

Budget Plan

2023-2026

Executive summary

In this budget plan, Erasmus University Rotterdam (hereafter: 'EUR') continues the course set in previous years. The projects of Strategy 2024 are in progress. Moreover, in 2022 a mid term evaluation is performed on the strategy. The goals of the EUR are described based on the strategic pillars. Starting from the budget plans of the organisational units, a description is given of the developments taking place throughout the university to realise EUR's strategic ambitions.

The Convergence is also an interdisciplinary initiative in which the impact of research on society is the main driver. In the Convergence, EUR, Erasmus MC, and TU Delft approach the societal challenges of today by integrating different perspectives in full collaboration with societal stakeholders within the region of South Holland. Per institution an annual Convergence contribution of M€ 5 is requested and with a possible additional financial risk of M€ 1.1 per year per institution.

In 2023 the result will be negative (M€ 32.7), whereas in the former budget plan a positive result was budgeted for 2023. The deviation is due to unforeseen developments (high inflation, earmarking of additional funds) and faculties using reserves for education and research.

The negative result for Woudestein is budgeted at M€ 15.7. In anticipation of additional funding from OCW (ministerie van Onderwijs, Cultuur en Wetenschappen), in the Erasmus Perspective M€ 20 was allocated to the faculties. Since the extra funding proved to be earmarked instead of lump sum, the central budget had to be corrected downwards with this amount. Faculties' expenditures are for the benefit of education and research; this is consistent with our current financial policy. FGG budgets a negative result of M€ 17.

Erasmus University's revenue will increase from M€ 946 in 2023 to M€ 1,053 in 2026. The increase in the first money stream is due to the growth in the number of students and extra funds for grants and sector plans. Growth in students numbers provide a higher national contribution and higher revenue from tuition fees. Substantial growth in the first money stream is the result of measures taken by the national government. Through grants and sector plans EUR will receive M€ 30 more funding than was accounted for in the Erasmus Perspectives. The second and third money stream will increase by M€ 17. In general, FGG and the subsidiaries show an increase in income and the faculties show a decline in income. The share of second and third money stream in the total income will remain stable between 21% and 22% for Erasmus University.

Personnel costs will increase significantly when in comparison with the budget plan 2022. For 2023 personnel costs will be M€ 637 in 2023. The next years will be stable. The share of the personnel costs in the total costs will remain stable around 60%. The increase in budget and accompanying need to attract

Erasmus University's revenue will **increase** from M€ 946 in 2023 to **M€ 1,053 in 2026**

staff asks for more strategic planning of personnel. Moreover, the pre-conditions for the starter and incentive grants ask for a better insight of academic staff development in the next years. Next to this, the current labour market fuels the need for a comprehensive approach in order to be able to attract qualified staff. To support this, faculties are asked to draw up a faculty strategic talent management plan. Several professional services have strategic personnel planning in place.

As a result of investments in building on Campus and investments in digitalization projects the current ratio will go down. The current ratio is expected to decline incidentally from 57% to 38% over the years 2023 – 2025, to increase again in 2026. The solvency ratio is expected to remain stable at 56% which is significantly higher than the signal value of the Inspectorate of Education (30%).

In 2021 the foundation for integral risk management was laid amongst others through the EUR Risk Management Policy, the Risk Register (NARIS), and implementation in the Planning & Control Cycle. Risk management supports the dialogue with our stakeholders about developments, risks, and opportunities. This is a continuous process and part of the daily practice and decision making of the organisation. In 2022, within the framework of integral risk management, various activities were organised across the EUR with the aim of identifying, analysing, monitoring, and managing the uncertainties and opportunities for the EUR. In the coming year the ambition is to increase the overall risk maturity level within the organisation.

Cyber and information security are on top of the risk agenda. The EUR periodically assesses the risks and implements adequate measures to ensure that the impact on the EUR's activities is limited. Continuous improvement is one of the key principles of risk management. The risk management framework is continuously monitored and adjusted to address changes. In doing so, the organisation can increase its value creation.

Reader's guide

The budget plan format is based on the Duisenberg methodology, in which three questions are important:

- What are the main developments on the topic?
- What goals and achievements are planned?
- Which (financial) means are necessary?

We added the question:

- What are the main risks and uncertainties that are expected?

This budget plan is structured in line with these questions. In the next chapter, the relevant national and international developments are described that may have an impact on the success of the university in achieving its goals and potentially has impact on the available budget. In chapter 2 the strategic ambitions and the way the developments within the organization that align with these ambitions are described. Furthermore, in chapter 3, the budget of the university is elaborated upon. In chapter 4 an account is given of the type of risks and uncertainties that are present. The appendices provide detailed descriptions of the developments. Amounts in tables and figures are in M€, except when specifically mentioned otherwise.



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1. What are the main developments





1. What are the main developments

1.1 Macro-economic developments

The decline in the strength of the European Economy, predominantly caused by the increase in the cost of energy in 2022, will continue in 2023 (and probably beyond). The increase in the cost of energy has led to unprecedentedly high levels of inflation. Also, partly due to the war in Ukraine, a number of raw materials are scarce. The European Central Banks are trying to curb inflation by raising interest rates. Consequently, a recession cannot be ruled out.

For Erasmus University, the worsening of the economic outlook, high energy prices, increases in construction costs, increases in inflation and tight labor markets has led to higher costs for both personnel and purchases of goods and services. The level of compensation from the government for wage and price adjustments will only be known in spring 2023. In the budget we conservatively budgeted an overall 2.6% compensation. Regarding expenses, a 4% increase in staff costs (for the faculties and services Woudestein) has been factored in. FGG has chosen for a 9% indexation of staff costs. Inflation has also been included in material costs. For these costs, the cost increase in percentages varies.

The government is supporting low-income households for increased energy costs. In the budget plan there are no compensation schemes for educational institutions under consideration yet. To decrease energy costs EUR will reduce energy use and accelerate its investments in sustainability.

Erasmus University feels a responsibility towards all students and staff that have been directly affected by the Russian Invasion in Ukraine. We offer mental support, supply information about visa, asylum, travel, and financial issues. As agreed with the other Dutch universities, EUR reduced the tuition fee for Ukrainian students for the academic year 2022-2023 to the level of the statutory tuition fee. Missed benefits have been incorporated centrally in the budget as these most probably will not be compensated. Furthermore, an emergency fund has been established from the Erasmus Trust Fund for those students who are experiencing financial difficulties due to the war in Ukraine. We do not expect to be funded for missed benefits.

1.2 Coalition agreement

The Erasmus Perspectives (EP) already outlined the macroeconomic frameworks for an increase in the budget from OCW. At that time, the exact amounts allocated to higher education and research and the allocation method were unknown. Therefore, we estimated and included an additional lump sum budget of ca. M€ 20, based on our average market share.



Before the summer, universities concluded an administrative agreement with OCW on investments in higher education and research. Agreements were made on social safety and inclusion, quality of education, knowledge transfer, knowledge security, work pressure, internationalization, research, profiling and cooperation and talent development. Specific funding is available through starter grants, incentive grants and sector plans.

For 2023 onwards the following funds are allocated to EUR:

- M€ 22.5 for starter grants.
These will be structurally funded
- M€ 13 for incentive grants.
These will be temporarily funded until the end of 2030
- M€ 15 for sector plans.
These will initially be temporarily funded for 6 years

In this budget plan, most of these contributions are included centrally in the budget. The additional grants are earmarked budgets. Although the total amount of investments that will be made significantly exceeds the allocated sum in the EP, they cannot be used to fund the reserved M€ 20 fully. The negative impact on the budget is estimated at 10 M€ and has been incorporated in this budget plan.

For Erasmus University both the grants and sector plans result in a growth in demand for academic staff. It is not easy to recruit and retain competent staff particularly for highly sought-after positions in several units within the EUR, both for academic staff and support staff. Investing in our People for the Future therefore undeniably remains one of our top priorities.

1.3 Development of student numbers

The start of the academic year 2022-2023 shows a decline in influx, both at national level and at EUR-level. The EP showed an expected growth rate (3%) of students for the academic year 2023-2024 as well as for the coming years, which was based on expected the growing number in influx. However, because of the decline in influx, the academic year 2022-2023, our student numbers do not show a growth, but remain unchanged. We are currently making analyses to better interpret this new development in student numbers. Current numbers from the Ministry of Education and Science show an upward trend in student numbers, both for master and bachelor studies.

