

Highlights Report

December 2023

Composed by

Corporate Planning & Control

Erasmus University Rotterdam

The Erasmus University logo, featuring the word "Erasmus" in a white, elegant, cursive script font.

Introduction

What is included in this report

The Erasmus University Rotterdam (EUR) highlights report is compiled three times per year. The report contains an interim evaluation of the financial performance of various organisational units. For the first and second highlights reports, a forecast was reported and an explanation provided for any deviations between the forecast and the budget. The figures and explanations in this report have been included at a consolidated level as well as at the level of individual organisational units. This report also includes relevant non-financial information and developments.

Overview of consolidated key financial figures for EUR:

Organisatie-onderdeel	Realisatie 2023	Begroting 2023	Forecast 2023 (P8)
Woudestein Faculteiten	1.033.767	-4.224.036	-1.427.781
Diensten/ staf	2.198.553	-188.930	-1.042.022
Centraal	-21.631.854	-10.449.437	-18.359.163
EUR Woudestein (excl. verbonden partijen)	-18.399.534	-14.862.402	-20.828.967
Verbonden partijen	442.057	-788.713	-2.760.820
EUR Woudestein (incl. verbonden partijen)	-17.957.477	-15.651.115	-23.589.788
FGG/EMC initiële begroting (A)		-16.969.112	
Totaal (begroting vastgesteld door CvB)		-32.620.227	
Bijstelling begroting FGG/EMC (B)		18.710.112	
FGG/EMC aangepaste begroting (B+A)	-3.100.000	1.741.000	7.361.000
Totaal:	-21.057.477	-13.910.115	-16.228.787

In summary, we have observed the following relevant financial developments:

- The actual consolidated result for the year 2023 is more negative than the consolidated budget result for 2023. In the remainder of the highlights report, the deviation between the 2023 budget and the actual result for 2023 is explained at the level of: [1] EUR Woudestein excluding related parties; [2] the Faculty of Medicine and Health Sciences/Erasmus MC; and [3] EUR-related parties.
- The adjusted result for EUR Woudestein (excluding related parties) is EUR **-3.8 million**. This is more positive than budgeted. See page 5 for an overview of the adjustments applied made and their explanations.
- The 2023 result for the Faculty of Medicine and Health Sciences/EMC is negative (EUR **-3.1 million**), and when adjusted for non-recurring items, the adjusted result is positive (EUR **1.1 million**). See page 7 for an overview of the adjustments applied and their explanations.
- The consolidated forecast result for EUR Woudestein is more negative than the actual result.
- As at 31 December 2023, EUR Woudestein has an equity position of EUR **211.7 million** (as at 31 December 2022, this was: EUR **230.4 million**). The development in equity can be explained primarily by EUR Woudestein's negative result.

Management Summary

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Actuals versus budget for EUR Woudestein (excluding related parties)

The actual result for EUR faculties and service units is EUR -18.4 million, and the budget result for 2023 is EUR -14.9 million. The reasons for this relate to several cost items (and factors).

The discrepancy between the actuals and the budget can be attributed primarily to the following factors:

- Higher budgeted central government grants compared to actual central government grants, because the non-adjusted central government grants received were fully included in the operational expenses for the 2023 budget, while in the actual figures (upon receipt), they are included in the balance sheet. If, for comparative purposes, the 2023 budget were to be adjusted for the change in the balance sheet for non-adjusted central government grants in 2023 (EUR +29 million), the actual central government grants would be higher than budgeted (EUR +13 million). This in turn is caused by allocation of a higher indexation than budgeted and other additional funds (e.g. for Cybersecurity) provided as lump sum amounts by the Ministry of Education, Culture and Science quite late in the year.
- The August report states that a positive earnings effect from the starting and incentive grants had not been taken into account in the forecast and was therefore set as an amount equal to that in the 2023 budget. The actuals take into account EUR +9.9 million in income to cover indirect costs (overhead). This gain has been determined based on current relevant insights (and circumstances) and within applicable frameworks. Because EUR 2.4 million of this amount relates to 2022 but is recognised prospectively (in the current year of 2023), this has been adjusted to arrive at the adjusted result 2023 for EUR (Woudestein).

The starting and incentive grants are classified as non-adjusted central government grants and are intended for a specific purpose. Income follows spending. The balance on EUR Woudestein's balance sheet of total non-adjusted central government grants has increased significantly from EUR 17.5 million (as of year-end 2022) to EUR 46.4 million as of year-end 2023.

