sabbatical union office, or paid elected union office, for more than two years in total at the establishment") and is provided for at the majority of UK universities and at 10 of Scotland's 12 universities – Edinburgh and St Andrews are exceptions with a one year term allowed at present.

*Opportunities*

9. Twelve months is a relatively short period of time to contribute to meaningful sustainable change, particularly with reference to the educational experience enjoyed



at the University. Allowing students to stand for re-election could encourage more impactful and long-lasting partnerships between the University and elected student representatives and add continuity to key relationships at the University and in the local community.

10. Although EUSA has made changes to its Trustee Board membership with the introduction of student representative trustees with two-year terms (and a second two-year term available), having the ability for sabbatical officers to take up their charitable responsibilities for a second year should they be re-elected would add to the continuity of the organization at board level. Board level continuity is important for any charity and can contribute to strategic development, legal compliance and financial sustainability.

11. Anecdotal evidence from other universities is that sabbatical officers can be more effective in their second year as this allows for larger projects to be accomplished; especially given that the learning curve for new sabbatical officers can often see several months before an individual is able to fully recognise their role, responsibility and key relationships.

12. With higher education policy becoming more complex, a second year term would allow for more expertise to be developed by sabbatical officers, enabling them to contribute more effectively to local and national debates (e.g. on the National Student Survey, Teaching Excellence Framework, Brexit, international student visas).

### *Challenges*

13. The question of whether to permit second terms was debated at length ahead of, and during, the 2016 student referendum. Whilst the outcome of the consultation stage was to take forward the proposal to allow second terms and the outcome of the referendum was to support that proposal, there are counter arguments and some challenges in adopting the model.

14. In some students' unions where second terms have been discussed they have historically debated whether or not it is a model of restrictive democracy as it is assumed that the incumbent will have an automatic advantage and as such prevent parity in the election. Although there may be some reality in this assumption, it should only be so in an environment where the sabbatical officer is seen to be a good representative. Ultimately, if this advantage was the case then re-standing officers would always win their re-election, but elections at other students' unions where this is a common practice show that although more likely to be re-elected, democracy does not provide candidates with any guarantees.

15. Students' Association staff will have to carefully manage the potential re-election of existing officers as this may have a detrimental impact on the team as a whole. For example, behavior may be different if a second term officer is not the President and this may see Students' Association and University colleagues refer to the officer they have an existing relationship with rather than the person with the appropriate portfolio.

16. It has been found in other universities that mixed term sabbatical officer teams can sometimes exacerbate any election campaign disagreements that may have



existed. However, this can also be observed within the current system whereby candidates from opposing factions could see them returned to work alongside each other. As with either of these outcomes, it is the responsibility of the Students' Association to ensure as best it can free, fair and positive elections and a comprehensive induction period.

17. Due to the nature of democracy, it may be seen that officers who are not highly thought of by the administrative sides of the Students' Association or University, or do not enjoy generally positive relationships with non-student stakeholders in general, may be viewed very differently by their peers and be re-elected. Whilst possible this is no different from a single term position. There is a duty of care from the Students' Association to properly train all elected officers to prevent this from happening and to reinforce positive working practices by employing externally delivered 360-degree reviews for all officers so that they can continually develop. The Students' Association should also look towards utilising contacts such as external Trustees and senior University colleagues to help support all sabbatical officers in order to prevent poor performance in formal buddying programmes.

18. One area that the Students' Association will be developing, regardless of the introduction of two year terms, is to advance the accountability structures that are used to measure and record constituent satisfaction with sabbatical officers. This would become of even more importance with second term officers as strong accountability is important to the ongoing legitimacy of student-led representation. Current methods mirror traditional methods of accountability at Student Council. The Students' Association hopes to explore innovative and fair methods to reinforce these over the coming years.

19. A particular academic challenge could exist with students who take up office prior to completion of their course of study and are then re-elected for a second term of office before returning to their studies. At present, University regulations do not allow for authorised interruption of more than one year at a time without exceptional approval from Heads of College (although this is currently under review and in practice students with a sufficiently strong case have received approvals). There are good reasons for having a presumption against an interruption of study of more than one year – it can be more difficult for students to reintegrate successfully into their programme of studies after two years away, and it can be difficult for Schools to maintain the same curriculum for them to return to. There may be particular concerns in degree courses which lead towards professional qualifications and have requirements set by external professional bodies. To mitigate this risk, the proposed draft Regulations include a new clause:

*Where a student applies for a second Laigh Year which involves a continuation of the interruption of their programme of study, the application must also demonstrate that a break of that length would be compatible with successful reintegration into the programme, and that no professional body rules or impediments will apply. In that event, a report from the Personal Tutor or Supervisor shall be lodged on whether a further break from study will be appropriate. Students are advised to seek this confirmation from their Personal Tutor or Supervisor before putting themselves forward for re-election for a second term.*



### **Resource implications**

20. The proposed changes are financially neutral to the University, EUSA and EUSU.

### **Risk Management**

21. Any candidate seeking a second term of office would have to be re-elected by the student body and in the case of candidates who wish to seek a second term prior to completion of their studies, confirmation that a second year would be permitted by the University is required before they can take up office.

### **Equality & Diversity**

22. No equality and diversity impacts are anticipated.

### **Next steps/implications**

23. If approved by Court, the revised Regulations will be submitted to Senate for final approval. If approved by Senate, the revised Regulations are expected to come into effect for the Spring 2018 EUSA and EUSU sabbatical elections.

### **Consultation**

24. The paper has been discussed and agreed with the EUSA Chief Executive and EUSU Head of Sports Development.

### **Further information**

#### **25. Authors**

Dr Lewis Allan, Court Services  
Tom Ward, Academic Services  
Steve Hubbard, EUSA Chief Executive  
16 November 2017

#### **Presenter**

Sarah Smith  
University Secretary

### **Freedom of Information**

26. Open paper.





## Laigh Year Regulations

### 1. Definition and Conditions

- 1.1 The Laws of the Students' Association and of the Sports Union require that all office-bearers must be matriculated students throughout their year of office. The Senatus Academicus has agreed that certain of these office-bearers may be granted Laigh Years, i.e. the office-bearer may matriculate as a student of the University without (during the session concerned) having to fulfil the normal academic requirements of his or her programme of study.
- 1.2 The Senatus and Court will from time to time, and after considering recommendations from the Students' Association or the Sports Union as appropriate, determine the offices whose holders are eligible to apply for a Laigh Year (the "approved offices").
- 1.3 In order to be eligible for the award of a Laigh Year a student must, in addition to having been elected to an approved office, be in good academic standing, that is either:
  - (a) the student must be a matriculated student in attendance of the final year of a programme of study, and satisfactorily complete the requirements for the award of a degree or diploma of the University, during the session<sup>1</sup> in which the application for the Laigh Year is made; or
  - (b) the student's academic ~~performance standing~~ must be such that the student would be allowed to continue with ~~his or her~~their programme of study in the following session if no Laigh Year were awarded.
- 1.4 The academic concessions associated with the Laigh Year relate strictly to the academic year beginning on 1 August following the assumption of office. No student may be granted more than ~~one~~two Laigh Years under these regulations.
- 1.5 A Laigh Year office-bearer must remain the holder of an approved office throughout the period of the Laigh Year.

### 2. Application

- 2.1 An application for each Laigh Year must be made to the University Secretary, in writing, by the student concerned not later than 3 June following election to an approved office, and must be accompanied by a report from the Personal Tutor or Supervisor on the student's academic standing.
- 2.2 The Personal Tutor or Supervisor may be unable to confirm whether or not the student is in good academic standing by 3 June, for example because confirmation is dependent on the successful completion of ~~examinations~~assessments, including resit ~~examinations~~assessments, in August. In that event a further report from the Personal Tutor or Supervisor shall be lodged by the student with the University Secretary by 13 September or as soon as possible thereafter.
- 2.3 Where a student applies for a second Laigh Year which involves a continuation of the interruption of their programme of study, the application must also demonstrate that a

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<sup>1</sup> The session is considered to be the academic year in question and its associated resit examination diet.



break of that length would be compatible with successful reintegration into the programme, and that no professional body rules or impediments will apply. In that event, a report from the Personal Tutor or Supervisor shall be lodged on whether a further break from study will be appropriate. Students are advised to seek this confirmation from their Personal Tutor or Supervisor before putting themselves forward for re-election for a second term.

2.34 The award of a Laigh Year may be approved firmly or provisionally. The award will be firmly approved when the holder of an approved office is confirmed to be in good academic standing. The award will be provisionally approved if a student is not able to meet the academic requirements for the award of a Laigh Year by 3 June following election but may still be able to meet these requirements by 13 September following election.

2.45 When the University Secretary, on behalf of the Court, formally approves an application (firmly or provisionally), ~~he or she~~they will notify the student by letter (with a copy to the Chief Executive of the Students' Association or the Senior Treasurer of the Sports Union as appropriate). ~~He or she~~They will also provide a copy to Student Administration and Student Administration will matriculate the student for the next academic session on this basis.

### 3. Payments to Laigh Year Office-Bearers

3.1 Laigh Year office-bearers are paid a stipend monthly from University funds made available to the Students' Association or the Sports Union. The annual rate of the Laigh Year payments shall be ~~£22,694~~£23,494 in ~~2015/16~~2017/18 and thereafter will be increased annually by the percentage increase in the RCUK National Minimum Doctoral Stipend.

~~3.2~~—Should a Laigh Year office-bearer be in receipt of an award for Disabled students allowance from the SAAS, or would be eligible for such an award if domiciled in Scotland, then an equivalent payment may be made upon agreement between ~~EUSA~~the Students' Association/EUSU as applicable and the Secretary to the University Court

3.23 The Laigh Year payments commence from the date on which the student takes up ~~his or her~~office. Where the Laigh Year has been firmly approved, the payments will end on 30 June following, or when the student demits office, whichever is earlier. Where the Laigh Year has been approved only provisionally, the payments will cease on 30 September or when the student demits office, whichever is earlier, unless the Laigh Year is subsequently approved firmly.

3.34 No Laigh Year payment may be made to an office bearer until ~~he or she~~they receives notification from the University Secretary that the Laigh Year has been approved.

### 4. Obligations of the Students' Association and the Sports Union

4.1 The Chief Executive of the Students' Association or the Senior Treasurer of the Sports Union as appropriate shall provide a copy of these regulations to each student who accepts nomination for election to one of the approved Laigh Year offices immediately after the nomination papers are lodged.

4.2 The Chief Executive of the Students' Association or the Senior Treasurer of the Sports Union as appropriate shall provide a further copy of these regulations to those elected to approved Laigh Year offices within 3 days of their election.



- 4.3 No payments shall be made to the holder of an approved office other than those provided for in these regulations.

*Approved by University Court, 4 December 2017 [TBC]*

*Approved by Senate Academicus, 7 February 2017 [TBC]*





UNIVERSITY COURT

4 December 2017

**Scottish Code of Good Higher Education Governance 2017**

**Description of paper**

1. This paper briefs Court on a revised version of the Scottish Code of Good Higher Education Governance.

**Action requested/Recommendation**

2. Court is invited to note the revised Scottish Code of Good Higher Education Governance, attached in Appendix 1, and the proposed approach to ensure compliance within the expected timeframe.

**Background and context**

3. The Post-16 Education (Scotland) Act 2013 included a clause enabling Ministers to impose a condition that the Scottish Funding Council, when making payments to any higher education institution, can require that the institution complies with any principles of governance which constitute good practice. Ministers asked the Committee of Scottish Chairs (CSC) to lead a group to develop a Scottish Code of Good Higher Education Governance to meet the new requirement. The Code was produced and came into effect over the course of the 2013/14 academic year with a commitment to review the Code after three years.