The financial impact on the tuition fee income is included in the budget plan. As we expect the EUR market share will remain unchanged, the effect of lower student numbers, in combination with a constant financial macro framework, is limited. Therefore, for now, no corrections in future government contributions have been included. EUR considers the stop in growth incidental but for budgetary purposes EUR calculates a growth scenario, as used for the EP, to continue from academic year 2024-2025 onwards. These growth expectancy figures are based on figures from Dienst Uitvoering Onderwijs (DUO).

2. What will EUR do?



2. What will EUR do?

2.1 Fostering Societal Impact

2.1.1 Strategic Ambitions

With the launch of Strategy 2024 in September 2019, the mission of Erasmus University Rotterdam 'creating positive social impact' was formally endorsed and the transition to an impact-oriented organization was initiated. With this strategy we have redefined our mission in response to the multifaceted and complex challenges of today's society. We strive to understand and make progress towards solving complex societal challenges, with alignment in our core activities of education and research and in close cooperation with our partners locally and globally.

Halfway through the current strategic period, the Executive Board commissioned a midterm review with the aim to learn jointly from the first phase of strategy implementation (2019-2021), as well as to generate concrete

improvement proposals for the second phase (2022-2024). A concrete outcome of the Strategy 2024 Midterm Review is to pursue the focus on impact as the main strategic priority. Impact forms the central theme of the strategy, whereby other strategic goals and objectives are seen as means to achieve this. We achieve impact through research, education, and engagement. This is an important outcome of the reflections that the midterm offers. We need to emphasize that impact is not a different activity but is a result of our core activities. This strengthened focus of impact requires differentiation in types of strategic initiatives as well as the strengthening of existing structures and mechanisms, such as the Impact Board.

The environment in which we operate is also changing drastically, which is not always accounted for with the current inside-out perspective of our strategy. If we want to create positive impact in society, we need to be closer to society, including engaging those who are more sceptical about internationalization or academic science. To enable societal impact, we will improve the conditions for creating positive societal impact: how we communicate

about our impact-oriented activities, how we enable our staff to work on impact, and how we measure our impact in meaningful and responsible ways. The programmes of Recognition & Reward and Diversity & Inclusion are examples which enable staff to work on having impact.

As part of the ambition of the strategic initiative Evaluating Societal Impact, a proposed EUR-wide vision and definition of Impact has been developed. The proposal identifies five types of impact: conceptual, cultural, instrumental, impact on capacity development and transformational changes. This provides a rich framework that invited faculties and services to reflect on how this applies to their own context. Impact at the EUR will be accelerated by building networks and through intelligent connections between different areas of expertise, both within EUR and with societal stakeholders and partners. Therefore, we need to increase interdisciplinarity in our research and education, while maintaining our solid foundation of monodisciplinary expertise.

The EUR stimulates entrepreneurship. A good example are the activities deployed by Erasmus Enterprise BV (EE) and its subsidiaries ECE and ERBS. EE focuses activities on four areas: EUR staff/academics, students, regional entrepreneurial community and building the Entrepreneurship center on campus. EE aims to double the EUR-student start-ups by 2023 and have three faculties include elements of entrepreneurship in their curricula by 2023. Also, EE wants to add, amongst others, two venture programs to the Erasmus Enterprise community by 2023. In addition, EE wants to increase the revenue from valorisation projects from its subsidiaries. Other activities include managing funds (Graduate Entrepreneur, UNIIQ, YES!Delft) on behalf of EUR and providing workspace in the N-building to create a community space of entrepreneurs. Finally, EE's role is to help embed entrepreneurship into the daily roles of academics and staff and to support them in starting and growing successful ventures.

Examples

A lot of progress was made on the topic of Recognition and Rewards in collaboration with all faculties, resulting in a EUR-wide framework for Recognition and Rewards approved by the Executive Board in June 2021. Further steps need to be taken for implementing the R&R policy across all faculties. Following the approval, faculties have developed their own R&R policies with specific approaches for implementation. ESSB is the pilot school for Recognition & Rewards and offers assistant and associate professors the option of four different focus profiles (education, research, societal impact, and management) in addition to the standard profile, thus creating additional career paths. This is accompanied by significant change processes, including a revision of the internal allocation and budget model, a change in the governance, and a partial restructuring of the organisation of support.

To accelerate impact through interdisciplinarity, significant progress was made with the Convergence between EUR, Erasmus Medical Centre, and TU Delft. Major complex societal challenges are both technological and social in nature. Therefore, TU Delft, Erasmus MC and EUR are working together to create a research and education ecosystem divided into five themes and programs:

Resilient Delta Initiative is driven by major societal challenges (such as energy transition, climate adaptation and opportunity inequality), and from transdisciplinary perspectives. In total, RDi has 45+ ongoing and start-up research projects. These are organized from 4 research themes ('City', 'Port', 'Delta' and 'Methodology'). In addition, RDi is developing educational programming and cross-thematic projects from a 'crossover perspective'.

Health & Technology wants to shape the future of health(care) in a transformative way with the aim to improve health and societal participation for all. The aim is to create a vibrant ecosystem by establishing cutting-edge research and innovation around internationally leading research flagships focused on major breakthroughs in health and science, train the next generation of professionals in the transdisciplinary skills and competencies, and accelerate the ethical adoption and scale-up of high-impact health technology innovations.

Artificial Intelligence, Data & Digitalization (AI) is working on five specific AI themes (AI for Port & Maritime; Peace, Law & Security; Energy & Sustainability; Health & Care; and Technology Industry). Within the AI theme, Leiden University and LUMC are also partners. Together with Innovation Quarter we represent the AI Hub for the region South Holland within the NL AI Coalition. Support capacity (including innovation managers) ensures that researchers are facilitated in developing public private partnership projects that will be funded via investment programme of the NLAI Coalition (AINED). In addition, new activities will be developed: setting up centers for the five focus areas and for new themes.

Pandemic & Disaster Preparedness centre works to improve preparedness for future pandemics and disasters through collaboration with national and international top experts from various scientific disciplines. This is achieved through research projects; frontrunner projects, and the establishment of the PDPC Academy.

Healthy Start works on scientific and societal breakthroughs - focused on prevention and intervention - to strengthen the physical, mental, and social health of youth, from conception to young adulthood through the integration between top medical, social, and technical science combined with knowledge from and application in society. The approach is based on interdisciplinarity and linkage between science and society (trans disciplinarity).

The three founding partners are equal partners within the Convergence and let the content and cooperation be developed by the researchers and collaborators within the themes.

The three institutions agreed to up the available budget from M€ 5.0 to M€ 10.0. This means that the share of EUR has grown from M€ 1.7 to M€ 3.3. As a result, it was also paramount to agree on financial governance. This is drafted by the EUR as the financial coordinator.



2.1.2 Goals on fostering societal impact

Research

All our activities regarding research, education and engagement can be more relevant to society if our overall mind-set is more impact oriented. To increase this impact, we will create a stronger focus on engaged research.

Many faculties focus their initial research impact efforts on visibility, often through different forms of science communication and engagement. To measure this visibility (and its impact) more concretely, a strategy monitoring dashboard has been developed, which includes the SDG mapper. The monitor has been live since April of this year and the public version will be launched at the end of 2022. The monitor shows quantitative progress information on each of the strategic pillars, including research. The SDG mapper shows how much of our research output can be linked (and this contributes to) the SDGs. This provides a concrete framework and insight on the thematic focus areas where we make our impact with our research. The SDG mapper has generated an overview for the university but can also be distinguished per faculty.

In addition to working on visibility, valorisation and interaction with society can also be an inherent dimension of research methodology. Several faculties are using co-creative methodologies such as living labs or action research, often in interdisciplinary settings like the Erasmus Initiatives and the Convergence. A number of impact-enhancing research

methods can be applied at various levels and stages, but most require new skills and knowledge from staff. This need has been identified and addressed in goals both at the central and faculty level. As part of their offered trainings, ERS is planning to develop impact trainings for researchers and actively supporting researchers in their endeavours to work in partnership with societal stakeholders.