EUR Woudestein		
INCOME	Budgeted Income	629.011
	Realised income	691.322
	Total deviation from budget plan	62.310
EXPENSES	Budgeted Expenses	-643.874
	Realised Expenses	-709.721
	Total deviation from budget plan	-65.847
RESULT	Budgeted Result	-14.862
	Realised Result	-18.400
	Total deviation from budget plan	-3.537

Actuals versus budget for EUR Woudestein (excluding related parties)

- Higher revenue from tuition fees compared to the budget (EUR +0.7 million); this is mainly due to rising institutional fees (non-statutory part), as well as a relative increase in the number of non-EEA students. Non-EEA students pay proportionately higher institutional fees. Thus, the primary result of the price effect of rising institutional fees is higher tuition revenue than indicated in the 2023 budget.
- An increase in other income (EUR +5.3 million) due to higher interest income on cash in the balance sheet and VAT pro-rata refund compared to the budget.
- For an explanation of the other sources of income (second and third flows of funds) and other expenses, please refer to the analyses at the level of the various organisational units.
- The one-off contribution from EUR to Erasmus MC in the amount of EUR -12 million. For more on this, see also the August 2023 report, where this one-off contribution has been included in the August 2023 forecast. This one-off contribution to Erasmus MC was not factored into the 2023 budget and largely explains the negative 2023 result of EUR Woudestein.
- The actual staffing costs for the year 2023 amount to EUR 323 million, as opposed to the budgeted EUR 348 million. Staffing costs that were lower than budgeted due to the inability to fill existing vacancies in ongoing programmes and projects. The hiring costs for temporary employees were also included in the budget as part of the total staffing costs and were higher than budgeted in order to compensate for the shortage in capacity. In addition, there is a price effect due to the incomplete inclusion of the Collective Labour Agreement (CLA) indexation in the 2023 budget with regard to (other) staffing costs, which in turn led to a negative earnings effect as compared to the budgeted amount.

For the sake of completeness, we note that the actual staffing expenses do not (or not yet) include an addition to the vitality provision (estimated impact; PM). The development in (other) staffing costs largely explains EUR Woudestein's negative result for 2023.

Adjusted for one-off items, the adjusted 2023 result for EUR Woudestein comes to EUR -3.8 million. This is better than budgeted:

Gerapporteerd resultaat 2023	-18,4
Eenmalige bijdrage EMC	12
CAO-effect personele voorzieningen	5
Vrijval overhead (deel 2022, verwerkt in 2023)	-2,4
Genormaliseerd resultaat 2023	-3,8

Because the CLA indexation had a substantial effect on staffing expenses and provisions in the past year, it has been included as an adjustment.

The vitality provision has not been incorporated into the financial figures at the time of writing; for this reason, it has not yet been applied as an adjustment. In other words: it has no impact on the adjusted result.

The result as reported in the highlights report is provisional. Potential adjustments to the result are to be expected as a result of subsequent journal entries. These subsequent journal entries are not expected to have a material impact on the result as set out in this report.

For a summarised analysis of actuals compared to the latest 2023 forecast, see the explanations for the individual organisational units in the remainder of this report.

Actuals vs budget for the Faculty of Medicine and Health Sciences/EMC (+ recap of forecast)

Actuals versus budget 2023 for the Faculty of Medicine and Health Sciences/EMC:

The actual result for the Faculty of Medicine and Health Sciences/EMC is EUR -3.1 million, and the budget result for 2023 is EUR 1.7 million. The budgetary outcome is based on the definitive Faculty of Medicine and Health Sciences/EMC budget for 2023 (initial budget result: EUR -17 million); see the March 2023 report for further details.

Factors accounting for the difference between actuals and budget:

- The one-off additional contribution from EUR of EUR +12 million, whereas an amount of EUR 5 million had been taken into account in the 2023 budget.
- The overrun of budgeted EMF research funds. In line with the August 2023 report, CPC notes that EMF revenues have been conservatively budgeted for 2023 at EUR 123.1 million. The actual amount for 2023 is EUR 144.8 million.
- The 2023 budget includes a number of cost-cutting targets; see also the explanation in the August 2023 report. These were largely related to an overly conservative EMF budget. However, the budgeted staffing costs (EUR 237.8 million) were not budgeted conservatively and are therefore, for salaried staff, in line with the actuals (EUR 237.9 million). This does not include the addition to the reorganisation provision in 2023 (EUR 6.3 million). The accrued reorganisation provision has been classified as an adjustment due to its one-off nature and has been gathered from (other) staffing costs.
- With regard to hiring temporary staff, however, there is a deviation between the budget (EUR 3.6 million) and actuals (EUR 7.7 million), largely due to increased deployment of temporary staff. During 2023, a greater need for temporary staff was established. This relates to the absenteeism and loss of capacity that manifested in actual expenditures but had not been budgeted for.