4. The CSC commissioned a steering group to conduct the review of the Code from Summer 2016. The University provided input into the review through meetings with consultants employed by the steering group and in formal responses to two consultations. The University was consistent in its position that, in the light of the new Governance Act, the revised Code should be a high-level statement of principles reflecting the diversity of the higher education sector and that additions should not go beyond those required for compliance with the new Governance Act.

5. An initial draft Code was produced for consultation in June 2017, with Court critical of the detailed and prescriptive nature of the draft version. Following review, a final version of the Code was published on 9 October 2017. The final version is significantly improved from the first draft, creating a shorter, higher level, less operationally prescriptive document – although it contains additions which go beyond the Governance Act, summarised below.

6. While the Scottish Funding Council has yet to confirm that compliance with the new Code will supersede the current version as a condition of receiving grant funding, this is expected to occur shortly. In the meantime, the steering group has asked institutions to work towards compliance with the new Code by the start of academic year 2018/19 – aside from requirements related to the Governance Act, where a transition period until 2020 is allowed.



## Discussion

7. The new Code is structured differently to the current version, which is based on 18 'Main Principles' with associated 'Supporting Guidelines'. The new Code comprises 7 overarching Principles with 83 paragraphs of detailed requirements that require varying degrees of compliance (using *must*, *expected* or *should* statements to convey the level of obligation), or an explanation that demonstrates how the requirement is met in some alternative way on a 'comply or explain' basis. This means that, while we believe the University is already compliant with the large majority of the requirements, there is work required to document this compliance or to recommend appropriate changes. It is proposed that Nominations Committee oversee the compliance assessment and consider suitable recommendations for Court's consideration where non-compliance is found.

8. The Steering Committee which developed the new Code has summarised the most significant differences between the current and new Codes as being:

- *Overhaul of structure and presentation for clarity* – this is the move from 18 Main Principles and Supporting Guidelines to 7 overarching Principles more clearly separated from the detailed requirements;
- *Removal of good practice examples* – the sector is asked to devise its own practice-sharing outside of the Code to avoid a blurring of lines between a formal Code and good practice examples;
- *Governing body members' rights and responsibilities have been clarified and made more consistent* – all members must accept collective responsibility and not act according to a mandate or in a sectional manner; all members should be afforded equal status as governing body members;
- *Clarification of principles of committee membership* – with the exception of Audit & Risk Committee (restricted to lay members only), the Code does not generally mandate the presence of any category of member on any given committee, with skills and abilities of members paramount in determining committee membership, in consideration of any potential conflicts of interest;
- *New principle on equality & diversity* – emphasises the governing body's responsibility for equality & diversity throughout the institution;
- *Staff and student input to Remuneration Committee* – the Committee must seek the views of staff and student representatives ahead of certain decisions;
- *New requirement for a public 'AGM-like' meeting* – Edinburgh's Court is a sector-leader with its annual 'Meet the Court' event and this requires other universities to instigate a similar event;
- *New wording on the role of senior management attendees at governing body meetings* – responsibility for Chair to ensure distinct roles for executive officers and governing body members maintained and respected. Executive officers to provide information and advice when called upon;
- *Increased emphasis on induction and development opportunities* – to ensure that all Court members are well prepared and supported; and,
- *Inclusion of new Governance Act references* – recognising the new legislation.

## Resource implications

9. The cost of compliance with the revised Governance Code is expected to be met from within existing budgets.



### **Risk Management**

10. The University's Risk Policy and Risk Appetite statement refers to the University holding 'no appetite for any breaches in statute, regulation'. Compliance with the Governance Code is a condition of grant funding from the Scottish Funding Council and there is a significant financial and reputational risk in non-compliance.

### **Equality & Diversity**

11. The revised Code includes a new section on equality and diversity and we will review existing practices to ensure compliance with these requirements.

### **Next steps/implications**

12. Nominations Committee will review compliance with the new Code and report to Court with any recommendation for changes in practice prior to the expected implementation date of 1 August 2018.

### **Consultation**

13. The new Code has been the subject of sector-wide consultation and has been approved by the Committee of Scottish Chairs.

### **Further information**

14. *Authors*

Dr Lewis Allan and Ms Kirstie Graham  
Court Services Office

*Presenter*

Ms Sarah Smith  
University Secretary

### **Freedom of Information**

15. The paper is open.





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



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

### Note on the second edition of the Code

This is the 2017 edition of the Code. It is the output of a review of the original Code, which was published in 2013. The present edition, once fully adopted, entirely replaces the 2013 Code.

## Foreword

Higher education institutions (HEIs) form a critical part of Scotland's national fabric, with significant impact locally, nationally and internationally. They prepare the next generation of highly educated and skilled individuals, opening doors and transforming lives in the process. They address the major social and scientific issues facing the country and the wider world and play vital roles in communities and the nation's cultural life. Collectively, HEIs form one of Scotland's leading economic sectors and are key to producing sustainable, inclusive economic growth.

While HEIs have in common the core activities of teaching, research and knowledge exchange, as autonomous institutions their missions, strategic priorities, institutional histories and constitutions may differ.

HEIs receive substantial amounts of funding from both public and private sources, to deliver diverse outcomes to many beneficiaries. This means that they, and those involved in their governance, have responsibilities towards a particularly wide range of stakeholders. These include the institutions' students and staff, its alumni, employers of graduates, partners in research and development, the Scottish and UK governments (through the Scottish Funding Council and the UK Research Councils in particular) and other funders, including international partners.

The unique position and status of HEIs places special responsibilities on their governing bodies. HEIs serve the common good. As autonomous organisations, they have to generate income, innovate and invest to develop and sustain excellence in all their activities and remain competitive on a global stage. Those involved in the governance of higher education institutions therefore must balance the need for coherent strategy and sound financial management with the responsibility to bring benefit to higher education's many stakeholders and society in general. In addition, all of Scotland's HEIs have charitable status, placing on their governing bodies the legal responsibilities of trustees.

Reflecting these responsibilities and expectations, this Code underpins the sector's commitment to high standards of governance. Governing bodies have a responsibility to lead by example, guiding the development of the institution's ethics and values and demonstrating these in the governing body's own actions. This means that they must show leadership and integrity not only in the decisions they make but also in the way they conduct their business. In particular, the governing body has to both lead and exemplify the institution's approach to equality and diversity and to social responsibility.



The Code applies in a complex context of other regulatory and legislative requirements with which HEIs must comply. These include not only Scottish and UK laws relating specifically to higher education, but also (among others):

- charities law and regulations overseen by the Office of the Scottish Charity Regulator (OSCR);
- the requirements of the Scottish Funding Council, including those laid down in its Financial Memorandum and Accounts Direction;
- the Statement of Recommended Practice for Further and Higher Education (SORP2015);
- relevant company law;
- equality law and associated duties;
- legislation on health and safety and on the protection of children and vulnerable adults;
- Freedom of Information and Data Protection legislation;
- procurement law;
- complaints handling requirements overseen by the Scottish Public Sector Ombudsman;
- the requirements of professional bodies and other regulators relevant to the wide range of HEIs’ activity, including QAA Scotland.

As part of the wider legal framework, the Scottish Funding Council requires institutions to comply with principles of good governance as a condition of a grant of public funding. This Code sets out an appropriate set of principles for this purpose.

Balancing the diversity and autonomy of Scotland’s higher education institutions with the need for a common understanding of the highest standards of governance, the Code contains both high-level principles and more detailed provisions. In such a diverse sector it is possible that certain of the principles can be met in ways that are different from those envisaged in the specifics of the Code. The Code should be applied with attention to the principles of proportionality and of relevance to the nature of the individual institution, this being particularly important in the case of the Small Specialist Institutions.

Accordingly, the Code is issued on a ‘comply or explain’ basis. This approach is widely accepted as the most effective way of achieving good governance. Institutions must report in the corporate governance statement of their annual audited financial statements (Annual Reports) the extent of their compliance with the Code. If an institution’s practices are not consistent with particular provisions of the Code, an explanation must be published in that statement. Such exceptions must be explained in terms of the institution’s particular circumstances and/or operating model.

## The form of this Code

This Code is concerned with governance of the institution and is organised into sections thematically. Each section starts with the high-level principles of good governance in the relevant area. More detailed provisions follow in the subsequent paragraphs.

The more detailed provisions of the Code specify how the high-level principles should be put into practice. The left-hand margin is used to show how different paragraphs relate to different elements of the high-level principles. The whole Code is subject to the ‘comply or explain’ approach, but naturally some provisions are to a greater extent obligatory, being more fundamental to good governance. The strength of the requirement for compliance is indicated systematically as follows:

- Where *must* is used, this indicates something that is obligatory either because it is a legislative or regulatory requirement or because it is fundamental to good higher education governance. Compliance is therefore required in all of these cases. The number of instances has been kept to a minimum.
- Where *expected* is used, this indicates a strong presumption that compliance will be achieved in normal circumstances, but there may be cases in which an alternative approach to good governance can be justified.
- Statements that use the verb *should* also bring an expectation of compliance in most circumstances, but with a recognition that there may be situations in which a departure can be justified or it would be reasonable and acceptable to meet the principles of good governance in alternative ways.

Where institutions invoke ‘comply or explain’, whether in relation to an *expect* statement or a *should* statement, they must demonstrate how the relevant high-level principle of good governance is met in some alternative way.

This Code does not list examples of good practice, which can be expected to vary widely across such a diverse set of institutions and over time. HEIs should work together, and with stakeholder representatives, to create and maintain a public repository of examples of best practice as a live resource and so to promote continuous improvement in governance practices across the sector. Student representatives should also, in conjunction with their institutions, develop their own best practice to help support student governing body members to meet the particular challenges of their short terms of office on governing bodies.

Matters not explicitly covered within this Code, or which emerge over time, should be considered in the spirit of this Code and its underlying principles of openness and transparency in pursuit of good governance.



## Definitions

Governance arrangements in HEIs reflect the uniqueness and complexity of higher education. Many of their numerous stakeholders are directly involved, enhancing governance by contributing a wide range of skills, perspectives and experience. Given the variety of participants and roles, it is helpful to define some terms in advance, to allow for a more concise Code.

Throughout this Code, the following definitions of key terms are assumed, except where an alternative definition is given explicitly:

Staff member (of the governing body)	Anyone serving on the governing body who is employed by the Institution, except for those whose membership is on an <i>ex officio</i> basis; e.g. Principal or Vice Principal. (This includes Elected or Union staff members, as follows.)
Elected or Union staff member	Anyone serving on the governing body in one of the capacities specified in subsections 10(1)(b-d) of the Higher Education Governance (Scotland) Act 2016. These are:  1. Elected staff members: at least two members of the governing body must be appointed “by being elected by the staff of the institution from among their own number”.  2. Trade union nominees, of which at least one must be nominated by a union representing academic staff and one by a union representing non-academic staff.
Student member	A member of the governing body who is a registered student of the Institution and/or an officer of the student association, nominated to the governing body by that association or on an <i>ex officio</i> basis.
Chair	The responsibilities of the position of ‘Senior Lay Member’ in relation to the role of Chair are set out in the Higher Education Governance (Scotland) Act 2016. The Rector may also carry out some of the roles of Chair at the Ancient universities, as prescribed in older legislation.
Principal	The <i>de facto</i> Head of Institution and the Institution’s chief executive officer in the terms of the SFC’s Financial Memorandum. This includes the position of Director of the Glasgow School of Art and the position of Principal and Vice Chancellor at other Institutions.
Lay member	A member of the governing body who is neither an employee nor a student of the Institution. Where appropriate, a further distinction is drawn in the text of the Code between lay governing body members who are appointed by the governing body and other lay members (the latter group including the Senior Lay Member, any members appointed or elected by alumni groups, any representative of the local or regional authority appointed in accordance with the statutes of a particular HEI and, in some HEIs, Rector’s or Chancellor’s Assessors).
External lay committee member	A lay member of one of the governing body’s committees who is not a member of the governing body itself. It is common practice to appoint such external members to committees in order to bring in specific expertise. Committee membership can also provide individuals with experience of HE governance without taking on the full responsibilities of governing body membership.
Executive officer	A member of the Institution’s management team who is not a member of the governing body (i.e. here this term is not used to denote the Principal or any other members of the governing body).