Another common theme in the faculty budget plans is the creation of impact related positions, whether it is an Impact Taskforce at ESL, a second science communicator at ISS or a dean and director of engagement and partnerships at RSM. ESHPM already has a long tradition of funding network professors and will continue to do so to solidify but also expand their network of societal partners. An added benefit of impact related positions is a clearer impact organisational structure.

Interdisciplinary initiatives such as the Cultuurcampus New European Bauhaus, led by ESHCC, provide a new perspective on impact of science and academia. This consortium led by EUR together with the municipality of Rotterdam, Codarts, Willem de Kooning Academy, TU Delft, the Afrikaanderwijk Coöperatie, the Buzinezzclub, as well as the networks Local Governments for Sustainability and the Network of Higher Arts Education Institutions, pilots a vision for a sustainable, inclusive, and aesthetically driven hub in Rotterdam South, as a catalyst for territorial transition.

The Convergence is also an interdisciplinary initiative in which the impact of research on society is the main driver. In the Convergence, EUR, Erasmus MC, and TU Delft approach the societal challenges of today by integrating different perspectives in full collaboration with societal stakeholders within the region of South Holland as a 'living lab' e.g., 'civic innovation district'. An example is the SPRING project; a research program with, for and by residents that focuses on developing a vital city and specifically on creating a lasting improvement in health and

Impact learning and interdisciplinarity are important for the further development of education up to 2024.

well-being of residents in South Rotterdam. Another example is AI Maps, a consortium of 26 public and private parties (including the National Police, Deloitte, google, residential city of Rotterdam and The Hague Security Delta) working on solutions offered by artificial intelligence (AI) in protecting public safety.

Education

Strategy24 formulated ambitions for students, teachers, and the learning environment. An innovation calendar was drafted to re-define the educational quality of Erasmus University (Working at World Class Education). Project plans were developed to redesign our teachings to support personal and professional development of the student, innovation capacity of teachers, personal and online learning, student well-being (and student success), impact-driven education, and experimental educational innovation.

In 2022 a midterm Review of the implementation of the Educational Vision was conducted. In response to its outcomes, the Deans and Vice Deans of Education identified two topics that are most important for the further development of education up to 2024: impact learning and interdisciplinarity. Through impact learning, students learn to transfer their knowledge and skills to real complex challenges in society. Impact learning is linked to societal transitions and therefore also strongly linked to the ambitions in the field of sustainability education. For the further development of impact learning, the focus is on further upscaling impact education, with a specific focus on interdisciplinarity in the master's programmes and a sharper focus on the skills that students need to make an impact.

In the educational portfolio our main aim is to design impact education that enables students to work with complex challenges with multiple stakeholders. The ultimate aim is to create an impact course or profile for each bachelor and master student. The strategic project 'Impact at the Core' designed 150 credit points in courses, seven faculties being actively involved in a project

to create impact with education. Students worked with NGO's worldwide on design challenges in governance and health care management. ESL designed a workspace where students get to work with realistic problems from the outside world. From 2022 onwards, the focus lies on regional embedding (in line with focus and profile of our research-intensive university) and strengthening an impact space in the third bachelor year to allow students to develop an impact profile and impact skills.

To support lecturers, a Micro Lab on Impact Teaching has been developed with the help of CLI, and within the community of practice the interfaculty vision of lecturers will be further developed. In terms of support, a portal will be created to support teachers to connect student groups with challenges from outside stakeholders, and vice versa for outside stakeholders to connect with Erasmus University with questions and assignments. Regional embedding will be further supported by Impact Dialogues, in close connection with the strategic programme on measuring impact.

2.2 Future-proof education

2.2.1 Strategic Ambitions

The educational vision of Erasmus University Rotterdam dates to 2017 and was amended in the strategy of Erasmus University in 2019. We are halfway through the implementation of our educational strategy and have reflected upon the outcomes. It is time to harvest and to go back to our educational vision of 2017 and see what needs to be reframed and how we might think differently 5 years ahead. Based upon Strategy 2024 and the midterm evaluation on the educational strategy, the time has come to take the educational vision one step further.

Strategy 2024 builds upon this vision of 2017, yet introduces some more specific elements, fuelled by an external analysis of important developments. The world has changed since 2017: the effects of climate change are becoming more apparent to name one. Strategy 2024 therefore gives a central role to the ambition to make a positive contribution to society 'the Erasmian way'.

Erasmus University is an established knowledge centre in the midst of society and an actor in finding ways to mediate complex societal challenges. In close collaboration with stakeholders, EUR intends to create a better understanding of these complex societal challenges and aims to contribute to the solution directions for these challenges through its education and research.

2.2.2 Goals on education

The Deans and Vice Deans of Education identified two topics that are most important for the further development of education up to 2024: impact learning and interdisciplinarity.

Through impact learning, students learn to transfer their knowledge and skills to real complex challenges in society. Impact learning is linked to societal transitions and therefore also strongly linked to the ambitions in the field of sustainability education. For the further development of impact learning, the focus is on further upscaling impact education, with a specific focus on interdisciplinarity in the master's programmes and a sharper focus on the skills that students need to make an impact.

Interdisciplinarity is essential to enable students to work on complex societal issues and thus contribute to impact learning at EUR. For further development, there is a need for coherence between the various (strategic) initiatives and a clear relationship with EUR as a research-intensive university.

In addition, implementing the Erasmian Values in learning pathways of personal and professional development & impact learning will promote the personal development and resilience of students and staff members.

Further investments in educational leadership and the professionalization of academic staff members are much needed. More room for innovation and educational development by academic staff members is sought by the unbundling of educational tasks by appointing learning innovators and further professionalizing tutors.

By strengthening personalized learning in on-campus and online education, the personal development of students can be better supported. Finally, blended learning will be further developed to support students' preferences and improve the quality of the academic debate.

2.2.3 Other

The calibration of the educational vision is a way to celebrate our progress and the work that has already been done by our Erasmian community: all teachers, students, and support staff in all our faculties. Innovations with respect to online and hybrid education have gained momentum, a wellbeing platform for students was established, teachers were supported in their innovations by learning innovators and learning communities were learning together on our core innovation themes. Faculties, faculty staff and lecturers have been key in a process that created major and important shifts in our education with respect to personal professional development (skills education), online education and impact education. For all bachelor students, the number of internships and practical assignments (with outside stakeholders) have increased; skills education has been improved and the way we enable online education was fuelled by Covid.

2.3 Research

2.3.1 Strategic Ambitions

The EUR is a research-intensive academic institution that develops and shares a broad spectrum of scientific knowledge and skills. Driven by the curiosity of our academic staff, we are able to work across faculties, departments, and generations, and build bridges between all our external networks. With an interdisciplinary way of working, EUR covers the full continuum from fundamental to applied research. The Erasmus Initiatives are four ambitious focal areas for research that streamline our academic activities to increase the societal and economic impact of our work.

Research is not a secure objective; we need to continue making substantial investments and maintain this as a major priority.

A strong commitment to academic excellence is needed for the EUR to build its position as a premier research university in Europe. Strategy 2024 focuses on fundamental drivers of research excellence and academic reputation. These include human capital and excellent research support, grant performance, and guidance for PhDs in moving to interesting scientific and non-scientific positions in the world. Therefore, activities are implemented to attract top researchers worldwide, improve services for researchers and to make open and responsible science the default of research practices at our university. This means sharing and using knowledge at an early stage in the research process, allowing others to collaborate and contribute, and maintaining a commitment to free availability of our data and, where possible, our notes and research processes.

Examples

The Research Suite is a 5-year project that provides full support of IT-needs for Erasmus MC researchers. In 2021, a substantial number of Research Suite projects have been implemented at Erasmus MC. These applications support researchers in their daily work and help them to comply with relevant laws and regulations. Research Suite received an NWO-grant to develop data stewardship to stimulate best practices in data management on a tactical and operational level.

ESHCC takes a leading role in the development of the Culture&Campus, is a leading partner in Bauhaus, and EIT Culture and Creativity and is consolidating starting collaborations with organizations in the Netherlands on Cultural Heritage, Media, Social Challenges by installing endowed chairs and other projects. Through these initiatives, ESHCC brings the arts & culture, creative and historical perspective as a promising dimension to the Convergence Alliance.



