



# THE UNIVERSITY *of* EDINBURGH

## POLICY AND RESOURCES COMMITTEE

11 November 2024, Raeburn Room, Old College

### Draft Minutes

**Present:** Janet Legrand, Senior Lay Member (Convener)  
Frank Armstrong, Co-opted Member  
Leigh Chalmers, Vice-Principal & University Secretary  
Ruth Girardet, Co-opted Member  
Kim Graham, Provost  
Dora Herndon, President, Students' Association  
Peter Mathieson, Principal & Vice-Chancellor  
Jock Millican, General Council Assessor  
Hugh Mitchell, Co-opted Member  
Kathryn Nash, Trade Union Academic Staff Member

**In attendance:** Lewis Allan, Senior Governance Advisor to the Vice-Principal & University Secretary  
Nirmal Borkhataria, Interim Director of Finance  
Catherine Martin, Vice-Principal Corporate Services  
James Saville, Director of Human Resources  
Rona Smith, Deputy Secretary Governance & Strategic Planning  
Damien Toner, Director of Estates  
Daniel Wedgwood, Head of Court Services  
Lee Hamill, Director of Finance (item 4)

**Apologies:** None received

### Welcome

The Convener welcomed members and attendees, extending a particular welcome to Nirmal Borkhataria, Interim Director of Finance.

The Committee marked Remembrance Day with a period of silent reflection.

### 1 Minute

**Paper A**

The minutes of the meeting held on 10 September 2024 were approved.

### 2 Matters Arising

The Committee was updated in relation to development of the Edinburgh BioQuarter.

The Action Log was noted. There had been no changes since the previous meeting.

### **3 Principal's Communications**

**Verbal**

Peter Mathieson, Principal & Vice-Chancellor, reported on the following matters:

- The UK Government's budget had included increases to National Insurance employer contributions that would place substantial additional pressure on University finances. This increase in costs would significantly outweigh any financial benefit to the University of increased fees payable by English students, if these were to be chargeable from 2025-26 in Scotland.
- There remained uncertainty over UK Government funding of supercomputing. The University continued to engage with the Government about this.
- University-related initiatives had been shortlisted for two major prizes:
  - the spin-out company MiAlgae had been a finalist in the Earthshot Prize; and
  - The Edinburgh Futures Institute was a finalist in its category in the Prix Versailles international architecture awards.

### **SUBSTANTIVE ITEMS**

#### **4 Finance Update Report**

**Paper B**

The Finance Update Report was reviewed and a verbal update provided. It was noted that the 2023-24 Annual Report & Accounts (ARA) were due to be presented to the December meeting of Court. While scrutiny of the ARA was primarily the responsibility of Audit & Risk Committee, a draft had been shared with Policy & Resources Committee (PRC) and the University Executive, in line with usual practice. Members of the Committee were invited to provide any comments on the ARA in writing following the meeting, via Court Services.

It was noted that, in line with the position communicated at previous meetings, the accounts would show EBITDA as a percentage of income falling within budgeted expectations, but that the movement to deliver this outcome was driven by non-cash items, movements in pension liabilities, and elements of restricted income that would translate to future expenditure. It was recognised that this could present a communications challenge, with the University's core financial position obscured by non-cash items and required accounting practices.

Based on analysis of core operations, a significant re-alignment of income and expenditure was required in order to achieve in future the levels of EBITDA that would support the University's strategic objectives, as previously discussed by PRC and Court. This had been recognised and acted upon. Through engagement with budget-holders, management adjustment plans had been received that were expected to yield forecast EBITDA above the threshold of 7% of total income that had been approved by Court. This did not take into account known additional pressures from a shortfall in tuition fee income, relative to targets (despite year-on-year growth) and a recently announced increase in employers' National Insurance contributions. Further measures to re-balance income and expenditure were being actively pursued.

The following points were made in discussion:

- The achievement of financial targets for the last year should be recognised, while also recognising the distinction between accounting outcomes and underlying performance, and related challenges in the present and future.
- It was recognised that measures to reduce expenditure would entail a reduction in activity in some areas. Care would be taken to avoid negative effects on high performing staff.
- The University should continue to seek to anticipate factors influencing financial outturn in order to best reduce volatility in financial planning and budgeting in the longer term. Both Court and the executive leadership would have a role in balancing ambition and financial constraints.
- Work overseen by the University Initiatives Portfolio Board would produce significant improvements in a range of key areas, amounting to an overall modernisation programme. Outcomes would include withdrawal from some activity, where appropriate, for example streamlining teaching activity as a result of the ongoing portfolio review.