# 1

## The Governing Body: Primary responsibilities

**The governing body must take responsibility for ensuring the effective management of the Institution, planning the Institution’s strategic direction and future development and advancing its mission. The governing body has ultimate responsibility for all the affairs of the Institution and must ensure that there are appropriate arrangements for financial management. It must satisfy itself that the Institution is compliant with all relevant legal and regulatory obligations and operates with high levels of social responsibility. The governing body must adopt and publish a Statement of Primary Responsibilities.**

The governing body must take responsibility for ensuring the effective management of the Institution, planning the Institution’s strategic direction and future development and advancing its mission. The governing body has ultimate responsibility for all the affairs of the Institution.

1. The governing body must enable the Institution to achieve and develop its mission and primary objectives of learning and teaching and research.
2. The members of a governing body, collectively and individually, must act in accordance with the Nine Principles of Public Life in Scotland,<sup>1</sup> which should be the foundation for the governing body’s behaviour and its decision-making processes. They are:
  - Duty
  - Selflessness
  - Integrity
  - Objectivity
  - Accountability and Stewardship
  - Openness
  - Honesty
  - Leadership
  - Respect
3. The governing body must be involved in the development of, take responsibility for, and monitor performance against the Institution’s strategic plan, which sets the aims and objectives of the Institution and identifies the financial, physical and staffing strategies necessary to achieve these objectives. It is also expected to approve an annual plan that identifies those aspects of the strategic plan being implemented in the year in question.
4. The governing body must be attentive to risks which could threaten the sustainability of the Institution, including the risk of inaction in the face of threat or opportunity, and ensure that the Institution has appropriate procedures to identify and actively manage risk. The governing body is responsible for determining the nature and extent of the principal risks it is willing to take in pursuing its strategic plan. Institutions should maintain a risk register and are expected to provide an annual disclosure about risk management in audited financial statements.

<sup>1</sup> While higher education institutions are not public bodies, the Nine Principles of Public Life in Scotland, which incorporate the seven ‘Nolan Principles’, provide an appropriate and recognised definition of ethical and responsible behaviour for those involved in higher education governance.

The governing body must ensure that the Institution has appropriate arrangements for financial management.

The governing body must satisfy itself that the Institution is compliant with all relevant legal and regulatory obligations.

The governing body must satisfy itself that the Institution operates with high levels of social responsibility.

5. The governing body should satisfy itself that the Institution has adequate systems and practices for informing and consulting with stakeholders’ representative bodies, including recognised trade unions and student associations, in relation to the on-going development of the Institution and any significant proposals regarding relevant institutional policies. The governing body should also satisfy itself that the Institution has in place appropriate arrangements for engaging with the public and the wider communities which it serves.
6. The governing body should satisfy itself that the Institution’s students’ association is properly resourced and supported to function as an effective and autonomous organisation. The Institution has a legal obligation to take reasonable steps to ensure that the students’ association operates in a fair and democratic manner and that the students’ association is accountable for its finances.
7. The Institution’s financial regulations must specify the financial responsibilities and authority of the governing body, its committees, and staff. Financial procedures should specify processes to be followed in day-to-day financial transactions. There should be clear policies on a range of systems, including (but not limited to) treasury management, investment management, risk management, debt management, and grants and contracts. These should be monitored to enable continuous improvement.
8. Legal and regulatory obligations include compliance with all relevant laws, the governing instruments of the Institution, relevant financial standards including the Scottish Funding Council’s Financial Memorandum, and any legal obligations arising in connection with the Institution’s charitable and/or company status, in addition to the observance (on a comply or explain basis) of this Code.
9. The governing body is expected to review regularly its policies relating to compliance with statutory duties.
10. The governing body must satisfy itself that the Institution’s policies and actions are ethical and sustainable, taking into consideration their impact on the environment, on the wellbeing of its students and workforce, including health and safety issues and fair working practices, and on other communities, whether local or more distant.



The governing body must adopt and publish a Statement of Primary Responsibilities.

11. The Statement of Primary Responsibilities is expected to include, as a minimum, provisions that relate to:
- protecting the reputation and values of the Institution;
  - ensuring, in conjunction with the academic board, the quality of the Institution’s educational provision and adequate provision for the general welfare of students;
  - approving the mission and strategic vision of the Institution, its strategic plan, key performance indicators (KPIs) and annual budgets, ensuring that they have due regard to the interests of students, staff and other stakeholders, and monitoring institutional performance in terms of these;
  - appointing the Head of the Institution (the Principal) as chief executive officer of the Institution and putting in place suitable arrangements for monitoring their performance;
  - appointing the Secretary to the governing body;
  - ensuring the establishment and monitoring of systems of control and accountability, including financial and operational controls, risk management, means of evaluating the governing body’s own performance and clear procedures for handling internal grievances and “whistleblowing” complaints and for managing conflicts of interest.
12. This Statement must be included in the Institution’s Annual Report, along with a broad summary of the authority that the governing body delegates to management, its committees and the academic board. The Annual Report must be published on the Institution’s website.
13. The governing body may delegate authority or allocate some of its work to committees, grant delegated authority to the Chair or a committee to act on its behalf, and delegate authority to the Principal and other officers of the Institution. Such delegations must be clearly defined in a schedule of delegation that is formally approved by the governing body. Having delegated authority to other bodies or individuals to act on its behalf, the governing body is nevertheless still ultimately accountable and assumes collective responsibility for the actions taken.
14. In deciding which tasks should be delegated to committees, the governing body must retain a formal schedule of matters reserved to it for its collective decision.<sup>2</sup> Such matters are likely to include final decisions on issues of institutional strategy; the review and approval of the Institution’s annual budget and Annual Report; and the appointment and dismissal of the Principal and of the Secretary to the governing body.

2 The governing instruments of some Institutions list key powers that the governing body may not delegate.

# 2

The governing body must have a balance of skills and experience among its members sufficient to enable it to meet its primary responsibilities and foster stakeholder confidence. It must have a majority of lay members and should be no larger than is necessary to meet legal requirements and ensure appropriate coverage of skills and stakeholder involvement.

The recruitment of members appointed by the governing body must proceed through an open and inclusive process that is based on a skills evaluation.

## The Governing Body: Membership

The governing body must have a balance of skills and experience among its members sufficient to enable it to meet its primary responsibilities and foster stakeholder confidence. It must have a majority of lay members and should be no larger than is necessary to meet legal requirements on membership and to ensure appropriate coverage of skills and stakeholder involvement. The recruitment of members appointed by the governing body must proceed through an open and inclusive process that is based on a skills evaluation.

15. The governing body is expected to draw up and make public a register of the balance of skills, attributes and experience required in the membership of the governing body, to inform the recruitment of appointed lay members of the governing body as well as regular assessment of the balance of skills across the membership of the governing body.
16. By law, governing bodies must include at least two members “appointed by being elected by the staff of the Institution from among their own number”. In devising a process or processes for appointing these members, Institutions should have regard to the importance of maintaining adequate representation from both the academic and non-academic staff bodies, building on current practice where appropriate.
17. All Institutions are expected to make clear in their annual reports how the size, and composition of the governing body (and any change in the size or composition) contributes to maintaining a coherent and effectively functioning governing body, as well as meeting statutory requirements on membership and the need for an appropriate range of skills and experience.
18. Institutions are expected to advertise vacancies for appointed lay members within and outside the Institution, using a job specification and a clear indication of the skills, knowledge and experience required.
19. Lay members who are appointed by the governing body must be appointed for a given term, which may be renewable, subject to satisfactory performance. The renewal of any appointment must not be automatic, but should be recommended by the nominations committee or equivalent (see Section 7). Service beyond three terms of three years, or two terms of four years, should be avoided (exceptions, such as retention of a particular skill or expertise, may be permitted, but must be explained). After this point members should normally retire and be replaced by new members. Such limits on periods of office should also be observed by those constituencies which appoint or elect members to the governing body.
20. Where an existing member of the governing body is elected to serve as Chair, that member should automatically begin a new term of membership linked to the office. However, consideration should be given to limiting the new Chair to a single term of office where that person has already served for a substantial period on the governing body. The governing body or relevant committee should consider this point when formulating the rules for eligibility to stand for election to the Senior Lay Member position.



# 3

## Responsibilities of Governing Body Members

**Governing body members must take collective responsibility for the governing body’s decisions. All members must exercise their responsibilities in accordance with accepted standards of behaviour in public life and in the interests of the Institution as a whole, rather than as representatives of any constituency. All governing body members assume the same responsibilities as part of the collective decision-making body (apart from the additional responsibilities that attend particular offices, including the roles of Chair, Principal and, where there is one, Rector). Conflicts of interest must be considered and may affect a member’s ability to participate in some governing body business.**

Governing body members must take collective responsibility for the governing body’s decisions. All members must exercise their responsibilities in accordance with accepted standards of behaviour in public life and in the interests of the Institution as a whole, rather than as a representative of any constituency.

- 21. All governing body members are collectively responsible and accountable for all the governing body’s decisions. Members should take an active part in all governing body business and should not confine their contributions to matters that appear relevant to their background or the particular constituency that appointed or elected them.
- 22. Members appointed or elected by a particular constituency, or otherwise drawn from a particular sector or community, must not act as if delegated by that particular constituency. No member may be bound, when speaking or voting, by mandates given to them by others, or drawn from an electoral platform. This requirement is not only in line with principles of good governance but also essential to members’ responsibilities as charity trustees.<sup>3</sup>
- 23. Members of the governing body must also take care not to become involved in the day-to-day executive management of the Institution, excepting those who are employed by or are students of the Institution, and in these cases only to the extent that they have executive responsibilities in the course of their employment or their activities as students or trade union representatives.
- 24. The governing body, acting as a whole, has the power to remove any member of the governing body from office,<sup>4</sup> and should do so if the member materially breaches the conditions of their appointment, including the requirements of this Code.

<sup>3</sup> On this point and other aspects of the charity trustee role, see <http://www.oscr.org.uk/charities/guidance/guidance-and-good-practice-for-charity-trustees>.  
<sup>4</sup> The Higher Education Governance (Scotland) Act 2016 sets out conditions on the rules that Institutions may adopt in respect of removal of any governing body member, including the Chair.

All governing body members assume the same responsibilities as part of the collective decision-making body (apart from the additional responsibilities that attend particular offices, including the roles of Chair, Principal and, where there is one, Rector). Conflicts of interest must be considered and may affect a member’s ability to participate in some governing body business.

The Institution must maintain and publicly disclose a current register of interests of members of the governing body.