2.3.2 Goals on research

ERS' mission is to advance excellent research and knowledge transfer to maximize positive societal impact. The aim is to create conditions for transparent, inclusive, collaborative, and impactful research through strategic and operational expertise. ERS provides pathways for talents to reach their full potential and to advance fruitful collaborations. In 2023, Erasmus Research Services will enter its fourth year of existence. The years 2020-2022 were foundational in terms of strategy, policy, attracting talent and building up our support. First successes have been achieved such as those in the area of major externally funded research initiatives, in the visibility of EUR in the external networks, in the open science awareness and in the research data management support. ERS, University Library, EDIS and faculties are jointly building the EUR digital competence center encompassing research data support, policies, and IV/IT infrastructure.

The movement to open and responsible science is incorporated by all faculties. Faculties are hiring data stewards, partly financed by ERS, who can develop faculty specific support. ESE is taking steps towards this goal by installing an open science taskforce with ambassadors to actively promote and embed Open Science. RSM aims to be one of the frontrunners: both substantively, by valuing research into positive change, and procedurally, by instilling the values of open and responsible research in its faculty. To do so, the faculty is investing in an IRB administrator and a data steward, as well as making responsible, open, and engaged

science a cornerstone of their faculty evaluation procedures. In addition to staff there are other investments. For example, ISS will set up a data repository for (PhD) research.

Faculties are also continuously successful in acquiring prestigious research funding, both individual grants as ERC as well as collaboration grants such as Horizon Europe grants. In 2022, Eveline Crone (SYNC lab), Moniek Buijzen (MOVEZ lab), Liesbeth van Rossum (Erasmus MC) and Chris de Zeeuw (Erasmus MC) were successful in the Dutch Gravitation programme with their consortia for respectively GUTS: growing up together in society (EUR in the lead), The algorithmic society (as co-applicant), Stress in Action (as co-applicant) and The Dutch Brain Interfaces Initiative. These initiatives from ESSB and Erasmus MC are an important development that stimulates transdisciplinary and impact-driven research.

Working with a multidisciplinary and mission-driven approach is also apparent in other goals and faculties. For example, ESL is organising itself by research profile using three cross cutting research centres (Erasmus Centre for Public and Private Interests (PPI), Erasmus Centre for Empirical Legal Studies (ECELS), Dynamics of Inclusive Prosperity (DoIP). ESHCC is setting up a taskforce of three researchers, one from each department, to create opportunities to foster excellence in interdisciplinary research and cross-departmental collaboration by organising faculty-wide research meetings and developing team science initiatives and projects.

2.4 Professional Services

2.4.1 Strategic Ambitions

Professional services such as EDIS, HR, Real Estate & Facilities, Education & Students Affairs, Marketing & Communications and Finance are an essential part of our ambitions. Stepping Up Professional Services (SUPS) forms a distinct part re-emphasized of our strategic ambitions, which was reemphasized and commended as part of the outcomes of the Midterm Review of Strategy 2024.

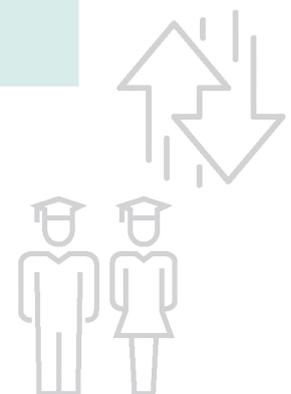
We ensure effective alignment between professional services and our core processes, facilitating smooth interaction between professional services at various levels in the university. We focus on end-to-end business processes and customer processes. This requires good cooperation between the various services and between professional services and the faculties. In addition to this, we will develop our professional services in alignment with student and staff expectations for the digital society. All professional services staff will consider and incorporate digitalisation as the major enabler.

Over the past period progress was made in development of a vision for professional services at EUR: 'Positive societal impact: we make it possible.' The central PS departments are in the process of reflecting on the individual strategies and setting a joint agenda to emphasize shared ambitions.

Examples

In several operational departments we see similar steers to emphasize the shared ambitions across boundaries. For instance, both in HR and EDIS several initiatives have been started to bridge the ambitions both in decentralised programs and structures as well in the centralised SUPS approach. Examples are setting up recruitment efforts to have more IT knowledge for external hiring, as well as delivering digital skills in the wider organisation. Both initiatives are borne in collaborative mind-set.

Excellent research and education require excellent professional services. To improve the support processes closest to the primary processes, different projects have been launched, including the two projects financially supported by the SUPS programme. These projects are aimed at improved support for and communication with both teachers and students, and the set-up of a one-stop-shop for research support for the individual academic staff members of the ESSB.



2.4.2 Goals on Professional Services

A concrete recommendation stemming from the midterm review of Strategy 2024 is the need for focus and, where possible, simplification of the strategy. It is proposed to use the remainder of the current strategic period to limit, combine or simplify strategic initiatives. For Professional Services, this advice is already being followed-up through development of a strategic implementation agenda.

In June 2022, an interim Program Manager for SUPS was appointed for the development of a shared vision and implementation agenda for Professional Services. The SUPS implementation agenda is currently being drawn up in collaboration with a delegation (working group) of the Operations Board. At the end of 2022, the working group hopes to be able to submit the agenda plus implementation plan for approval to the Strategy Office, and subsequently the Executive Board. A concrete budget is still to be developed for this implementation agenda.

To make the strategic pillar a joint responsibility, a call for projects was launched in which employees were invited to come forward with proposals to improve operations. A portfolio manager has been appointed for the management of the successfully awarded projects that will run within the current strategic period. The SUPS call projects, which vary from idea (initiation) to realised projects, are currently being assessed by the portfolio manager and project controller on substantive progress and budget utilization. By the end of 2022, it is expected to have an overview of the progress of these projects, based on which an advice can be formulated on the possible transfer of budget from 2022 to 2023 and on the realization of all projects in their life cycle.

2.5 Being an Erasmian

2.5.1 Strategic Ambitions

As a strategic portfolio, Being an Erasmian stems from the strategic priority *Investing in our People for the Future*, which has a strong HR focus with the aim to bring out the in best in all EUR employees. Following the strategy formulation phase, the development of an Erasmian identity to unite all staff, students, and alumni in the shared ambition towards positive societal impact, resulted in a broader focus to include education, research, and stakeholder relations. Consequently, whilst Being an Erasmian is driven by the Erasmian Values and focuses on the broader culture of the organization, it also comprises six concrete strategic initiatives that contribute to the strategic transition towards an impact-driven university. These strategic initiatives focus on outreach (diversity and inclusion); research (in the form of an Erasmus of Rotterdam Research Centre); alumni relations; leadership; healthy and safe working environment; as well as a student-driven project entitled 'Erasmus Verbindt'. These initiatives both embody and champion the Erasmian Values, as the foundation to the Erasmian identity.

Underlying this portfolio are three overarching goals, which build on the strategic goals as formulated under Investing in our People for the Future and are championed by the strategic initiatives within this pillar:

Identifying with Values: ensuring students, staff and alumni identify with the Erasmian Values.

Supportive Culture: ensuring students, staff and alumni experience a safe, inclusive, and supportive culture within the EUR, in line with our values.

Lifelong Connection: ensuring students, staff and alumni have a lifelong connection with the EUR and the Erasmian identity.

Erasmian Values to create a supportive culture for the transition to an impact-oriented EUR and thereby instilling a lifelong connection in our students, staff, and alumni.

Together, these goals form the mission of Being an Erasmian: Identifying with our

Examples

The Erasmus of Rotterdam Research Centre (ERRC) of ESPhil plays an instrumental role in the further development and promotion of the notion of Erasmian Values at the EUR. Through means of its research, events, debates, and academic (publications), ERRC functions as a discussion forum and provides a concrete hub for (national) research on Erasmian Values. The centre targets students, staff, and external partners to create a culture of open debate.

Erasmus Verbindt has successfully launched a podcast series that makes the challenges facing Rotterdam tangible and transparent for a wide audience. In addition, Erasmus Verbindt connects social networks and societal challenges with university education. Students are partnered with societal actors in the city with whom they will face complex challenges as part of an interdisciplinary internship assignment. By the end of 2022, 62 assignments with almost all EUR faculties will be in place, which cater to 970 students. The expectation is to cater to 2,000 students and engage all faculties by 2024.