FGG/EMC		
INCOME	Budgeted Income	343.589
	Realised income	378.135
	Total deviation from budget plan	34.546
EXPENSES	Budgeted Expenses	-341.848
	Realised Expenses	-381.197
	Total deviation from budget plan	-39.349
RESULT	Budgeted Result	1.741
	Realised Result	-3.063
	Total deviation from budget plan	-4.804

Actuals vs budget for the Faculty of Medicine and Health Sciences/EMC (+ recap of forecast)

- Overrun of budgeted material costs. Actuals (EUR 112.4 million) were higher than the budgeted amount (EUR 100.3 million). The lower material costs in the budget were initially based on the conservative budget for EMF research funds. The budget for EMF research funds is reflected in the budgeted material costs for 2023 in the form of an austerity package. In the actual situation, this package was ultimately and mainly implemented through higher EMF income (rather than via expenses). Furthermore, material costs for 2023 included an impairment on the capitalised plan and preparation costs for the 'Eread' real estate project in the amount of EUR -14.2 million. The impairment was designated as an adjustment. The August 2023 report had estimated an impairment amount of EUR 11.5 million, which has actually proven to be higher based on recent assumptions.
- Actual accommodation costs for 2023 are in line with the 2023 budget.
- The sale of shares in Harbour and Quantib/Radned was not included in the 2023 budget. The actual result yielded by this sale amounted to EUR 3.8 million and has also been classified as an adjustment due to its one-off nature.
- CPC notes that the reported negative result of the Faculty of Medicine and Health Sciences/EMC includes a significant number of one-off cost items that would need to be adjusted in order to arrive at an adjusted result for the year 2023. This has the effect of turning the reported negative result into an adjusted positive result.

Adjusted for non-recurring income and expenses as included in the actuals, the adjusted 2023 result for Erasmus MC comes to EUR 1.1 million:

Gerapporteerd resultaat 2023	-3,1
Incidentele bijdrage vanuit EUR (overhead + SEP)	-12,0
Bijzondere waardevermindering Eread project	14,2
Dotatie reorganisatievoorziening	6,3
Verkoop aandelen (Quantib + HBM)	-3,8
Overige	-0,5
Genormaliseerd resultaat 2023	1,1

Recap of latest forecast for 2023

The forecast result of the Faculty of Medicine and Health Sciences/EMC was EUR 7.4 million based on the latest forecast (July 2023) and represented an improvement on the budget result of EUR 1.7 million for 2023. For further analysis on this, please see the August 2023 report. The (preliminary) 2023 actuals for the Faculty of Medicine and Health Sciences/EMC are EUR -3.1 million, and the discrepancy between this and the forecast amount is mainly due to a number of one-off expenses such as the impairment and the addition to the reorganisation provision (see above), which were not factored into the forecast. The aforementioned one-off items have negatively impacted the actual result.

Actuals versus budget for EUR-related parties (+ recap of forecast)

The actual result for the related parties is EUR 0.4 million, and the budget result for 2023 is EUR -0.7 million.

Factors accounting for the difference between actuals and budget:

- EUR holding;
 - EUR holding's result (EUR 2 million) is higher than budgeted (EUR 0.2 million) and is mainly attributable to increased revenues (EUR +1.7 million) at EURAC and EURflex. The budget was also conservative in terms of revenue (and the price indexations included therein). Total expenses are in line with the budget.
 - The total staffing costs budgeted for at the level of EUR holding were exceeded, mainly as a result of the implemented CLA increase (which was higher than budgeted) and increased expenditure on temporary employees. This effect carries over into the operations of all related parties.
- RSM BV; the smaller number of MBA and other students was the main reason for the lower income (EUR -0.9 million) compared to the budget and also explains the deviation between the actual result and the budget result (EUR -0.9 million). Total expenses are in line with the budget.
- SESA; the negative result (EUR -0.5 million) is less negative than budgeted (EUR - 1.1 million), owing to a recalculation of depreciation costs whereby subsidy amounts received were deducted from the capitalised and other investments related to the sports complex. As a result, material costs are lower than budgeted. The recalculation resulted in a lower level of depreciation costs. The investment grant was also higher than budgeted in 2023. Furthermore, revenues were higher due to the fact that the budget did not fully take into account the indexation of rental and other income.