- 25. All governing body members must be considered full members of the governing body and treated as such. Once appointed, all members assume the same responsibilities, obligations and rights and should be expected and supported to participate fully in all governing body business, unless a clear conflict of interest is identified. The roles of the Chair, Rector (where there is one) and Principal have additional aspects, which are prescribed in legislation, in institutional protocols and in this Code. Otherwise, there are different categories of member only in that there exist distinct routes to appointment to the governing body.
- 26. Institutions are expected to set rules on committee memberships that are consistent with this principle. Institutions’ rules must not preclude membership of any of the governing body’s standing committees, with the exception of the Audit Committee, purely on the basis of the category of governing body member (in the sense of who appointed or elected that member). A conflict of interest may prevent a governing body member from taking up membership of a particular committee. Other than this, the primary determinant of committee membership is that its members have the ability (the required skills and the time) to contribute effectively to the committee.
- 27. A member of a governing body who has a financial, family or other interest in any matter under discussion, at any meeting of the governing body or one of its committees at which they are present, must, as soon as practicable, disclose the fact of this interest to the meeting. The same requirement applies to the Secretary and any executive officers who are present.
- 28. Where it is identified that a member of the governing body has a conflict of interest with respect to a given matter, the Chair may, on the advice of the Secretary, request that the member in question withdraw from participation in relevant business. Depending on the nature of the business, this may allow for participation in discussions without taking part in decision-making or may require complete non-participation and/or withdrawal from that part of the meeting.
- 29. A member of the governing body is not considered to have a financial interest in matters under discussion merely because they are a member of staff or a student of the Institution. Nor does the restriction of involvement in matters of direct personal or financial interest prevent members of the governing body from remaining at a meeting which is considering, and voting, on proposals to insure the governing body against liabilities which it might incur.
- 30. The Institution is expected to publish the register of interests on its website, suitably redacted to take account of data protection duties, and keep it up to date. The Secretary and any other senior officer closely associated with the work of the governing body, for example the Finance Director, must also submit details of any interests to be included in the register.
- 31. The Institution is also expected to maintain robust and comprehensive policies on registering gifts and hospitality offered to governing body members in relation to their role on the governing body, and to the Secretary and Finance Director. These policies should have regard to the overarching need for transparency in public life.



# 4

## Equality and Diversity

**The governing body must provide leadership in equality and diversity across all protected characteristics, assuming responsibility for the Institution’s strategy and policy on equality and diversity. This should not only ensure compliance with all relevant legislative and regulatory requirements but also actively promote and facilitate equality and diversity goals across the whole Institution.**

**In addition, the governing body must monitor its own composition, establishing appropriate goals and policies regarding the balance and diversity of the members it appoints and regularly reviewing its performance against these goals and policies.**

The governing body must provide leadership in equality and diversity across all protected characteristics, assuming responsibility for the Institution’s strategy and policy on equality and diversity. This should not only ensure compliance with all relevant legislative and regulatory requirements but also actively promote and facilitate equality and diversity goals across the whole Institution.

- 32. The governing body is responsible for compliance with all relevant legislative and regulatory requirements relating to equality and diversity. The governing body is expected to approve the Institution’s equality and diversity policy and to satisfy itself that relevant policies have been implemented throughout the Institution. The governing body is expected to receive an equality monitoring report at least annually.<sup>5</sup> This report should include clear goals in relation to specified characteristics and actions taken towards achieving these goals.
- 33. Institutions must work to eliminate unlawful discrimination, promote and facilitate equality and foster good relations across all protected characteristics. The governing body is expected to show leadership in pursuing these actions.
- 34. The governing body’s equality and diversity responsibilities should be included in the induction of new members. The need for additional training in matters of equality and diversity should be assessed as part of regular reviews of the development needs of governing body members (see Section 5).

<sup>5</sup> Where externally required reports fulfil this requirement, no additional reporting is required for the sake of this Code.

The governing body must monitor its own composition, establishing appropriate goals and policies regarding the balance and diversity of the members it appoints and regularly reviewing its performance against these goals and policies.

- 35. Having due regard to applicable law, best practice and the need for appropriate skills and experience, the governing body is expected to establish and regularly review appropriate goals and policies on equality and diversity with respect to the members it appoints.<sup>6</sup> The governing body, through its nominations committee or equivalent, should take steps to open opportunity of membership to the widest possible range of well qualified potential members and to remove any unnecessary barriers to membership.
- 36. The governing body should monitor equality and diversity (including, but not restricted to, gender balance) across the entire governing body. External organisations or electorates that appoint or elect governing body members should be made aware of any significant imbalances and should consider how they can contribute to increasing the diversity of the governing body where appropriate.

<sup>6</sup> At the time of this Code’s publication (October 2017), relevant guidance includes the public commitment by the Chairs of all Scottish HEIs to maintaining or working towards gender-balance, defined as at least 40% women and at least 40% men, among the members directly appointed by governing bodies. More generally, the Equality Challenge Unit offers a range of useful resources including key guidance for governance at: <http://www.ecu.ac.uk/publications/governing-bodies-equality-and-diversity>.



5

Effectiveness

On joining the governing body, new members must receive an induction aimed at equipping them to be effective governing body members when they commence the role. Opportunities for further development for all members should be provided regularly, in accordance with their individual needs and responsibilities. The proceedings of the governing body must be conducted in a timely and appropriately transparent manner. Key officers of the executive should attend meetings to support effective decision-making, but must not unduly influence the business of the governing body. The governing body must review its effectiveness regularly and is expected to report publicly on the results of effectiveness reviews and associated actions. In addition, the governing body must satisfy itself that it has discharged its responsibilities through its annual review of the Institution's overall performance which forms the core of the Annual Report.

New members must receive a full induction on joining the governing body. Opportunities for further development for all members should be provided regularly, in accordance with their individual needs and responsibilities.

- 37. Governing bodies are expected to provide all those responsible for making appointments or overseeing elections to the governing body with a clear description of the responsibilities of and expectations placed upon governing body members. This should also be published in a form that is accessible to potential electors of governing body members.
- 38. On taking up office, all new members are expected to receive the Institution's standard letter of appointment, be briefed on the terms of their appointment and be made aware of the responsibilities placed on them for the proper governance of the Institution. Each new member should have a programme of induction covering both general aspects of the role and matters specific to the particular Institution, including its current strategy and performance and its various stakeholder groups.
- 39. Special attention should be paid to induction for members who lack experience of comparable roles. Governing bodies should work with student organisations to mitigate any challenges caused by the usually short tenure of student governing body members. As part of this, particular care should be given to ensuring that their induction is comprehensive and, as far as possible, completed before they take on any governance responsibilities.
- 40. Induction should cover conflicts of interest, questioning skills, relevant financial knowledge and skills, and the nature of higher education institutions, except where the governing body member has sufficient relevant experience to render some part of this unnecessary.
- 41. Members' individual contributions are expected to be reviewed regularly, at a minimum every two years, through a standardised process with the active involvement of the member concerned. Opportunities for relevant personal development should be identified. The timing of this review process should be carefully considered for student members

The proceedings of the governing body must be conducted in a timely and appropriately transparent manner.

in particular, in order to maximise its usefulness during their limited terms of office. These reviews need not all be carried out by the Chair, though the Chair retains ultimate responsibility for the effectiveness of the governing body (see Section 6).

- 42. Governing bodies are expected to meet at least four times a year. Members should attend all meetings where possible. Details of the number of meetings of the governing body and its main committees, and rates of attendance of members, should be reported publicly.
- 43. In addition to normal meetings of the governing body, the Institution is expected to hold an annual stakeholder meeting in public, at which representatives of the governing body, including the Principal, are expected to give an account of the Institution's performance and should be available to answer questions. This event may or may not also include regular governing body business.
- 44. To function efficiently, the governing body must have rules for the conduct of its meetings. Institutions are expected to publish these rules, which should include, but are not restricted to:
  - procedures for voting, rescinding decisions, calling extraordinary meetings, and declaring business reserved;
  - requirements for a quorum; and
  - frequency of meetings.
- 45. The agenda of governing body meetings and supporting papers are expected to be circulated sufficiently in advance to allow for effective scrutiny of proposals, and decisions minuted. The agenda and minutes are expected to be published in a timely manner on the Institution's website. The governing body's rules must specify the kinds of matter that may not be published for reasons of confidentiality. The papers considered at meetings should be made available to staff and students, unless this would breach confidentiality or would not be in the interests of the Institution.
- 46. Institutions are expected to make available on their website a list of all members of the governing body, along with a brief biography of each member, and an email address for contacting the Secretary, which may also be used to contact members of the governing body. Details of the membership and terms of reference of key committees, including the audit, remuneration and nominations committees (or equivalents) should also be listed.



Key officers of the executive should attend meetings to support effective decision-making, but must not unduly influence the business of the governing body or its committees.

The governing body must review its effectiveness regularly and is expected to report publicly on the results of effectiveness reviews and associated actions.

In addition, the governing body must satisfy itself that it has discharged its responsibilities through its annual review of the Institution's overall performance which forms the core of the Annual Report.

- 47. Decisions of the governing body must be made only by its members, acting collectively. Executive officers should provide information and advice when called upon (allowing that Secretaries may need to take a more active role in order to fulfil their responsibilities; see Section 6). At governing body meetings, the number of executive officers present should not normally exceed the number of lay members present. Any member of the governing body must be able to raise issues relating to institutional management, notwithstanding the presence of executive officers. To help ensure this, the Chair should be aware of any professional or personal connections between, or other relevant issues concerning, governing body members and executive officers.
- 48. The Chair must ensure that the distinct roles for executive officers and members of the governing body are maintained and respected. The Chair and the Principal should discuss and reach a clear understanding of the extent and nature of executive officers' involvement in meetings, including which parts of the meeting each individual should attend. Ultimately the Chair is responsible for the conduct and effectiveness of governing body business.
- 49. The governing body is expected to review its own effectiveness each year and to undertake an externally facilitated evaluation of its own effectiveness and that of its committees, including size and composition of membership, at least every five years. As part of these processes or separately, the effectiveness of the academic board (also known as Senate, Senatus Academicus or academic council) is expected to be reviewed similarly. These reviews should be reported upon appropriately within the Institution and outside. Externally facilitated reviews should be held following any period of exceptional change or upheaval (allowing suitable time to see the effects of changes made), the usual timetable for externally facilitated review being brought forward if necessary in these circumstances.
- 50. Given the short terms of office served by student members, externally facilitated effectiveness reviews should, where possible, take evidence from recent student members as well as those currently serving on the governing body.
- 51. The governing body is expected to reflect annually on the performance of the Institution as a whole in relation to its strategic plan, with reference to agreed KPIs. Where possible, the governing body should benchmark institutional performance against equivalent metrics of other comparable institutions. The Institution's annual performance against KPIs and its progress towards meeting its strategic objectives should be published in its Annual Report.

# 6

The Chair is responsible for the leadership of the governing body, and is ultimately responsible for its effectiveness. The Chair must act so as to maintain the confidence of the governing body and ensure the Institution is well connected with its stakeholders, including staff and students.

## Key roles

The Chair is responsible for the leadership of the governing body, and is ultimately responsible for its effectiveness. The Chair must act so as to maintain the confidence of the governing body and ensure the Institution is well connected with its stakeholders, including staff and students.

The four Ancient universities must have a protocol to define the division of responsibilities between the Rector and the Chair.

The Principal must be accountable to the governing body. The governing body must make clear, and regularly review, the authority delegated to the Principal as chief executive, having regard also to that conferred directly by the instruments of governance of the Institution.

The Secretary to the governing body must ensure compliance with all procedures and ensure that the governing body is appropriately supported such that it is able to discharge its duties. All members must have access to the advice and services of the Secretary to the governing body, and the appointment and removal of the Secretary must be a decision of the governing body as a whole.