HR has developed a Core Erasmian Leadership profile. As a result of this, our executive management sees and feels they are connected, responsible and committed with each other on achieving the strategy. The goal is to further develop our leadership quality to enable the strategic goals to be realised and create a healthy safe and inclusive environment for all staff to work in. This requires transformation and change in the organization and thus in our leaders. The Erasmus Alumni Relations Team, which is currently housed at RSM, has provided an opportunity to create a community of alumni engagement professionals within the institution providing guidance on best practice, data protocols and attempting to ensure a consistent approach to all alumni. Alumni are professionally engaged for the first time and it is clear that there are current and long-term benefits, including support student recruitment, student employability, global reach, brand recognition and reputation, corporate engagement, and philanthropy. Forming the Erasmian identity essentially starts before entering into higher education. The Outreach Program contributes to this in its collaboration with schools. In total, seven primary schools and six secondary schools have been recruited so far to enter a partnership with the Outreach Programme. Schools are enthusiastic and are expressing a high need for university-led equity-based early outreach interventions in their schools. In addition, the Outreach Program has (so far) formulated five educational projects for students. These include a pilot study on hidden talent for the new MSc of the Rotterdam Arts and Science Lab (RASL), an assignment for students of the International Bachelor Communication and Media (IBCoM, EUR), mentor projects with MOVE Rotterdam and Mentoren op Zuid, and a 'back to work and school project' for Nationaal Programma Rotterdam Zuid (NPRZ).

2.5.2 Goals on investing in our people & being an Erasmian

Incorporating Being an Erasmian as a foundational pillar within Strategy 2024 has provided a concrete framework for the creation of a shared identity for all stakeholders of the EUR. This growing sense of identity leads to trust, respect, and support between colleagues. It provides the basis for effective cooperation. Moreover, increasing awareness of our Erasmian Values has led to endorsement of these values and the recognition of the importance of a culture of open dialogue, which was confirmed in the outcomes of the Strategy 2024 Midterm Review. The appointment of (academic) leads for Being an Erasmian has also been instrumental in the transition towards an impact-driven university. These leads, including the Academic Lead for Erasmian Values and the Professor for Erasmian Values, serve as ambassadors and personify the Being an Erasmian agenda to advocate, promote, energize, and drive the Erasmian vision both internally as well as amongst external stakeholders and communication channels.

Over the past 1,5 years, the progress made within the Being an Erasmian pillar is increasingly visible within the university, particularly amongst the strategic community and the executive management level. This is in large part attributed to the Executive Management days in which the Erasmian Values are a recurring theme and because of which the Erasmian leadership profile was developed. A current challenge is engaging the entire community in Be(com)ing an

Erasmian, without creating the perception of 'imposing' Erasmian Values on students, staff & stakeholders. Promoting the debate on Erasmian Values within EUR in a way that is relevant to the EUR community will not work as a top-down investment in promoting a specific idea of values but must be fuelled by the issues students and employees encounter themselves. Being an Erasmian will also depend on the skill to reflect on own behaviour, competencies and mind set, including the skill to have good dialogue. Getting EUR students, staff, and alumni on board in the process of Being an Erasmian and creating a shared understanding of the direction and needs will be the focus of the second phase of the current strategic period.

2.5.3 Other

Ensuring organisational wellbeing, responsiveness, and agility

In response to the outcomes of the Strategy 2024 Midterm Review, the Executive Board and Deans have developed a proposed management response concrete improvement proposals for the second strategic phase. These proposals also address issues flagged internally within the organization, including work pressure, lack of focus, and the capacity for change of our organization. Concrete ambitions will focus on improving organisational structures and governance mechanisms to ensure our organization remains agile and responsive to current trends. In implementing these proposals, timing is key, whereby we build on momentum and take actions and decisions, without losing our community in the haste of necessary change.

2.6 Sustainability

2.6.1 Strategic Ambitions

Creating positive societal impact is only possible if we integrate sustainability in everything we do. Because the current multiple crises we face and given the future threats to the world's survival, taking responsibility for sustainable development is rapidly gaining importance in our research, education, policies, and decision-making. For example, the development of our vision on impact education, should lead to education that prepares our students for the sustainability challenges of today and the future. It is also the reason Sustainability stands out in the midterm review of Strategy 2024 as one of the two areas – next to impact - that needs our increased and undivided attention.

2.6.2 Goals on taking responsibility for sustainable development

In education we want our students to be aware of sustainability issues, to gain knowledge, and to think critically. That means also transforming knowledge into action with innovations and solutions for sustainable ways of living. For this we need to plant the 'sustainability seeds' early in their study career. We are preparing to pilot a new general sustainability introduction for onboarding bachelor students. After piloting in three schools and evaluating in the first half of 2023, we hope to roll this out throughout all schools next academic year.

The number of courses with a sustainability focus is growing, and we are preparing an EUR-wide SDG mapping of our educational offering that shows the relation between the curricula and the SDGs. With this mapping we can further discuss our present and future profile and analyse the possible gaps to guide our interventions towards the desired situation. Mainstreaming sustainability in all our education is probably the most challenging goal we have set ourselves. The DIT platform contributes to this goal by engaging in inter- and transdisciplinary research and education. The re-activation of the interfaculty working group on education can play a role in developing our vision and plans on how to realize this mainstreaming.

Our goal is to contribute with our research to the Sustainable Development Goals. By mapping our research output against the SDGs, we know on EUR and school level, where we have focused our attention until now. Supported by an analysis and discussion with(in) and between the schools, we can develop our vision for the focus of our future research and use the mapping as a guide while exploring partnerships. The two-yearly sustainability rankings we participate in (SustainaBul and THEIR) give us also insight in where to improve. Each year, more schools accept the SDGs as guiding for their research agenda.

On campus we implement various initiatives that we link to (student)research and education. Using the campus as a living lab – for example in the reusable coffee cup pilot – will soon start.

In our operations (Sustainable Campus) we work on drastically reducing our carbon footprint and increasingly 'practice what we preach', in 7 program lines where we implement activities that lead to a more sustainable work and study environment and a 'carbon neutral university'. Initiated before the war in Ukraine and the energy crisis, but certainly gaining in importance, is the Energy Roadmap that will be rolled out for 10 years, supported by a M€20 budget. Other initiatives relate to waste reduction, circularity, food, and catering (Vegan Campus 2030), Sustainable Purchase, IT, and the Green Campus Plan.

In our communication to and engagement with the Erasmus community there is increasing attention for the transition towards a sustainable world: from vegan catering for events, to highlighting sustainability research on our websites and newsletters. We aim for the further increase of sustainability webpage visits as already observed in the last years.

In the faculties' plans, the emphasis lies on Education and Research and a broad interpretation of Sustainability is shown, increasingly mentioning the SDGs as guiding principle. We also see increasing interest to look at aspects of the sustainability of business operations at faculty and department level. Led by RE&F, the Sustainable Campus Roadmap remains the guiding document on central level.

A common issue is inter- or transdisciplinary working, which currently happens often in special projects such as the Erasmus Initiatives. Mainstreaming sustainability in education and research is also still a challenge. However, some notable examples of promoting sustainability in research, education and operations are provided.

Examples

ESHPM aims to contribute to high-quality, accessible, affordable, efficient, equitable, and sustainable healthcare around the world and plans to allocate significant funds to it. In the operational sphere a pilot regarding reusable coffee cups is foreseen.

ESE wants to use the SDGs as a guideline for their research and education, develop student 'How can I contribute' programs and make an action plan for sustainability. They also will offer support to their teaching staff. Their ambitions related to research are inspiring.

RSM already adopted the SDGs in 2016 and integrated them in the education and research portfolios. During onboarding, all students make an 'I will' statement containing a personal pledge for their personal impact.

ESL wants to showcase research and initiatives linked to sustainable development. The school aims to be a thought leader regarding new national and European legislation on corporate sustainability due diligence (including reporting) and on climate change, as well as new liabilities emerging in this field. They will appoint a chairholder for the Chair of Public Law & Sustainability.

ESPhil encourages their staff to travel by train and make effective use of online possibilities for events. Major efforts go into taking the lead in establishing the interdisciplinary master societal transitions (recently approved).

EDIS will make a plan for sustainable IT early 2023.

RE&F will implement the Green Campus plan in 2023 and works towards implementing the ban on single use plastics in 2024. The renovation plans (Tinbergen building and part of the Van der Goot building) are based on sustainability principles.