EUR - Verbonden partijen		
INCOME	Budgeted Income	78.618
	Realised income	80.471
	Total deviation from budget plan	1.853
EXPENSES	Budgeted Expenses	-79.406
	Realised Expenses	-80.029
	Total deviation from budget plan	-622
RESULT	Budgeted Result	-788
	Realised Result	442
	Total deviation from budget plan	1.231

Actuals versus budget for EUR-related parties (+ recap of forecast)

Recap of latest forecast for 2023

EUR-related parties' forecast result was EUR -2.8 million based on the latest forecast and has been a deterioration from the budget result of EUR -0.8 million. For further analysis on this, please see the August 2023 report. The (preliminary) 2023 actuals for EUR-related parties are EUR 0.4 million, and the discrepancy between this and the forecast is mainly due to the negative forecasts issued by EUR holding and RSM BV. Actuals for these organisational units have been significantly better than recent estimates. This is mainly due to higher actual income figures, which were conservatively estimated for the 2023 financial year, in line with the explanation of actuals versus budget included above.

Actuals versus budget per organisational unit (EUR Woudestein) – Faculties (1/3)

With regard to the individual organisational units, the following major deviations between the actual 2023 result and the 2023 budget result can be seen:

- ESE: the actual result is higher than budgeted. This is mainly due to greater revenue due to higher income from non-statutory tuition fees (EUR +2.1 million) and a higher budget for sector plans (EUR 1.1 million). There were also lower staffing costs (EUR +1.3 million) compared to the budget due to a lower number of FTE positions (27 FTEs). This includes the price effect of the CLA indexation, which in turn resulted in higher staffing costs compared to budget because the budget assumed a lower average cost per FTE. In summary, based on the actual figures, ESE was able to conduct its operational management efficiently (in the deployment of its FTE), which yielded the positive result.
- ESL: the actual result is lower than budgeted and can be attributed to several factors. The lower result is mainly due to higher staffing costs (EUR -1.3 million) as a result of the CLA indexation. The actual number of FTEs does not differ substantively from the budgeted number of FTEs for 2023. The costs of hiring temporary staff were lower than budgeted (EUR +0.3 million). Furthermore, material costs were higher than budgeted (EUR -1.2 million) due to a conservative budget and were therefore insufficiently accounted for in the budget. This is offset by higher income (EUR +0.6 million) due to extra financial resources (not included in the budget) for, among others, the RGH Sector Plan, SSH Digitalisation and higher professional education students from outside the EEA. A range of measures were taken to improve results in 2023, including not filling vacancies and tighter control aimed at reducing the massive leave accumulation. Continuation of these measures, and the concrete elaboration of additional measures, should lead to further improvement of ESL's results and help it move toward a solid financial position (equity position as at 31 December 2023: EUR -3.3 million).
- ESSB: the actual result is higher than budgeted. This is mainly caused by higher income due to a higher second flow of funds (EUR +1.3 million) compared to the budget, as well as budgets for several projects and flows that were either not included or entered at a lower amount in the 2023 budget. On balance, this has resulted in an impact of EUR +3.3 million compared to the budget. This in turn is offset by a lower third flow of funds (EUR -1 million). There were also lower staffing costs (EUR +2 million) compared to budget due to a lower number of FTE positions (29 FTEs). This includes the price effect of the CLA indexation, which resulted in higher staffing costs compared to budget. ESSB also has a higher addition to the reserve for leave days in the actual figures (EUR -0.7 million) due to the incomplete incorporation of this reserve in the budget (including the effect of the CLA indexation).

Totaaloverzicht			
	Begroting 2023	Realisatie 2023	Forecast 2023
Centraal	-10.449.437	-21.631.854	-18.359.163
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Woudestein Faculteiten	-4.224.036	1.033.767	-1.427.781
ESE	-1.022.065	3.643.776	2.050.810
ESL	1.355	-1.094.285	-1.130.021
ESSB	-817.008	2.267.005	-241.248
RSM	-1.500.000	-2.696.761	-2.974.497
ESPhil	-174.217	-371.978	-206.222
ESHCC	463.449	465.641	-18.460
ISS	-617.741	-1.789.721	-57.363
ESHPM	-557.810	610.090	1.149.218
UB	-190.000	-443.825	-445.513
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Professional Services	1.070	3.104.351	1.166.344
M&C	-0	89.226	-252.883
HR	1.069	1.941.547	-171.153
FIN	0	45.223	82.257
E&S	0	96.698	84.635
ERS	0	146.142	-78.137
REF	1	1.219.914	2.107.910
EDIS	0	-434.399	-606.285
Staf	0	-461.973	-1.762.854
ABD	-0	-223.456	-96.255
Convergentie	0	-0	0
HOKA	0	48.831	0
Programs	-0	-51.597	-1.657.656
Staf overig	-0	3.381	-8.944
Strategie	0	-239.132	-0
Total EUR Woudestein	-14.862.402	-18.399.534	-20.828.967