- 52. The Higher Education (Scotland) Act (2016) specifies the responsibilities of what it terms the 'Senior Lay Member' in relation to the role of Chair. By virtue of older legislation, the Rector at the Ancient universities may carry out certain elements of the Chair role. References to the Chair in this Code therefore refer to the Senior Lay Member insofar as the relevant responsibilities fall within the legal definition of the Senior Lay Member role.
- 53. Having responsibility for leadership of the governing body and as chair of its meetings, the Chair must promote its effective operation, ensuring that its members work together effectively and have confidence in the procedures laid down for the conduct of business. Like all other members, the Chair must contribute to collective decision-making and act only in the interests of the Institution, not on behalf of any electoral constituency or interest group.
- 54. The Chair may delegate duties to other members of the governing body, but must do so with the consent of the governing body and with due regard to the Chair's statutory responsibilities and the rules of the governing body. Any such delegation should be clearly recorded.
- 55. As part of responsibility for the governing body's overall effectiveness, the Chair should ensure that student members are given the necessary support to participate effectively, bearing in mind their short terms of office.



The four Ancient universities must have a protocol to define the division of responsibilities between the Rector and the Chair.

- 56. Through leadership of the governing body, the Chair plays a key role in the business of the Institution, but not in day-to-day executive management. The Chair must strive to maintain a constructive and challenging working relationship with the Principal and, by extension, between the governing body and the Principal. These relationships should be mutually supportive, but must also incorporate the checks and balances imposed by the different roles that each has within an Institution’s constitution.
- 57. The governing body may grant delegated authority to the Chair to act on its behalf between meetings. Alternatively, other arrangements may be made for action between meetings, such as the use of an Exceptions Committee or equivalent and/or protocols around decision-making by correspondence. Policy on this matter should be clearly defined in the rules governing the governing body’s business. The Chair is answerable to the governing body for and must make a report to the governing body on any action taken on its behalf.
- 58. The governing body is expected to appoint one of its lay members to serve as an intermediary for other members who might wish to raise concerns about the conduct of the governing body or the Chair. Led by this lay member, the members of the governing body are expected to appraise the Chair’s performance at least annually, without the Chair present. Prior to this, all governing body members should be offered the opportunity to provide relevant feedback individually and in private. Like other members, the Chair should be assisted to identify professional development needs in relation to governance responsibilities and seek opportunities to address them.
- 59. In formulating rules and procedures for the election of a Senior Lay Member, as required by the Higher Education Governance (Scotland) Act 2016, the Institution is expected to consult with relevant stakeholders. The Institution is expected to publish these rules and procedures on its website, along with the membership of the committee managing this process.
- 60. A distinction needs to be drawn in the four Ancient universities (the Universities of Aberdeen, Edinburgh, Glasgow and St. Andrews) between the role of the Chair and the specific role of the Rector in ‘presiding’ at governing body (Court) meetings. The exact interpretation of the Rector’s role with respect to the governing body is a matter for agreement by the governing body of the individual Institution concerned. Each governing body must set that agreement out clearly in a protocol, the content of which should be published and made clear to candidates for the posts of Rector and Senior Lay Member and reflected in the job descriptions for these posts.<sup>7</sup>

<sup>7</sup> Note that this section does not apply to the Rector at the University of Dundee or the University of the Highlands and Islands (UHI). At the University of Dundee, the Rector is elected by the student body and may choose to act as an *ex officio* member of the governing body or appoint an assessor following consultation with the students’ association; neither the Rector nor their assessor automatically presides at meetings of the governing body. UHI’s Rector also has *ex officio* ordinary membership of the governing body. This is a quite distinct position from that of Rector at the Ancient universities: UHI’s Rector is elected by and chairs the UHI Foundation.

The Principal must be accountable to the governing body. The governing body must make clear, and regularly review, the authority delegated to the Principal as chief executive, having regard also to that conferred directly by the instruments of governance of the Institution.

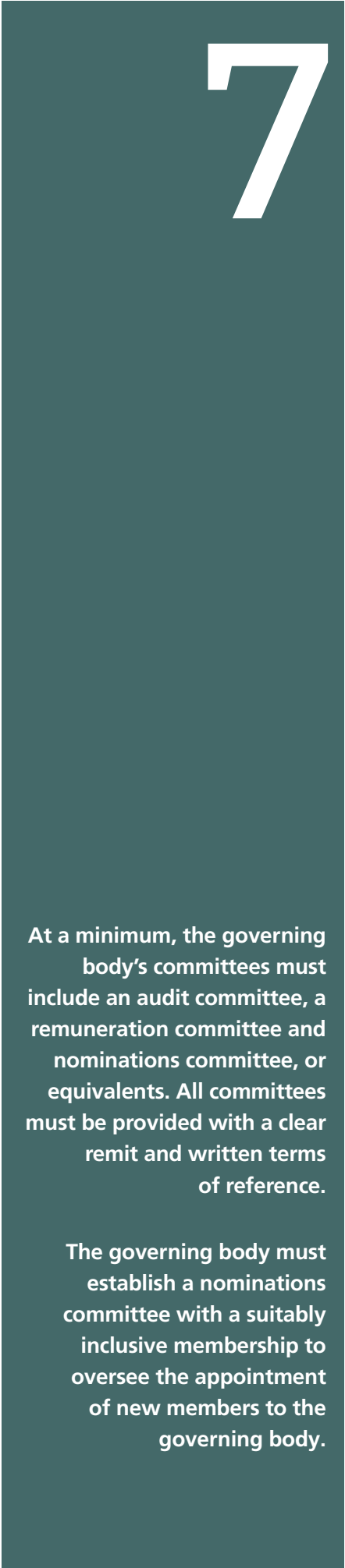
The Secretary to the governing body must ensure compliance with all procedures and ensure that the governing body is appropriately supported such that it is able to discharge its duties. All members must have access to the advice and services of the Secretary to the governing body, and the appointment and removal of the Secretary must be a decision of the governing body as a whole.

- 61. The Principal is responsible for management of the Institution and for providing the governing body with advice on its strategic direction.
- 62. The Principal is the designated officer in respect of the use of Scottish Funding Council funds and compliance with that Funding Council’s Financial Memorandum. The Principal must alert the governing body if any actions or policy under consideration would be incompatible with the terms of the Financial Memorandum. If the governing body nevertheless decides to proceed, then the Principal has a duty to inform either the Chief Executive of the Scottish Funding Council, or other appropriate officer.
- 63. The Principal has responsibility for the appropriate implementation of the decisions of the governing body.
- 64. The governing body is expected to ensure that the appointment process for the Principal enables student, staff and trade union input to be taken into account, taking into consideration the academic and non-academic aspects of the Principal’s role. The membership of the selection committee for the appointment of the Principal must be approved by the governing body and is expected to consist of lay members, at least one Elected or Union staff member, at least one student member of the governing body and adequate representation from the academic community.
- 65. Assessment of the performance of the Principal, normally led by the Chair, is expected to take place on an annual basis, with views sought and considered from each member of the governing body.
- 66. The Secretary to the governing body must be appointed to that post by the governing body and, in carrying out the role of Secretary to the governing body, must be solely responsible to the governing body. When dealing with governing body business, the Secretary must act on the instructions of the governing body itself. Only the governing body, as a whole, is empowered to remove the Secretary from these duties.
- 67. The Secretary must have a direct reporting link to the Chair of the governing body for the conduct of governing body business (i.e. agendas, papers, minutes, etc.) and must be available and accessible to all members of the governing body. All members of the governing body should be proactive in seeking advice from the Secretary when it is required.
- 68. The Secretary must draw to the attention of the governing body any conflict of interest, actual or potential, between the Secretary’s administrative or managerial responsibilities within the Institution and responsibilities as a Secretary to the governing body. If the governing body believes that it has identified such a conflict of interest itself, the Chair should seek advice from the Principal, but must offer the Secretary an opportunity to respond.
- 69. The Secretary is expected to ensure that papers are supplied to members in a timely manner and contain such information, in such form and of such quality, as is appropriate to enable the governing body to discharge its duties efficiently and effectively.





- 70. The Secretary should be solely responsible for commissioning legal advice for the governing body, and advising it on all matters of procedure. The Chair and members of the governing body should look to the Secretary for guidance about their responsibilities under the charter, statutes, articles, ordinances and regulations to which they are subject, including legislation, this Code and the requirements of the Scottish Funding Council, and on how these responsibilities should be discharged. It is the responsibility of the Secretary to alert the governing body if the Secretary believes that any proposed action would exceed the governing body's powers or be contrary to legislation, this Code or to the Scottish Funding Council's Financial Memorandum (notwithstanding the Principal's responsibility as accountable officer in the latter case).
- 71. The Secretary is expected to advise the Chair in respect of any matters where conflict, potential or real, may occur between the governing body and the Principal. The Secretary should also keep the Principal fully informed on any matter relating to governing body business (other than in relation to the Principal's own performance and reward).
- 72. The governing body must safeguard the Secretary's ability to carry out these responsibilities.



# 7

## Committees and Academic Board

**At a minimum, the governing body's committees must include a nominations committee, an audit committee, and a remuneration committee, or equivalents. All committees must be provided with a clear remit and written terms of reference.**

**The governing body must establish a nominations committee with a suitably inclusive membership to oversee the appointment of new members to the governing body.**

**A suitably qualified audit committee must be appointed.**

**The governing body must establish a remuneration committee to determine and review the salaries, benefits and terms and conditions (and, where appropriate, severance payments) of the Principal and such other members of staff as the governing body deems appropriate. The policies and processes used by the remuneration committee must be determined by the governing body, and the committee's reports to the governing body should provide sufficient detail to enable the governing body to satisfy itself that the decisions made have been compliant with its policies.**

**The governing body has responsibility for the effectiveness of the Institution's academic board.**

**At a minimum, the governing body's committees must include an audit committee, a remuneration committee and nominations committee, or equivalents. All committees must be provided with a clear remit and written terms of reference.**

**The governing body must establish a nominations committee with a suitably inclusive membership to oversee the appointment of new members to the governing body.**

- 73. Committee remits and terms of reference must state the extent and limits of the committee's responsibilities and authority and are expected to be published on the Institution's website. Committees must not exceed their terms of reference and should be so advised by the Secretary to the governing body. Committees must distinguish between issues on which they are empowered to take decisions, and issues that they must refer to the governing body for decision. Where a committee is acting under delegated powers it should submit regular written reports to the governing body on decisions that it has taken on the governing body's behalf.
- 74. The membership of the nominations committee should have a lay member majority. The membership should include the Chair, the Principal, at least one Elected or Union staff member and a student member of the governing body. Where the Chair is chair of the nominations committee, this role should be delegated to another member when the committee is managing the appointment of the Chair's successor.
- 75. The nominations committee is expected to consider the field of candidates against a skills register which to and also to consider whether candidates share the values of the Institution and will add to the overall success and health of the Institution. The nominations committee must also give due consideration to issues of equality and diversity, in line with Section 3 of this Code, and to the appropriate inclusion in the governing body of relevant stakeholder groups.