3. How will EUR deploy its financial means?







Multi-Year Budget Plan

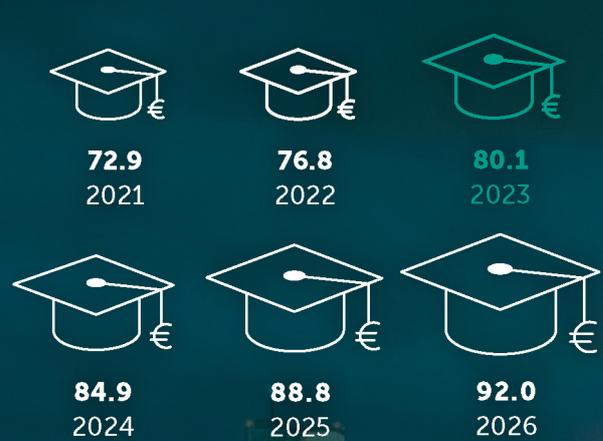
2023 is budget plan

Income*

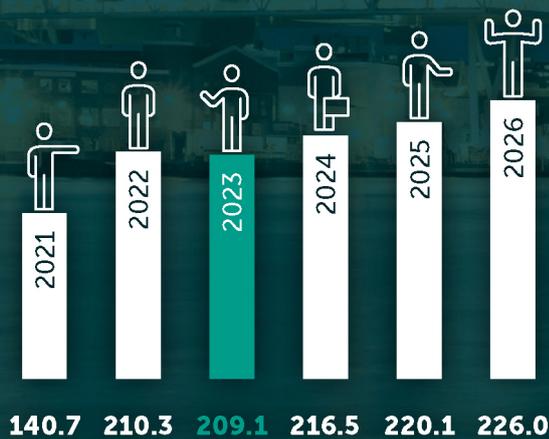
Government grant



Tuition fees



Income from 2nd and 3rd money stream



Other



Totals

Income

914.8	946.0	1,004.7	1,024.7	1,035.7	1,052.5
2021	2022	2023	2024	2025	2026

Expenses

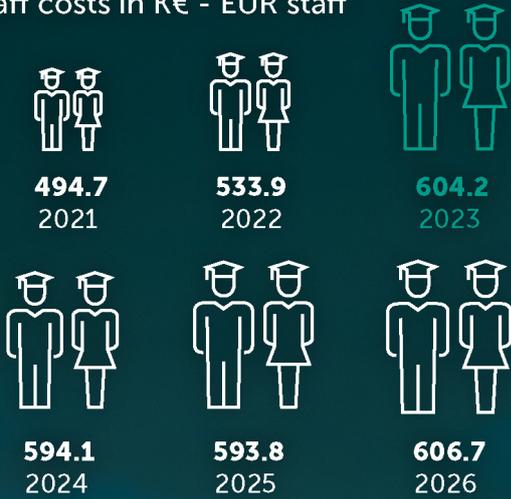
904.3	957.8	1,037.3	1,014.8	1,022.1	1,039.8
2021	2022	2023	2024	2025	2026

In previous years, Erasmus University has decided to invest budget from the reserve in education and research.

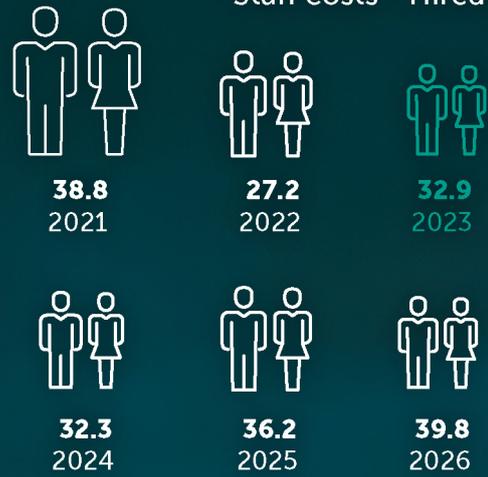
* A disparagement between the 2nd, 3rd, and other income streams between 2021 and the subsequent years is visible but the total of these three incomes is still balanced.

Expenses

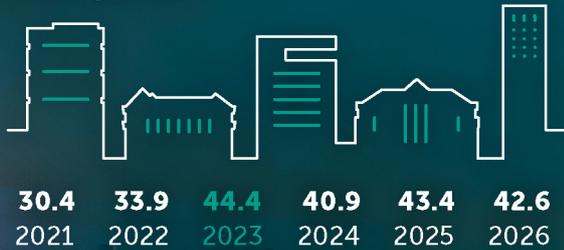
Staff costs in K€ - EUR staff



Staff costs - Hired staff



Housing costs



Depreciation



Other costs



Result



Share of subsidiaries in result



3. How will EUR deploy its financial means?

3.1 Main developments/ key figures

3.1.1 Analysis results 2023-2026

Erasmus University budgets a negative result of M€ 32.6 for 2023. From 2024 onwards positive results are budgeted. The result for 2023 is in contrast with last year's budget plan, in which already for 2023 a positive result of M€ 7.9 was expected. These three elements contribute to the expected loss:

- The additional funds were treated as lump sum in the allocation. In the course of 2022, the funds proved to be earmarked. This led to a correction in the central budget;
- conservative budgeting within FGG due to uncertainty about inflation leads to negative results;
- furthermore, some organisational units plan to use accrued reserves.

The expected negative result consists of M€ 15.7 for Woudestein (faculties, services, and affiliated parties) and M€ 17 for FGG (including private subsidiaries).

A considerable proportion of the negative result in Woudestein is accounted for by Central. Chapter 1 mentions an additional contribution of M€ 20 to the budget in the EP. This amount has been allocated to the faculties and support services, assuming that these budgets would be assigned by OCW as part of the lump sum and would therefore be discretionary. The actual contribution, being starter- and incentive grants and sector plans, is an earmarked budget of M€ 50 with a limited array of expenditures. This leads to a downwards effect on the Central result.

For now, the deficit in Central is estimated at M€ 10.5.

The uncertainty regarding this deficit is to which extent OCW will compensate the wage and cost indexation. Compensation lower than the 2.6% we included in the budget, will lead to an increase of the deficit. Compensation higher than 2.6% will result in a lower deficit. The latter is expected to be more likely.

For the years 2024 and onwards it is assumed that the spending of the extra funds can be fully accounted for. These years Central budgets a positive result, so the negative results in 2023 can partly be compensated. Nonetheless, accumulated results might not be enough to fully repair the loss in 2023. If so, the EP for 2024-2027 will include a task-setting amount for all organisational units.

The greater part of the faculties budget negative for 2023, funding their deficits with accrued reserves. In 2024 all faculties budget improving results, but some still continue to be negative, also in the following years. Withdrawals from the reserves however comply with the reserve policy and remain within the issued bandwidths.

Professional Services show a neutral budget in 2023 and onwards, except for UL. UL budgets extra expenditures as part of a spending plan, herewith meeting the Reserve Policy.

Within the affiliated parties the budget is negative, mainly because of a deficit with SESA. Incorporated in the budget of SESA are the outcomes of an internal debate about the level of services and costs to be charged. The negative result of SESA is compensated with a higher income at Central. So, at a EUR level this result does not affect the financial result of EUR. ESC also budgets negatively, but this is relatively small.

The deficit of FG (including private subsidiaries) is due to an additional increase in energy costs and expected wage costs increase. The wage cost indexing follows the consumer index on which the collective labour agreement is based. The negative result will not have an impact on the reserves of the EUR.

In addition to the Reserve Policy for Faculties (except FG) and Support Services, EUR is planning for a Reserve Policy for Central, Strategy Office, HEQA, Programmes and Other Staff. This will support overall consistent management of result and reserves within EUR.