PRC approved the University's support for a new UK structure for Universitas 21 (U21) and the University's continued membership of U21 under new legal arrangements.

## **5 Student recruitment and intakes, 2024-25 entry**

## **Paper C**

Rona Smith, Deputy Secretary Governance & Strategic Planning, summarised the paper, noting that it gave a comprehensive overview of student intakes, including financial and non-financial implications.

Overall, intakes were higher than the previous year but had not reached the University's ambitious targets. This was in the context of more challenging student recruitment across the UK higher education sector. As noted under the previous item, associated tuition fee income was also higher than the previous year but lower than targeted levels.

Despite increased intakes on a year-on-year basis, the University's student population had fallen slightly. This was because some unusually large cohorts of undergraduate students, resulting from necessary changes to admissions in the context of the Covid-19 pandemic, were now completing their courses of study and leaving the University.

Intakes were in line with the University's Size and Shape objectives and there had been progress with respect to international diversification.

In discussion, the analysis was commended and the following points were made:

- Analysis of UK demographics was carried out in order to anticipate fluctuations in applications and the University was well placed to deal with expected shifts in demand from relevant groups.

- The paper noted that, while progress had been made, there remained scope to improve offer-making processes. Committee members encouraged further work in this area, noting the potential for Artificial Intelligence technologies to contribute to automation and efficiency.

## **6 Performance measures to support Strategy 2030: 2023-24 year-end report** **Paper D**

Rona Smith, Deputy Secretary Governance & Strategic Planning, introduced the paper, which provided a 2023-24 year-end position for the University's Strategy 2030 key performance indicators (KPIs). The comprehensive overview of progress was welcomed.

Discussion of individual KPIs focused on the results of student surveys, in particular the University's contrasting results in undergraduate and postgraduate surveys. It was noted that analysis was being carried out to clarify these contrasts where possible, maintaining awareness of potentially significant differences between the surveys themselves and noting varying response rates. In this context, the potential benefits, costs and risks of the Curriculum Transformation Project (CTP) were discussed. It was noted that the business case for the CTP was to be developed through UIPB processes and that this would facilitate appropriate prioritisation.

In addition, there was discussion of evolving the performance framework towards a more target-based approach. It was noted that care would be needed in defining any targets, with due sensitivity to contextual factors and to emerging understanding of the drivers of different KPIs.

## **7 People Report** **Paper E**

The Committee received the regular People Report and a verbal update on trade unions' responses to the completed national pay negotiations.

## **8 Review of the Responsible Investment Policy: Responses to the Consultation and Next Steps** **Paper F**

Catherine Martin, Vice-Principal Corporate Services, introduced the paper, noting that the three-month consultation exercise had received almost 2,000 responses.

The consultation document had sought feedback on a series of specific proposals, all of which had received significant support. In addition, respondents had had the opportunity to provide free-text comments and common themes had been identified from these, many of which were closely related to the working group reports previously considered by Court. The consultation would be used to inform revision of the Responsible Investment Policy in due course.

The following points were made in discussion:

- The consultation had revealed significant strength of feeling on certain issues, although, given the consultation's response rate of c.3%, it was not possible to judge the degree to which this was or was not representative of the wider University community.
- The resulting policy should be applicable in different contexts and with respect to different issues and so should focus on principles and not be determined through discussion of current high-profile issues. Clear principles would be vital to enabling Investment Committee to act with confidence.
- In presenting any analysis publicly, it would be crucial to distinguish factual statements clearly from the personal views of respondents.
- The University should continue to communicate its leading role to date in responsible investment and the extent of its existing policy in this area.
- Development of the revised policy should be carefully coordinated with the establishment of an ethical and due diligence group, as agreed by Court, and aligned to the outputs of the prior working groups.

## **9 Approval of a University Associated Undertaking**

## **Paper G**

Catherine Martin, Vice-Principal Corporate Services, summarised the proposal to create an 'associated undertaking' of the University. No resource was requested.

It was noted that the PRC Commercialisation Sub-group had considered an earlier version of the paper and supported the proposal. Comments and questions from the Sub-group had informed the presentation of the proposal to PRC.

In discussion, the proposal received strong support.

PRC approved the formation of the relevant 'associated undertaking' of the University.

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

### **10 Any Other Business**

There was no other business.

### **11 Date of Next Meeting**

Monday, 3 February 2025, 14.30-17.00