**A suitably qualified audit committee must be appointed.**

**The governing body must establish a remuneration committee to determine and review the salaries, benefits and terms and conditions (and, where appropriate, severance payments) of the Principal and such other members of staff as the governing body deems appropriate. The policies and processes used by the remuneration committee must be determined by the governing body, and the committee's reports to the governing body should provide sufficient detail to enable the governing body to satisfy itself that the decisions made have been compliant with its policies.**

- 76. The governing body must appoint an audit committee and set up internal and external audit arrangements in accordance with the appropriate Audit Code and the Scottish Funding Council's requirements. The audit committee should be a small, authoritative body which has the necessary financial expertise and the time to examine the Institution's financial and risk management control and governance under delegation from the governing body. The committee is expected to produce an annual report for the governing body, including its opinion on the adequacy and effectiveness of governance arrangements (not confined to financial arrangements), financial control and arrangements for promoting economy, efficiency and effectiveness.
- 77. The governing body should also receive reports on the Institution's risk management arrangements. These may be the responsibility of the Audit Committee or of a separate Risk Committee (or equivalent).
- 78. Membership of the remuneration committee should have a majority of lay members. A majority of these lay members should be members of the governing body (others may be external lay committee members). The membership should include the Chair of the governing body. The committee chair should be a lay member of the governing body and should not be the Chair of the governing body. The Principal should be consulted on remuneration relating to other senior post-holders and should attend meetings of the committee, except when the committee discusses matters relating to the Principal's own remuneration.
- 79. The policies and processes used by the remuneration committee in reaching decisions on individuals must be discussed by the whole governing body and approved by that body. The remuneration committee's reports to the governing body should provide sufficient detail of the broad criteria and policies against which decisions, including in relation to any unusual severance payments, have been made.
- 80. In addition, the remuneration committee is expected to seek the views of representatives of students and staff of the Institution, including representatives of recognised trade unions, in relation to the remuneration package of the Principal and the senior executive team. This requirement may be implemented in part through relevant members of the governing body serving as members of the remuneration committee or attending its meetings, or may be achieved through separate consultation with representatives of the student and staff communities. The relevant process should form part of the policies and processes approved by the whole governing body, as outlined above.
- 81. The remuneration committee is expected to represent the public interest and avoid any inappropriate use of public funds. The remuneration committee is expected to seek and make use of sufficient relevant information to reach well informed evidence-based decisions. This should include appropriate comparative information on salaries and other benefits and conditions of service in equivalent positions in the Higher Education sector and elsewhere, including other organisations that similarly receive public funding; national pay awards and rates

**The governing body has responsibility for the effectiveness of the Institution's academic board.**

- of pay used throughout the Institution; and assessments of relevant individuals' performance. The remuneration committee should oversee contracts of employment for senior staff and should ensure that these do not specify periods of notice of more than 12 months and do not require the payment of pension enhancements (except where these follow from pension scheme rules). The remuneration committee is expected similarly to act proportionately and with regard to the appropriate use of funds when considering severance arrangements for senior staff.
- 82. The governing body must ensure that the academic board (also known as Senate, Senatus Academicus or academic council) is appropriately constituted according to relevant legislation and the Institution's statutory instruments. The governing body is expected to receive and consider reviews of the academic board's effectiveness (see Section 5).
  - 83. The Institution is expected to have appropriate measures in place to clarify the different responsibilities of the governing body and the academic board and to encourage a high level of mutual understanding between them.













UNIVERSITY COURT

4 December 2017

**UK Quality Code for Higher Education – Consultation**

**Description of paper**

1. This paper presents a joint University and Students' Association draft response to the consultation on the UK Quality Code for Higher Education – a document which sets out the expectations that that UK higher education providers are required to meet.

**Action requested/Recommendation**

2. Court is invited to comment on the draft response.

**Background and context**

3. The UK Standing Committee for Quality Assessment (UKSCQA) is consulting on a new approach to the 'Expectations' aspect of the UK Quality Code for Higher Education. The consultation seeks to ensure that the Quality Code remains the cornerstone for quality in UK higher education, that it protects the public and student interest, and that it maintains the UK's world-leading reputation for quality in higher education. The full consultation document and the current Quality Code 'Expectations' are available as background papers on the Court wiki site: <https://www.wiki.ed.ac.uk/display/UCC/University+Court>.

4. 'Expectations' are defined as "... *Expectations that higher education providers are required to meet to ensure: that appropriate and effective teaching, support, assessment and learning resources are provided for students; that the learning opportunities provided are monitored; and that the provider considers how to improve them.*"

5. While detailed scrutiny of the draft response will be undertaken by the Senate Quality Assurance Committee, the draft response has been submitted in parallel to Court as the consultation expresses a particular interest in hearing from governing bodies and the requirement in the Statement of the Court's Primary Responsibilities for Court 'to monitor quality enhancement arrangements.'

**Discussion**

*Summary points*

6. The intention is to introduce a new, streamlined top layer to the UK Quality Code, consisting of a smaller number of overarching Expectations. While we welcome the proposal for simplification, which will help students and staff engage with the Quality Code, the proposed Expectations and core practices do not cover the same breadth of the student lifecycle as the current Quality Code and move the Code's purpose from ensuring that institutions have in place policies and practices to assure academic standards and the quality of the student experience to measuring outcomes. In addition, the well-regarded Scottish Enhancement-led Institutional Review method requires institutions to map their practices to the Quality Code and the proposals would make this practice extremely difficult.



*Full response*

7. Court members are invited to comment on the following text which constitutes the University and Students' Association joint response to the consultation which addresses the questions posed by UKSCQA:

**Does this proposal provide a coherent framework for quality and standards in UK higher education?**

- No. The proposal would change the fundamental purpose of the Quality Code. Currently, the Quality Code, which has been developed collaboratively within and is co-owned by the sector, is used by institutions and external agencies to ensure that appropriate practices are in place to assure academic standards and the quality of the student experience across all aspects of the student lifecycle. The proposed expectations and core practices cover a narrower range of the student lifecycle and the proposed core practices are outcomes, many of which would be difficult to measure and evidence. In our view, this represents a major shift from viewing quality as a transformation process to an objective outcome.

**Do the revised Expectations appropriately express the outcomes students and stakeholders should expect from higher education providers?**

- No. The starkest omission from the proposal is any mention of student engagement. The importance of working in partnership with students across all aspects of the student lifecycle must be central to the Quality Code. There has been significant work taking place across the sector on the importance of learning and teaching happening in partnership with students which is not reflected in the proposal. The proposal mentions student engagement as a possible supplementary practice, which "may form part of the regulatory framework" in some UK nations. Both the University and the Students' Association are disappointed at this reduced status of student engagement given its importance in the University's quality assurance and enhancement processes and Learning and Teaching Strategy.
- Furthermore, the only real reference in the proposal to student engagement in quality – 'Views and feedback from students are regularly sought and acted upon and providers offer feedback in return' – encourages some level of participation from students but does not require the genuine partnership between students and staff which forms part of the Scottish Quality Enhancement Framework.
- There is also little reference to enhancement, which is the focus of the Scottish Quality Enhancement Framework. Instead, the proposal appears to value a more assurance-led approach which is divergent from current Scottish Higher Education Institution sector practice.

**Are the core practices for standards appropriate and flexible enough to:**

- a. Serve the needs of all nations in the UK?**
- b. Serve the needs of an increasingly diverse sector?**



- Yes, this is an area where there is similarity between the nations in terms of the importance of setting threshold academic standards within the relevant national framework.
- Comments on text:
  - Core practice 1 should read: Institutions set their threshold academic standards in line with the relevant national qualifications framework.
  - Core practice 2 is unachievable and should read: Students achieve standards that are reasonably comparable with those achieved in other UK providers.

**Are the core practices for quality appropriate and flexible enough to:**

**a. Serve the needs of all nations in the UK?**

**b. Serve the needs of an increasingly diverse sector?**

- No. Academic standards have a benchmark, however, quality does not have objective standards or benchmarks. The focus of the current Quality Code has been to support the development of effective practices to safeguard academic standards and the quality of the student experience rather than the focus on outcomes which is being proposed.
- Due to the absence of a focus on enhancement, the proposal would not meet the needs of the Scottish Quality Enhancement Framework. The core practices are static statements that do not reflect an enhancement-focussed approach.
- The core practices emphasise the word 'deliver' which does not reflect the learning experience as relational and developmental. Institutions have a duty to provide a good quality of education, but the overuse of this term does not recognise the commitment to work in partnership with students. There is also no reference to the importance of institutions providing an inclusive academic experience for students.
- Comments on text:
  - Expectation 1: the three aspects which have been conflated within this one sentence are all significant and should be separate expectations. There is no corresponding core practice relating to the aspect of reliably assessing student achievement.
  - Core practice 1: how would institutions demonstrate they had achieved this?
  - Core practice 5: this is shifting the responsibility from institutions making available and communicating information about important processes and could imply that all students should understand the academic appeals and complaints procedures, even though in practice a minority of students use these processes. We would suggest, however, that it is necessary that all students should know how to access these procedures, even if they do not necessarily need to understand the entirety of each process until they access it. Additionally, there are a number of key processes that students may need to use throughout their time at university e.g. special/extenuating circumstances which will impact on more students than academic appeals



and complaints. The outcomes should be used as a source of information for improvement.

- Core practice 7: the additional advice and guidance being developed will need to provide clarity of the limits of responsibility for the quality of the student academic experience where a provider works in partnership with other organisations.
- Core practice 8: students are not “matched” to appropriate courses by institutions, they apply to courses of their choice. Also, two significant aspects have been conflated into one sentence.

**Does the proposal to develop supplementary practices outlined above:**

**a. Serve the needs of all nations in the UK?**

**b. Serve the needs of a diversifying sector?**

- There is not enough information provided for us to be able to reliably comment on this proposal. Most importantly, the status of supplementary practices needs to be made clear. The Scottish Higher Education Institution sector is characterised by a focus on enhancement and collaborative working and any Quality Code that meets the needs of all nations in the UK would need to recognise this.
- Furthermore, it is unclear why the proposal chooses to create a hierarchy of practices which is not a feature of the current Quality Code. The decision to include ‘core’ and ‘supplementary’ practices creates an arbitrary distinction and implies that the latter practices are an optional part of the Quality Code.

### *General Comments*

8. Whilst we welcome the proposal for simplification, which will help students and staff engage with the Quality Code, the proposed expectations and core practices do not cover the same breadth of the student lifecycle as the current Quality Code. Moreover, the proposed five categories of information with different statuses have the potential to make the Quality Code difficult to navigate and apply.

9. We also welcome the consultative approach being taken by the UK Standing Committee for Quality Assessment. The value of the current Quality Code is in its co-ownership and co-regulation by the sector and it is essential that this approach continues.

10. There is no reference within the proposal to the following:

- Monitoring and review of academic provision and student support services
- External examining
- Enabling students to develop their academic, personal and professional potential

11. The Enhancement-led Institutional Review method requires Scottish institutions to map their practices to the Quality Code and the proposals would make this practice extremely difficult.



### **Resource implications**

12. Until the changes to the Quality Code are confirmed, the resourcing implications for the University are not known.

### **Risk Management**

13. The risks associated with the changes proposed by UKSCQA are outlined in the draft response.

### **Equality & Diversity**

14. Not applicable as this paper forms a draft response to an external consultation exercise.

### **Next steps/implications**

15. This draft response has also been submitted to the Senate Quality Assurance Committee for comment at its meeting on 30 November 2017. Comments from the Senate Quality Assurance Committee and University Court will be used to create a response to the consultation which will be finalised by Professor Tina Harrison, Assistant Principal Academic Standards and Quality Assurance. The deadline for responses is 13 December 2017.