Actuals versus budget per organisational unit (EUR Woudestein) – Faculties (2/3)

- RSM:** the actual result is lower than budgeted. This is mainly caused by an increase in other staffing expenses (various units) and the increased deployment of temporary staff to cope with the higher level of activities, both resulting in an impact of EUR -2.5 million. With regard to staffing costs, the reserve amount for leave days in particular was higher (EUR -0.6 million) than budgeted, due to the incomplete inclusion of this reserve in the 2023 budget (including CLA indexation). The impact related to the reservation of leave days is evident across several faculties; due to the size of RSM's FTE pool, this adds up to a significant impact compared to the budget. This also applies to the 30% rule for international employees, whose costs (including employer contributions) were not fully incorporated into the 2023 budget (EUR -0.5 million). Because RSM was also previously identified as an increased financial risk, an improvement plan will be proposed to help this unit move towards a solid financial position. Due to the 2023 result, RSM's reserves have become negative (equity position as at 31 December 2023: EUR -165 thousand).
- ISS:** the actual result is lower than budgeted. The lower result is mainly caused by lower actual income from the third flow of funding for research (EUR -1.3 million), while the total expenses related to this same segment (research activities) were again relatively higher than budgeted. This means there is a mismatch between income and expenditures based on the actual figures. As part of its ongoing research activities, ISS is conducting a more comprehensive spend analysis to identify the specific causes. The greater expenditures occurred in the last quarter of 2023. Furthermore, there are higher (other) staffing costs due to incomplete settlement of the reserve for leave days (EUR -0.3 million) and the 30% rule for international employees (EUR -0.2 million). Although ISS's reserves, including the 2023 result, are still sufficient in size, action is being taken to identify whether there are structural causes (and if so, what these are) for the reported loss in 2023, with the objective of 1) tightening the budget for 2024 (and beyond) in the upcoming forecast rounds for items that are not/incompletely incorporated in the budget; and 2) steering more actively where possible to bring the cost structure more in line with the revenue pattern (including strategic management of expenses and revenues). Finally, with regard to ISS's result, there is a result adjustment yet to be made in the amount of EUR +/-0.5 million (release yet to be booked in favour of the 2023 result). This will reduce the loss being reported at the time of writing.

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Strategie	0	-239.132	-0
Total EUR Woudestein	-14.862.402	-18.399.534	-20.828.967

Actuals versus budget per organisational unit (EUR Woudestein) – Faculties (3/3)

- ESHPM: the actual result is higher than budgeted. This is mainly due to higher income as a result of increased revenue from non-statutory tuition fees (EUR +0.5 million) and additional CLA compensation (EUR +0.4 million). In addition, there are higher staffing costs (EUR +2 million) as a result of the CLA indexation and the reservation of leave days, which was insufficiently taken into account in the 2023 budget.
- For ESPhil and ESHCC, no substantive deviations between stated 2023 estimates and 2023 actuals were identified for the various operational flows. That being said, the general reserves of both faculties are limited (ESPhil: EUR -9 thousand; ESHCC: EUR +465 thousand), and this situation calls for monitoring.

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Staf overig	-0	3.381	-8.944
Strategie	0	-239.132	-0
Total EUR Woudestein	-14.862.402	-18.399.534	-20.828.967

Actuals versus budget per organisational unit (EUR Woudestein) – Service Units (1/2)