Table 1 - Budget Plan 2023-2026 (k€)

Description	YR21	LE Aug 22	B2022	B2023	B2024	B2025	B2026
Total income	914,889	968,312	946,017	1,004,702	1,024,724	1,035,753	1,052,507
Budget	534,583	566,323	564,279	627,572	640,098	653,159	662,810
Other income	344,306	340,672	345,657	334,002	342,404	344,585	353,140
Third money stream education	43,876	48,388	51,930	52,188	56,170	58,092	61,951
Second money stream research	58,560	43,315	41,300	40,968	41,159	41,260	41,635
Third money stream research	38,305	121,610	117,085	116,000	119,188	120,824	122,469
Other contract income	68,323	3,064	10,788	12,621	4,361	3,922	3,954
Other inc.	126,420	124,296	124,536	111,233	120,471	119,534	122,221
Interest/result subsidiaries	8,822	-	17	992	1,054	954	909
Internal settlements	36,000	61,317	36,081	43,128	42,221	38,009	36,557
Internal income from EUR-sec	21,555	25,969	16,688	24,572	23,629	19,378	18,045
Internal income from EUR-group	14,445	35,348	19,393	18,556	18,593	18,631	18,513
Total expenses	904,367	947,619	957,888	1,037,323	1,014,844	1,022,102	1,039,840
Staff costs	533,648	557,058	561,212	637,160	626,503	630,083	646,608
Own staff	494,774	522,011	533,976	604,216	594,126	593,821	606,738
Hired staff	38,874	35,046	27,236	32,944	32,377	36,262	39,870
Material costs	215,186	221,442	244,525	245,068	234,038	241,660	244,034
Depreciation	39,147	39,107	42,728	44,134	44,767	50,979	49,767
Rent, housing expenditures	30,484	35,977	33,946	44,491	40,986	43,438	42,602
Other	145,555	146,358	167,850	156,444	148,286	147,243	151,665
Income transfers	122,908	117,939	115,250	111,536	111,405	111,454	111,459
Interest/corporate income tax	1,245	819	820	431	676	895	1,182
Internal settlements	31,380	50,361	36,081	43,128	42,222	38,010	36,557
Internal payments to EUR-sec	21,555	25,969	16,688	24,572	23,629	19,378	18,045
Internal payments to EUR-group	9,824	24,393	19,393	18,556	18,593	18,631	18,512
Result	10,522	20,693	-11,871	-32,621	9,880	13,651	12,667
Equity after result	379,974	400,667	368,103	368,045	377,925	391,576	404,243

3.1.2 Balance sheet / Cash flow

In the balance sheet the planned investments in housing and IT are reflected in the line fixed assets, which increases from M€ 225 in 2023 to M€ 266 in 2026. Cash and cash equivalents are expected to decline in the years 2022 – 2025 as a result of the expected negative result in combination with planned investments. As yet, additional financing by means loans is not foreseen.

The equity drops in 2023 as a result of the foreseen negative result in 2023 and is expected to increase again in the years 2024 – 2026.

In 2022 balance sheet M€ 16,1 of the not allocated, not normative government funds (sector plans, starter- and incentive grants) is included under short term debts.

Table 2 - Balance sheet M€

	YR 2021	B2022	B2022	B2023	B2024	B2025	B2026
Fixed assets							
Intangible fixed assets	4.6	2.1	4.6	4.6	4.6	4.6	4.6
Tangible fixed assets - buildings and terrains	212.0	240.9	227.8	225.1	239.4	269.7	266.2
Tangible fixed assets - equipment	14.3	23.2	15.9	19.1	20.2	19.8	19.7
Tangible fixed assets - work in progress and received in advance	44.3	16.4	37.4	16.2	20.0	23.0	21.2
Financial fixed assets	0.4	1.3	0.4	0.4	0.4	0.4	0.4
Total fixed assets	275.6	283.9	286.1	265.4	284.7	317.5	312.2
Current assets							
Inventory	-	0.1	0.1	0.1	0.1	0.1	0.1
Tuition fees receivable	0.9	1.1	1.1	1.7	1.8	1.9	1.9
Other receivables	30.4	40.3	40.3	37.1	37.6	37.6	38.8
Cash and cash equivalents	110.5	15.0	65.0	46.5	38.1	20.1	38.6
Total current assets	141.8	56.6	106.6	85.3	77.6	59.7	79.5
Total assets	417.4	340.5	392.7	350.7	362.3	377.2	391.6
Equity							
Equity	219.1	186.4	207.2	174.6	184.5	198.1	210.8
Personell provisions	14.7	11.1	14.2	13.7	13.2	12.7	12.2
Other provisions	8.9	4.4	5.2	5.2	3.6	2.0	0.4
Liabilities							
Long term liabilities							
Long term liabilities	7.8	7.6	7.7	7.6	7.5	7.4	7.3
Financing requirements	-	37.7	-	-	-	-	-
Total long term liabilities	7.8	45.3	7.7	7.6	7.5	7.4	7.3
Short term liabilities							
Short term liabilities							
Creditors and other liabilities	122.1	57.0	122.0	95.9	96.5	97.5	99.2
Tuition fees received in advance	44.8	36.4	36.4	53.7	56.9	59.5	61.7
Current account	-	-	-	-	-	-	-
Total short term liabilities	166.9	93.4	158.4	149.6	153.5	157.0	160.9
Total liabilities	417.4	340.5	392.7	350.7	362.3	377.3	391.6

* The amounts in B2022 are recalibrated with the actuals of 2021.

3.1.3 Ratio's

The financial health of the EUR is measured by two ratios:

- Solvency ratio: a measurement of the extent to which the organization can meet its debt obligations. The lowest expected value of the solvency ratio in the next four years is around 55%, well above the standard of 30%.
- Current ratio: an indicator of the extent to which an organization can pay its short-term debts with its own funds. The current ratio is expected to decline incidentally from 57% to 38% over the years 2023 – 2025, to increase again in 2026. Recently the Education Inspectorate has raised the standard from 50% to 75%. The EUR adheres to its internal standard of 50% as indicated in the annual report 2021 (Ch. 6). The current ratio as well as the absolute amount of cash and cash equivalents will be closely monitored in 2023 and beyond. An update of the treasury policy is planned for early 2023.

Income ratios: the revenue mix

Another aspect that is important is the revenue mix. A healthy mix shows that an organization is not too dependent on any one source of income. The largest source of income for the Erasmus University is the Government Grant. Around 52% of the EUR's income comes from this source in 2023. For faculties at Woudestein this is around 80%. FGG (including private subsidiaries) traditionally has a different income mix than the faculties at Woudestein and ISS in The Hague. This is because research at FGG (including private subsidiaries) is often funded by sources other than the Government Grant.

At Woudestein the ambition has long been to reduce the dependency on the Government Grant. In the current strategy there is a strong focus on achieving this goal. Erasmus Research Services will contribute to this. The development of the second and third money streams will be closely monitored in the planning & control cycle and in bilateral consultations (bilos) with the faculties. Tuition fees currently account for 18% of the income. The second and third money stream account for 26% of the income.

Figure 1

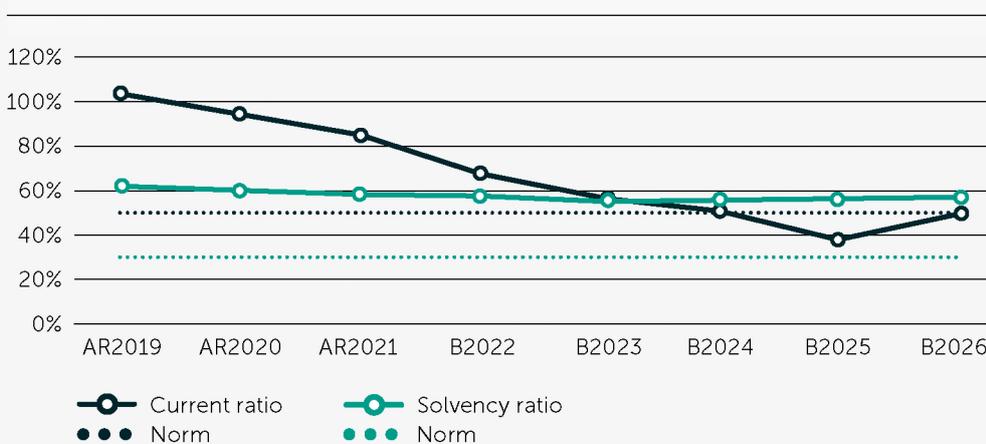
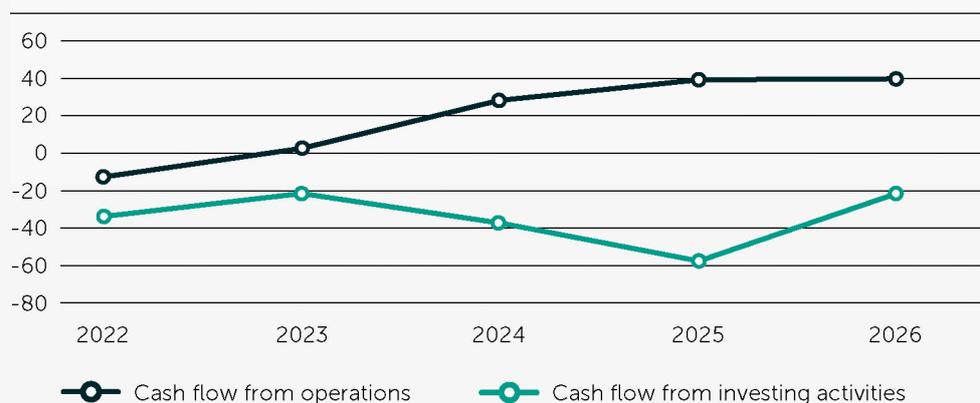