### **Consultation**

16. The draft response has been created using comments from:

- Edinburgh University Students' Association
- Assistant Principal Academic Standards and Quality Assurance
- College Deans of Quality
- School Directors of Quality
- College Quality Officers
- Academic Services
- Senior Lecturer in Student Engagement, Institute for Academic Development
- Deputy Secretary, Strategic Planning
- Head of Academic Administration, College of Medicine and Veterinary Medicine

### **Further information**

17. Assistant Principal Professor Tina Harrison, Academic Standards and Quality Assurance and Nichola Kett, Academic Services can supply further information

18. Author

Nichola Kett  
Academic Services  
20 November 2017

Presenter

Gavin Douglas  
Deputy Secretary, Student Experience

### **Freedom of Information**

19. This paper is open.





## UNIVERSITY COURT

4 December 2017

### Exception Committee Report

#### Committee Name

1. Exception Committee.

#### Date of Meeting

2. The Committee considered business via electronic communications concluded on 23 October and 30 October 2017.

#### Action Required

3. To note the matters approved on behalf of Court by Exception Committee.

#### Key points

4. The following requests for approval were granted:

##### *2018 Rectorial Election Regulations*

5. The Regulations for the 2018 Rectorial Election were approved. It was agreed at the 25 September 2017 Court meeting that the draft election regulations should be subject to further consultation with student and staff union representatives to consider including an option to re-open nominations in certain circumstances, with a final draft to be submitted to Exception Committee for approval. After consultation, it was agreed that the election should take place based on previous years' regulations, without an option to re-open nominations. For future elections, it is proposed that an independent review of the election process engaging the Electoral Reform Society is undertaken after the 2018 election.

##### *Purchase of Ion Microprobe*

6. Approval for the purchase of an Ion Microprobe at a cost totalling approximately £2.9 million (funded by a grant awarded by the Natural Environment Research Council) and for the delegation of signing authority to the Head of the College of Science & Engineering.

#### Full Minute:

7. Papers considered are available at:  
<https://www.wiki.ed.ac.uk/display/UCC/Exception+Committee>

#### Equality & Diversity

8. There are no specific equality and diversity issues associated with this report.

#### Further information

- |                        |                                 |
|------------------------|---------------------------------|
| 9. <u>Author</u>       | <u>Presenter</u>                |
| Dr Lewis Allan         | Ms Anne Richards                |
| Head of Court Services | Convener of Exception Committee |

#### Freedom of Information

10. Open paper.





UNIVERSITY COURT

4 December 2017

Court EU Sub-Group Report

**Committee Name**

1. Court EU Sub-Group

**Date of Meetings**

2. 2 October 2017 (electronic meeting)

**Action Required**

3. Court is invited to note progress with the three stands of activity – Communications, Scenario Planning & Mitigation and Strategic Partnerships.

*Paragraphs 4 - 19 have been removed as exempt from release due to FOI.*

**Further information**

20. Authors

Tracey Slaven, Deputy Secretary  
Strategic Planning (Scenario Planning)  
Philip Graham, Head of Internal  
Communications (Communications)  
Vice-Principal Professor Jonathan Seckl  
(EU Partnerships)

Presenter

Anne Richards  
Vice-Convener of Court

**Freedom of Information**

21. The paper is closed.





UNIVERSITY COURT

4 December 2017

**Court USS Sub-Group Report**

**Committee Name**

1. Court Universities Superannuation Scheme (USS) Sub-Group.

**Date of Meeting**

2. 5 October 2017.

**Action Required**

3. Court is invited to note the key points set out below.

*Paragraphs 4 - 5 have been removed as exempt from release due to FOI.*

**Equality & Diversity**

6. Equality and diversity implications were considered in developing the University's response to the survey.

**Further information**

7. Author

Dr Lewis Allan  
Head of Court Services

Presenter

Sir Timothy O'Shea  
Principal and Vice-Chancellor

**Freedom of Information**

8. The paper is closed.





UNIVERSITY COURT

4 December 2017

**Nominations Committee Report**

**Committee Name**

1. Nominations Committee.

**Date of Meeting**

2. The Committee considered business via electronic communications concluded on 24 November 2017.

**Action Required**

3. Court is invited to approve the appointment of three individuals to comprise the Scrutinising Committee for the Rectorial Election 2018:

- Dr Claire Phillips (Court representative)
- Ms Janet Philp (Trade Union representative)
- Mr Patrick Kilduff (President of Students' Association)

**Key points**

*Scrutinising Committee – Rectorial Election 2018*

5. Court, on the recommendation of Nominations Committee, is required to establish a Scrutinising Committee to consider and validate nominations submitted and confirm the candidates in the Rectorial Election 2018. Election Regulations stipulate that the membership of the Scrutinising Committee will comprise:

- A representative of the University Court
- A representative of the Trade Unions
- The President of the Students' Association

6. The following candidates to fulfil the roles are recommended for approval:

- Dr Claire Phillips (Court representative – undertook this role in the 2015 election)
- Ms Janet Philp (Trade Union representative – undertook this role in the 2015 election)
- Mr Patrick Kilduff (President of Students' Association)

**Full Minute:**

7. The paper considered is available at:

<https://www.wiki.ed.ac.uk/display/UCC/Nominations+Committee>

**Equality & Diversity**

8. There are no specific equality and diversity issues associated with this report.

**Further information**

9. Author

Dr Lewis Allan  
Head of Court Services

Presenter

Ms Anne Richards  
Convener of Nominations Committee

**Freedom of Information**

10. Open paper.





UNIVERSITY COURT

4 December 2017

Audit & Risk Committee Report

**Committee Name**

1. Audit & Risk Committee.

**Date of Meeting**

2. 23 November 2017.

**Action Required**

3. Court is invited to note the key points from the meeting, to endorse a revision to the Internal Audit Annual Plan 2017/18 and to approve the Modern Slavery Statement.

*Paragraphs 4 - 11 have been removed as exempt from release due to FOI.*

**Full minute:**

12. All the papers considered at the meeting and in due course the Minute can be accessed on the wiki site:

<https://www.wiki.ed.ac.uk/display/UCC/Audit+and+Risk+Committee>

**Equality & Diversity**

13. There are no specific equality and diversity issues associated with this report.

**Further information**

14. Author  
Ms Kirstie Graham  
Deputy Head of Court Services  
November 2017

Presenter  
Mr Alan Johnston  
Convener of the Audit & Risk Committee

**Freedom of Information**

15. This paper is closed.





UNIVERSITY COURT

Remuneration Committee Annual Report

4 December 2017

**Description of paper**

1. This is a report from the Remuneration Committee to Court and provides a summary of the Committee's activities from 1 December 2016 to 30 November 2017.

**Action requested/Recommendation**

2. Court is invited to note the content of the report.

*Paragraphs 3 - 17 have been removed as exempt from release due to FOI.*

**Resource implications**

18. The paper has no resource implications.

**Risk Management**

19. No risk assessment has been completed for this paper. Consideration of risk in relation to employee reward policy and practice is key to the work of the Committee.

**Equality & Diversity**

20. No equality impact assessment has been completed for this paper. Consideration of matters of equality and diversity in relation to employee reward policy and practice is key to the work of the Committee.

**Next steps/implications**

21. Further reports summarising the activity of the Committee will be presented to future Court meetings.

**Consultation**

22. This paper has been written on behalf of the Chair of Remuneration Committee and Zoe Lewandowski, Director of Human Resources both of whom have been consulted in its development.

**Further information**

23. Further information on the matters contained in this paper is available from Mr Martyn Pegg, Deputy Director of Human Resources.

**24. Authors**

Martyn Pegg, Deputy Director of Human Resources (On behalf of the Chair of Remuneration Committee and Zoe Lewandowski, Director of Human Resources)

**Presenter**

Lady Susan Rice, Chair of Remuneration Committee

**Freedom of information**

25. The paper is closed.





UNIVERSITY COURT

19 June 2017

**Knowledge Strategy Committee Report**

**Committee Name**

1. Knowledge Strategy Committee.

**Date of Meeting**

2. 13 October 2017.

**Action Required**

3. Court is invited to note the key points discussed at the meeting.

*Digital Transformation*

4. The Deputy Chief Information Officer delivered a presentation on the University's digital transformation activities – the application of digital technology in all aspects of the University. Updates on underpinning digital transformation projects were noted and student focused projects and communications to Schools and Colleges discussed.

*Paragraphs 5 - 6 have been removed as exempt from release due to FOI.*

*Information Security Policy & Framework*

7. A revised Information Security Policy and a proposed Information Security Framework with supporting standards and procedures were reviewed. Improving communication to staff and students, mandatory awareness training for all staff and replacing an existing code of practice were discussed. The revised Information Security Policy was endorsed, with approval of underlying standards for the Information Security Framework delegated to IT Committee.

*Digital Research Services*

8. The Director of IT Infrastructure presented the proposed 2017/18 Digital Research Services project programme. The programme's intention to develop and maintain a comprehensive and integrated suite of digital services for University researchers was noted and avoiding duplication of long term research data storage was discussed. The programme of work and expenditure was approved as set out in the paper.

**Full minute**

9. The full minute and papers considered are available at the following link:  
<https://www.wiki.ed.ac.uk/display/UCC/Knowledge+Strategy+Committee>

**Equality & Diversity**

10. There are no equality and diversity issues associated with this report.

**Further information**

11. Author

Dr Lewis Allan

- Presenter

Ms Doreen Davidson



Head of Court Services

Convener, Knowledge Strategy Committee

**Freedom of Information**

12. The paper is closed.





UNIVERSITY COURT

4 December 2017

**Senatus Academicus Report**

**Committee Name**

1. Senatus Academicus.

**Date of Meetings**

2. e-Senate on 12 – 20 September 2017 and full meeting of Senate on 4 October 2017.

**Action Required**

3. To note the key points from the Senate meetings.

**Key Points**

*e-Senate, 12 – 20 September 2017*

*Students' Association Representation on Senate*

7. Senate approved an updated policy for student representation on Senate.

*Resolutions – Chairs*

8. No observations were received on the draft Resolutions No. 69/2017 to No. 72/2017.

*Full meeting of Senate, 4 October 2017*

*Presentation and Discussion: The Future of Distance Learning*

9. The focus of the session was the University's current position and future objectives for expanding its distance learning provision, exploring the opportunities and implications in terms of pedagogy, assessment and student experience.

*Introduction – Distance Learning: where we are now*

10. Ms Melissa Highton, Assistant Principal Online Learning, introduced the session by highlighting key statistics on the current provision of online programmes, which included the following:

- There are 2,920 online students on 65 programmes with the College of Medicine and Veterinary Medicine operating the largest number of online programmes
- Online students comprise an older demographic than on-campus students, with 88 per cent being over 25
- 60 per cent of students reside outside the UK, which is not very different from the domicile of on-campus students
- Over 90 per cent of MOOC (Massive Open Online Courses) learners are domiciled outside the UK. While there are over 2 million MOOC learners, only 80 applied for Edinburgh's online Master's programmes for 2017 entry
- 1.4 per cent of online students are Edinburgh University alumni
- The landscape of online learning is competitive, and, despite having a wide range of online programmes, the University is only twelfth in the UK in terms of online student numbers



- The number of applications to online programmes has risen exponentially, but the number of entrants has not increased at the same rate. While data on this is scarce, the possible reasons might include the cost of programmes, the capping of student numbers in some cases, and lack of promotional activity.

11. Work to increase the number of online students will focus on the promotion of programmes and on improving the ability of prospective students to search for courses online. Enhancing the online student experience, from matriculation onwards, will also be a priority.

12. The University would be building on its successful MOOC strategy to promote entry to online programmes, the ultimate aim being to produce an ecosystem of digital learning opportunities which is self-supporting and mutually enhancing.

#### *Designing for high quality distance teaching*

13. Professor Siân Bayne, Assistant Principal Digital Education, provided an overview of the components which constitute high quality online teaching, demonstrating that these had a strong basis in research. She indicated that literature on the subject has shown that quality teaching may be defined by visibly engaged teachers who are experts in their fields, and students who feel part of the learning community.