- RE&F (Service Units): exceeded the zero-based budget. This was caused by several factors whose effects also largely cancel each other out. The discrepancy between 2023 actuals and the 2023 budget is mainly explained by the following items:
 - lower depreciation than budgeted, in connection with the later completion date of the examination halls. Although the examination halls were originally scheduled to be completed and fully depreciated in 2023, the planned delivery date has been shifted to 2024 (impact EUR + 1.7 million);
 - budgeted expenditures for the implementation of sustainability measures (utilisation of the sustainability grant) that were subsequently allocated to several different CIO projects and will also be made/spread over a longer period (impact EUR +2 million);
 - higher costs for hiring temporary staff to compensate for the shortage due to unfilled vacancies (that were accounted for in the budget) (EUR -2.5 million). Expenses for salaried staff are therefore lower than budgeted (EUR +2.1 million);
 - Higher accommodation costs, driven primarily by higher maintenance costs for both planned maintenance (EUR -2.9 million) and unplanned maintenance (EUR -1.2 million). Planned maintenance costs relate to maintenance on various objects including maintenance initially planned for 2022 and ultimately realised in 2023 (but not and/or incompletely budgeted for that year). Costs for planned maintenance were accounted for directly through operational management. Unplanned maintenance costs arose from various unexpected reports and breakdowns and other unplanned maintenance conducted on various objects. Indexation with regard to maintenance contracts was also generally higher than budgeted.
- HR: the reported result for HR (compared to budget) largely includes the budget for the Participation Act (EUR 1.6 million). Although the nature of this budget is HR-related, it should have been financially accounted for at the central administration level, as it was at the central level that the realised expenses were incurred (on behalf of the various EUR units in which the Participation Act is implemented). This should increase Central's actual result by EUR 1.6 million and reduce HR's result by the same amount. This shift therefore has no impact on EUR Woudestein's overall result for 2023. This will be accounted for in the budget and actuals for 2024. HR additionally has higher staffing expenses than budgeted (EUR -0.4 million) due to additional support (HR advice), the hiring of temporary employees to replace employees with long-term illnesses and the agreed settlement agreements. By contrast, HR's material costs were lower mainly due to lower consultancy costs (EUR +0.4 million).

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Centraal	-10.449.437	-21.631.854	-18.359.163
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Woudestein Faculteiten	-4.224.036	1.033.767	-1.427.781
ESE	-1.022.065	3.643.776	2.050.810
ESL	1.355	-1.094.285	-1.130.021
ESSB	-817.008	2.267.005	-241.248
RSM	-1.500.000	-2.696.761	-2.974.497
ESPhil	-174.217	-371.978	-206.222
ESHCC	463.449	465.641	-18.460
ISS	-617.741	-1.789.721	-57.363
ESHPM	-557.810	610.090	1.149.218
UB	-190.000	-443.825	-445.513
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Professional Services	1.070	3.104.351	1.166.344
M&C	-0	89.226	-252.883
HR	1.069	1.941.547	-171.153
FIN	0	45.223	82.257
E&S	0	96.698	84.635
ERS	0	146.142	-78.137
REF	1	1.219.914	2.107.910
EDIS	0	-434.399	-606.285
Staf	0	-461.973	-1.762.854
ABD	-0	-223.456	-96.255
Convergentie	0	-0	0
HOKA	0	48.831	0
Programs	-0	-51.597	-1.657.656
Staf overig	-0	3.381	-8.944
Strategie	0	-239.132	-0
Total EUR Woudestein	-14.862.402	-18.399.534	-20.828.967

Actuals versus budget per organisational unit (EUR Woudestein) – Service Units (2/2)

- EDIS: fell short of the zero-based budget, resulting in a deficit. This is due to higher staffing expenses and is in particular the result of increased deployment of temporary staff (EUR -4.2 million) to implement various projects (IT and otherwise), including the Digitalisation Master Plan (continued development of EV3, M365). In addition, the CLA indexation turned out to be higher than budgeted. The lower material costs (EUR +1.8 million) are mainly due to investments/projects in IT and other areas that will start later than planned and budgeted for 2023. This has resulted in lower depreciation charges for EDIS in 2023. The budgeted material costs include the cost of hiring for the Transformation Programme (but have been accounted for as part of hiring costs in the actual expenditures).
- For the other service units, no substantive deviations between stated 2023 estimates and 2023 actuals were identified for the various operational flows.

Totaaloverzicht			
	Begroting 2023	Realisatie 2023	Forecast 2023
Centraal	-10.449.437	-21.631.854	-18.359.163
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Strategie	0	-239.132	-0
Total EUR Woudestein	-14.862.402	-18.399.534	-20.828.967