14. Professor Bayne emphasised that the 'distance' element of distance learning does not only relate to geography and time but also communication and the level of contact between teachers and students. For distance learning at scale, the University should plan to front-load teacher engagement in order to build a sense of 'nearness' among students early in their studies, allowing this to drop off as students' confidence and sense of autonomy grows.

15. Students should also have a sense of being 'at' the University and within a strong learning community. To achieve this, the University will need to commit resource to meaningful staff moderation and participation in course discussion, as well as to providing real-time community events. Proactive support is important and learning analytics can help identify students at risk of disengaging.

#### *Action Plan for Distance Learning in the College of Medicine and Veterinary Medicine (CMVM)*

16. Professor Anna Meredith, Director of Postgraduate Taught Programmes, noted that CMVM operates the largest portfolio of online programmes at the University: 35 of its 62 postgraduate taught programmes are online. The College has an action plan to grow its online learning provision, in line with the University Strategic Plan and the Learning and Teaching Strategy. The plan includes the following:

- Growing student numbers from 1,504 to 2,730
- Doubling postgraduate taught income
- Launching at least four new programmes in the next session
- Creating Continuing Professional Development and blended learning opportunities (programmes which incorporate a mixture of online and on-campus learning)
- Increasing scholarships for online learning.



17. To reach these targets, the College will invest in infrastructure and ensure that the options for online learning are flexible.

#### *Plans for expanding distance learning in the Business School*

18. Professor Wendy Loretto, Dean of the Business School, reported that the Business School had developed its online provision significantly, and its current activity was as follows:

- Building on existing offering, including a MOOC on the topic of marketing which was launched in September 2016 and had had over 26,000 registrations
- Building engagement with business stakeholder communities, including the provision of an online MSc in Accounting and Society
- Developing interdisciplinary collaboration in line with the Business School strategy, including online courses linked to CMVM
- Conducting market research to establish the demand in the area of online learning and developing provision to meet demand.

19. The School is currently investigating several areas for growth. Professor Loretto advised that provision should be flexible and agile, that market research was extremely useful in understanding the competition, and that all those involved in distance learning should take advantage of the significant amount of expertise across the University.

#### *Distance Learning for Data Science*

20. Professor Dave Robertson, Head of the College of Science & Engineering, focused on the potential to develop online programmes for Data Science. He indicated that there is an increasing demand for these programmes for several reasons: the data science industry is very large and growing; and there is widespread interest in the governance of data, and also in the future of Artificial Intelligence and its implications for employment.

21. The University's existing Data Science Master's is extremely varied and involves courses from across all three colleges. Students are attracted to the eclectic nature of the programme and the amount of choice on offer. In view of the cross-college structure, Professor Robertson emphasised the importance of the strong cross-University administrative support which the programme received.

22. The College is at an early stage in establishing its distance learning provision, and distance learning at scale is included in its development plan, to enable more extensive provision in the future.

#### *Discussion*

23. In discussion, the following points and questions were raised:

- With regard to admissions, it is valuable for the University to offer scholarships, since this not only provides support for the successful students but can also generate applications from other students who may find alternate sources of funding. It is important, however, that, where students have applied unsuccessfully for scholarships, the University make it clear to them that they will be unable to participate in the programme unless they are in a position to



pay their fees. When considering investment into attracting students globally, consideration should be given to access to internet costs in some countries.

- Consideration should be given to English Language requirements for online distance learning programmes; these currently mirror the requirements for on-campus programmes, but could potentially be more flexible for online learners. The Centre for Open Learning is in the process of developing a pilot English Language testing programme to enable online students to meet English Language requirements without taking IELTS (international standardised test of English proficiency) or equivalent.
- Fees for online distance learning programmes should be competitive and reviewed regularly by Fees Strategy Group in conjunction with the offering in the rest of the market.
- Investment in infrastructure is vital in promoting innovation for online programmes, and this should take account of the diversity of the online student population and the creation of learning opportunities which do not simply cater for the traditional student.
- Thought should be given to ways to engage alumni who might be instrumental in promoting distance learning programmes.
- With regard to students with disabilities, while many aspects of using digital materials make programmes more accessible, a strategic commitment to growing the numbers of online learners should be accompanied by a commitment to ensuring an appropriate level of availability of support services across the institution.

#### *President's Communications*

24. The Senior Vice-Principal reported that the National Student Survey results had improved on the previous year in terms of overall satisfaction and the University's relative position, although it remains important to make further progress. Reflection and discussion would take place in the coming year, in consultation with the Students' Association, on areas where the University had received lower scores. He also noted that it had been a record year for research funding, alongside growing student numbers, and also highlighted the City Deal, announced in July, which would bring a large tranche of investment to the University.

#### *Student Partnership Agreement*

25. Professor Tina Harrison and Ms Esther Dominy introduced the item. The paper proposed the first ever Student Partnership Agreement for the University. The document was an agreement between the University and the Students' Association to work in partnership towards enhancing the student experience and the key priorities were the student voice, academic support, and mental health and well-being.

26. In discussion, Senate members responded enthusiastically to the agreement, noting that it would enrich and strengthen the relationship between staff and students. Specific comments included the following:

- While the partnership agreement was about working with students, it was important to reflect on the implications for staff members' workload and how it would be possible for them to engage with students more fully. The Senior Vice-Principal agreed to raise some specific issues with the Head of the College of Arts, Humanities, and Social Sciences, while noting that other



issues would be considered within individual Schools, and that the issue of academic staff workload was also being addressed via the Service Excellence programme.

- Changes in class representation arrangements should acknowledge the differing requirements for large courses, while acknowledging that processes should be streamlined as much as possible.

27. Senate approved the Student Partnership Agreement.

#### *Higher Education Governance (Scotland) Act*

28. The Director of Academic Services noted that, at its last meeting, Senate had agreed that the University should consult on a proposed new model for its future composition in order to align with the requirements of the Act, and noted that a consultation would be held shortly with the wider University. Senate members were asked to encourage academic colleagues to engage with the consultation.

29. The University Secretary updated members on the proposed changes to the composition of Court, in light of the requirements of the Act. Changes will include four new positions on Court: a Senior Lay Member elected by all staff and students; two trade union nominees, one of whom will be an academic member of staff; and a Court member elected by all academic staff, including those who are not members of Senate.

30. Court had agreed its new composition in principle at its meeting on 25 September 2017. Under this composition, four elected academic staff members will be maintained on Court through three Senate assessors and one academic Trade Union assessor. The Senior Lay Member will be elected by staff and students, including academic staff, and one of the Senate Assessors will be elected by all academic staff for the first time, both of which appointments will strengthen the democratic participation by academic staff in the membership of the University's governing body.

31. A paper will be presented to the February meeting of Senate, setting out proposed changes for initial comment. There will be a formal consultation with Senate at a later date, once the formal Ordinance has been drafted.

#### *Edinburgh University Students' Association Priorities for 2017/18*

32. The Students' Association Vice-President, Activities and Services introduced the paper. With regard to education, the priorities focused on reducing the pressures of Semester 1, improving support for those undertaking joint degrees, and establishing coherent representative structures and transparency in communications to amplify the student voice within the University and the Students' Association.

#### *Resolutions – Chairs*

33. No observations were received on the draft Resolutions No. 76/2017 and No. 77/2017.

#### *Rectorial Election 2018 Date*

34. Senate noted the date of 26-27 February 2018 for on-line voting in the Rectorial election.



**Further information**

35. Author

Theresa Sheppard  
Academic Services

Presenter

Principal and Vice Chancellor Sir Timothy O'Shea

**Freedom of Information**

36. Open Paper.





UNIVERSITY COURT

4 December 2017

**Resolutions**

**Description of paper**

1. This paper invites Court to consider draft Resolutions and to refer them to the General Council, Senate and any other interested party for observations and to approve Resolutions to establish Chairs in accordance with the agreed arrangements and the requirements set out in the Universities (Scotland) Act 1966.

**Action requested/Recommendation**

2. Court is invited to refer the following draft Resolutions to the General Council and to Senate for observations:

Draft Resolution No. 1/2018: Degree of Doctor of Veterinary Medicine (DVetMed)

3. With no observations having been received from Senate, the General Council or any other body or person having an interest, Court is invited to approve the following Resolutions presented in final format:

Resolution No. 76/2017: Foundation of a Personal Chair of Fire and Structures  
Resolution No. 77/2017: Foundation of a Personal Chair of Medicine

**Background and context**

4. In accordance with the Universities (Scotland) Act 1966, Court has powers exercisable by Resolution in respect of a number of matters. The Act stipulates that Senate, the General Council and any other body or person having an interest require to be consulted on draft Resolutions throughout the period of a month with the months of August and September not taken into account when calculating the consultation period.

**Discussion**

5. There is a new Degree of Doctor of Veterinary Medicine programme within the College of Medicine and Veterinary Medicine that will commence mid-year in 2017/18. A new Resolution is required to create the programme, which will sit within the University's Postgraduate Degree Regulations (Resolution No. 23/2017).

6. The full text of the Resolutions is available on the Court wiki site:  
<https://www.wiki.ed.ac.uk/display/UCC/University+Court>

**Resource implications**

7. Part of the approval process for new Chairs involved confirmation of the funding in place to support the post.

**Risk Management**

8. There are reputational considerations, which are considered as part of the University's approval processes.



**Equality & Diversity**

9. There are no specific equality and diversity issues associated with this paper. However equality and diversity best practice and agreed procedures are adopted in appointing individuals to Chairs.

**Next steps/implications**

10. Senate and the General Council are invited to comment on draft Resolutions and notice displayed on the Old College notice board and published on the web. Final Resolutions will be referred to Court on 4 February 2018 for consideration and approval. Senate and the General Council will be informed of the approval of the final Resolutions. The list of approved Resolutions is annually reviewed and published on the University's website.

**Consultation**

11. Senate and the General Council are asked for observations on Resolutions and a notice displayed on the Old College notice board and published online to enable observation from any other body or person having an interest to express observations.

**Further information**

12. Author

Ms Kirstie Graham, Court Services  
November 2017

**Freedom of Information**

13. Open paper.





UNIVERSITY COURT

4 December 2017

**Donations and Legacies to be notified**

**Description of paper**

1. A report on legacies and donations received by the University of Edinburgh Development Trust from 1 September 2017 to 10 November 2017.

**Action requested/Recommendation**

2. Court is invited to note the legacies and donations received.

**Background and context**

3. This report sets out the legacies and donations received by the Development Trust from 1 September 2017 to 10 November 2017.

*Paragraphs 4 - 5 have been removed as exempt from release due to FOI.*

**Resource implications**

6. There are no specific resource implications associated with this paper. The funds received will be appropriately managed in line with the donors' wishes.

**Risk Management**

7. There are policies and procedures in place to mitigate risks associated with funding activities including the procedure for the ethical screening of donations.

**Equality & Diversity**

8. There are no specific equality and diversity issues associated with the paper. Cognisance is however taken of the wishes of donors' to ensure these reflect the University's approach to equality and diversity and that these comply with legal requirements.

**Next steps/implications**

9. The University is grateful for the support provided to enable it to continue to provide high quality learning and research.

**Consultation**

10. This paper has been reviewed and approved by: Chris Cox, Vice-Principal Philanthropy & Advancement, Executive Director of Development and Alumni.

**Further information**

11. Author  
Gregor Hall  
Finance Manager,  
Development & Alumni

**Freedom of Information**

12. Closed paper.