Recap of forecast (EUR Woudestein) – Faculties and Service Units

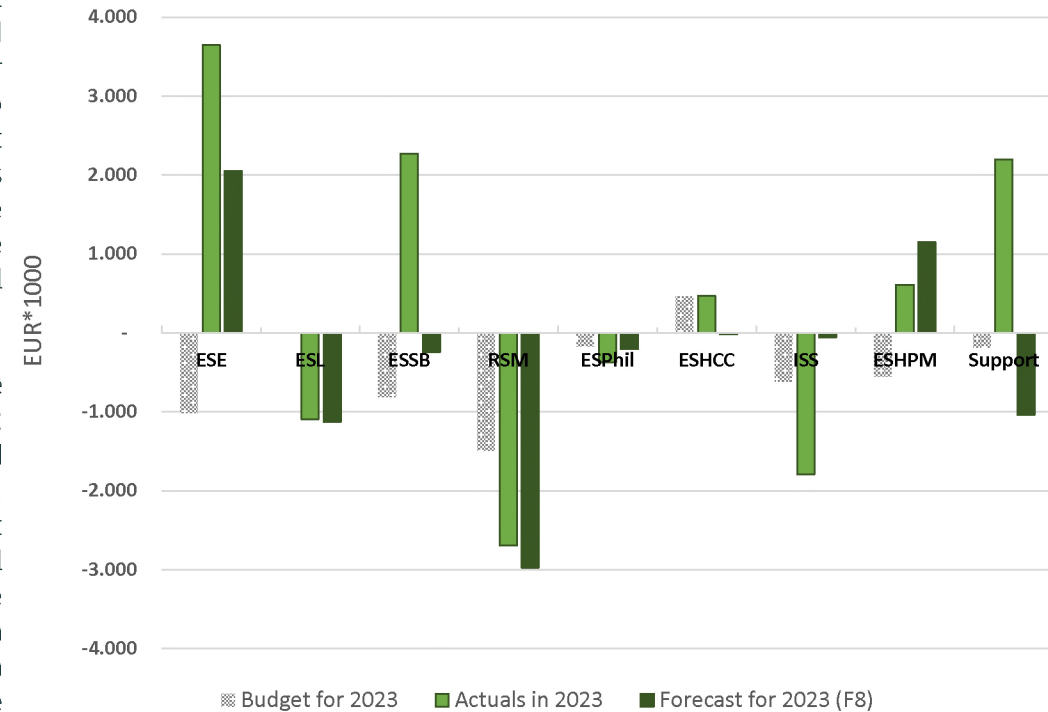
Recap of latest forecast for 2023

The overall forecast result of the faculties and support services (Services, Staff and UL) was EUR -2.5 million based on the latest forecast, representing an improvement on the budget result of EUR -4.4 million. For further analysis on this, please see the August 2023 report as well.

The difference between actuals and the forecast (F8) occurs particularly in the following organisational units: ESE, ESSB and ISS. The discrepancy between the forecast and actuals for the aforementioned units exceeds EUR 1 million. For ESE and ESSB, it can be seen that the forecast differs less from the actuals than the budget does. The discrepancy between ESE's actuals and forecast is down to a combination of underestimating revenues and overestimating expenses for the year 2023. For ESSB, the discrepancy between actuals and forecast is mainly related to income such as project income (and related expenses) not taken into account in the forecast but subsequently incurred, particularly in the last months of the financial year. A similar pattern applies to ISS as to ESSB, with a particular increase in operating expenses in the last months of the financial year – an increase that was not anticipated in the forecast. The relationship between the various revenues and expenses (and developments in the relevant ratios) for these organisational units should therefore be given greater attention in the forecast.

When taking into account an adjustment in the 2023 actuals for HR (EUR -1.6 million; see page 11 for explanation) and an adjustment in the 2023 forecast for the service units (Programs: EUR +1.6 million; see the explanation in the August report), no substantive deviations can be identified between the 2023 forecast and the 2023 actuals for the supporting services cluster (deviation: EUR 50 thousand). These adjustments were made to enable a pure comparison (and are not reflected in the schematic overview to the right). At the (underlying) level of the individual organisational units belonging to the support services cluster, the discrepancies between the forecast and actuals occur mainly at the level of RE&F (EUR 0.9 million) and relate primarily to a later delivery of (renovated) examination halls, resulting in decreased use of budget resources on the one hand and, on the other, lower depreciation costs for the temporary examination halls due to their longer use. While the completion of the examination halls was factored into the forecast, this did not actually take place according to the F8 planning.

Recap of 2023 forecast



Key takeaways

- Compared to the 2023 budget, the forecasts for ESL, RSM and ISS are proving more negative than expected and therefore lead to a negative result compared to the budget. See pages 9 and 10 for further explanation.
- Overall, CPC concludes that budgeting tends to be conservative at the level of the faculties and the related parties (excluding Central). This is particularly evident in over-budgeted expenses (including staffing costs) as well as in under-budgeted revenues (or income related to the private limited companies) compared to what are and/or could be more realistic and probable figures.
- Overall, the latest forecast result for 2023 has offered a better indication as to the actual 2023 result of EUR Woudestein (compared to the 2023 budget). One reason for this is that previous estimates can be fleshed out more accurately as time progresses. That being said, however, the forecast also retained a degree of conservatism in a number of areas, but to a lesser extent than the budget. There should be a greater focus on numerical analysis as part of the forecast and on the relevant ratios between revenues and expenses.
- It is noted that the service units, specifically 'professional services', achieved a positive result. This includes the adjustment at HR level in the amount of **EUR 1.6 million**. See page 11 for further explanation.
- Besides the aforementioned conservatism, there are also items that have been incorrectly and/or incompletely entered into the budget and forecast. This applies, for example, to items such as other staffing costs (and related balance sheet liabilities and provisions). For many items, the actual amounts for these items has not been as expected nor as accounted for in the latest forecast for 2023 (F8). One reason for this has been the use of a new budget tool (which also includes the forecast).

Largely as a result of the budgeted investment activities for 2024 and beyond, as well as the corresponding significant expected expenses, it is necessary to conduct more frequent checks of liquidity within EUR. Preparing and performing more frequent and interim liquidity analyses will not only help to provide timely insight into financing needs to cover capital expenditures but will also yield a better understanding of (and further refine) the interim actual figures and forecasts.

Tightening up the budget process and achieving interim forecasts (including on the basis of preliminary actual figures) that are more in line with reality is also an important objective with a view to more frequent reporting for the 2024 financial year and in the context of tighter management and control, financial and otherwise.

Relevant non-financial information and developments.

See the appendices (from appendix B onwards) for further explanations regarding the following non-financial information and developments

Absenteeism

EUR's overall absenteeism rate in 2023 was 4.49%. This represents an increase in the absenteeism rate compared to 2022. In 2022, the absenteeism rate was 4.30%.

Input for the HR-related data is provided by the relevant departments (and specialists), who manage and analyse this supply of information for HR reporting purposes.

The absenteeism rate declined in a number of service units, partly as a result of targeted actions taken to reduce absenteeism and partly due to the natural progression of illness-related absence and recovery.

Leave

Staff in the ESE, ESL, ESPhil and ISS faculties used less than 75 per cent of their statutory leave in 2023. The validity period of 2023 statutory leave entitlement runs until 30 June 2024.

At the end of 2025, non-statutory leave (accrued in 2020) will expire for the first time. It will be important to create awareness about this matter.

Ancillary activities

EUR has worked hard to inform employees of their obligation to register any ancillary activities. Greater oversight of this registration is now in place as well. This has resulted in the percentage of endowed professors without registered ancillary activities being 6.06 (in September 2023, it was 2.73 per cent). Among full professors, this figure is 2.1 per cent (16.77 per cent in September 2023).

Procurement policy

According to the 2021–2024 procurement policy, the 'comply or explain' principle applies to all unauthorised expenditure. The Monitoring & Reporting department (Finance unit) has determined the total unlawful expenditure (up to and including period 12) to be EUR 3,342 thousand incl. VAT (EUR 2,966 thousand ex. VAT) based on the input provided by the Procurement department (Real Estate & Facilities unit). The Procurement department has provided this input to the external auditor as well. The unlawfulness assessment was carried out in accordance with the audit tolerances for unlawfulness as laid down in the Ministry of Education, Culture and Science's audit protocol. The external auditor will include these findings in the Auditor's Report for 2023.

Audit and review

With regard to the fourth quarter of 2023, two audits have been completed and six audits are still in progress. One audit from the 2024 audit agenda is currently being prepared. With regard to follow-up actions in response to previous audits and reviews, this currently includes 16 audits and reviews, involving a total of 188 recommendations. Of these recommendations, 51 per cent have already been implemented, 10 per cent have encountered delays and 23 per cent have been postponed from the original deadline. A new external auditor has been appointed. The Management Letter contains six new recommendations.

Occupational Disability (Employment Targets and Quotas) Act

In the recent period, up to and including December 2023, slight progress has been achieved in connection with implementing the Occupational Disability (Employment Targets and Quotas) Act. Based on the actual figures, 73 jobs have been filled as of the end of 2023 (comprising 25.5 hours each) by people from the target group of the Occupational Disability Act. This means the university has achieved 60.4% of the target.

Strategy

Spending (actual) was EUR 22.8 million; an increase of 39% compared to 2022. This can be explained primarily by increases in project activities, particularly those in connection with Convergence, Erasmus Initiatives and Leadership.

Temporary CLA

In the new CLA, it was agreed to reduce the number of lecturers on temporary employment contracts. Currently, 15 per cent of academic staff with teaching duties in the sector are on temporary contracts. This percentage must be reduced to 13.5 per cent within three years' time. HR and the faculties are working together to meet this obligation.