Figure 2 - Cash flow (in M€)



Cost ratios

The costs at the Erasmus University are mainly related to staff and buildings. However, IT plays an increasingly significant role in education and research and the related costs are significant. Staff costs account for around 72% of total costs in the coming years. The increase as compared to 2022 and earlier is a result of the fact that the additional government funding from starter and incentive grants has been budgeted as personnel costs.

It has been agreed that costs related to accommodation (buildings, park management etc.) may not cover more than 13% of the turnover¹. Roughly half of these costs consists of depreciation. The housing ratio is expected to be around 10% in the coming years. Well below the standard of 13%.

The depreciation ratio will remain stable at 5% in 2023 and 2024 and is expected to increase to 6% in 2025 and 2026. This reflects the

Table 3

Estimated tuition fees	2021	2022	2023	2024	2025	2026
In Erasmus Perspective 2023-2026	72,959	77,455	82,180	87,427	91,472	94,888
In Budget Plan 2023-2026	72,959	76,820	80,126	84,994	88,820	92,083
Paying students	21/22	22/23	23/24	24/25	25/26	26/27
	31,351	31,393	32,247	33,006	33,692	34,330

¹ Relevant turnover is turnover related to organizational units relevant for the housing on Woudestein. So, this excludes for example turnover of Erasmus MC, but includes turnover from the Holding and RSM BV.

planned investments in the campus as will be explained in paragraph 3.5. of this budget plan.

The costs associated with the maintenance and depreciation of IT systems are budgeted through a multi-year investment and operating plan (MIP/MEP). The costs associated with the management and maintenance of IT are relatively stable over the coming years. The costs of IT are closely monitored and a similar system to that of housing, in which investments and the resulting operating costs are considered in conjunction, is under development. Both the development of IT investments (capex) and the development of IT operational costs (opex) will be explained in paragraph 3.5 of the budget plan.

Investments in IT are further facilitated through the budget of the Masterplan Digitalisation (M€5 per year structurally). The project portfolio board that was installed in 2021, decides on the investments that are made. This provides insight into the required investments and streamline the implementation of new IT projects. The goal is to improve the manageability of these projects.

3.2 Development of first money stream

3.2.1 Development of student numbers

The academic year 2022-2023, our student numbers remain unchanged. This is in contrast with the EP in which a growth rate of 3% was expected. The decline is also seen on a national level. EUR considers the stop in growth as incidental and expects the growth scenarios used for the EP to continue from academic year 2024-2025 onwards.

These growth expectancy figures are based on figures from DUO.

The financial impact on the tuition fee income is included in the budget plan. As we expect the EUR market share to remain unchanged the effect of lower student numbers, in combination with a constant financial macro framework, is limited. Therefore no alterations in future government contributions have been included.

3.2.2 Starter grants, incentive grants and sector plans

As a result, Erasmus University Rotterdam receives additional an earmarked budget for three specific themes: starter grants, incentive grants and sector plans.

Starter and incentive grants are a new instrument to ensure greater stability and predictability of research funding for universities and university colleges. They are non-competitive funds. The sector plans ensure the expansion of capacity, increased room for training, attracting, and retaining scientific talent, improved coherence between education and research and, joint choices on task allocation/profiling and cooperation between universities. For the time being, these budgets are allocated centrally in the 2023 budget. In the budget adjustment, the budgets will be further allocated within the organization.

Starter grants are available for assistant professors who have received a permanent appointment. The budgets do not necessarily be used for expenses in 2023. These can also be rolled over to next years. In addition to this appointment requirements stipulated by the government and additional EUR requirements must be met. These grants are personal working capital that should lighten the workload and create more space to conduct research. These budgets are designated as

non-normative by OCW and are therefore placed on the balance sheet. These budgets will be budgeted as result neutral.

A working group has been appointed to develop a policy regarding the starter and incentive grants. Until the necessary policies are defined and implemented, the budget for the incentive grant will not be allocated to the faculties. As the allocation of these budgets are subject to the working group's policy, in contrast of the regular allocation model guidelines these budgets will not be deducted by a percentage of 21.5% for Professional Services.

3.2.3 HEQA

Within the framework of the Higher Education Quality Agreement (HEQA) we are committed to plans aimed at improving the quality of education.

To stimulate effective implementation of the plans, faculties are allowed some flexibility in HEQA budgets, and are allowed to move HEQA budgets from one year to another. Therefore, it is possible that the total faculty spending on improving education exceeds the actual budget available from government funds up to 2021. Based on the positive advice of the NVAO on the 2021 annual report, from 2022 onwards, government funding will be raised to the maximum available level. On an annual basis the differences the faculties incur, will be financed from the reserves. This way, investments will be made in the quality of education while reducing the reserves. Although the budgets for well-being have remained at 2021 levels, budget overruns will be allowed, as long as these have been discussed with participating members and agreed to by the Executive Board. This will lead to a change in prognosis for 2023 and ensuing years. The Erasmus University expects to spend all funding available.

Table 4

Faculty/programme	2023	2024	2025	2026
Erasmus MC	1.766	2.096	2.096	2.096
ESHPM	429	538	538	538
ESE	2.661	3.135	3.135	3.135
RSM EU	2.216	2.709	2.709	2.709
ESL	2.036	2.411	2.411	2.411
ESSB	1.734	2.150	2.150	2.150
ESHCC	564	679	679	679
ESPhil	288	342	342	342
CLI	2.000	2.000	2.000	2.000
Erasmus at the Core	1.264	1.437	1.437	1.437
Erasmus X	1.500	1.500		
Student Well-being	524	532	532	532
Central/ntv	598	313	3.363	4.878
Total	17.580	19.842	21.392	22.907

Note: in the macro frame of OCW the initial indexation of the 2024 and 2025 budgets is reversed, due to which the actual budgets are lower than this table.

3.2.4 Convergence

In paragraph 2.1.2 the Convergence Themes and Programs were highlighted. For each of these Themes and Programs a multi-year budget is submitted for 2023 and resulting multi-year commitments until 2027.

- Resilient Delta Initiative is driven by major societal challenges (such as energy transition, climate adaptation and opportunity inequality), and from transdisciplinary perspectives. In total, RDi has 45+ ongoing and start-up research projects. These are organized from 4 research themes ('City', 'Port', 'Delta' and 'Methodology'). In addition, RDi is developing educational programming and cross-thematic projects from a 'crossover perspective'.
- Health & Technology wants to shape the future of health(care) in a transformative way with the aim to improve health and societal participation for all. The aim is to create a vibrant ecosystem by establishing cutting-edge research and innovation around internationally leading research flagships focused on major breakthroughs in health and science, train the next generation of professionals in the transdisciplinary skills and competencies, and accelerate the ethical adoption and scale-up of high-impact health technology innovations.
- Artificial Intelligence, Data & Digitalization (AI) is working on five specific AI themes (AI for Port & Maritime; Peace, Law & Security; Energy & Sustainability; Health & Care; and Technology Industry). Within the AI theme, Leiden University and LUMC are also partners. Together with Innovation Quarter we represent the AI Hub for the region South Holland within the NL AI Coalition. Support capacity (including innovation managers) ensures that researchers are facilitated in developing public private partnership projects that will be funded via investment programme of the NLAI Coalition (AINED). In addition, new activities will be developed: setting up centers for the five focus areas and for new themes.

- Pandemic & Disaster Preparedness centre works to improve preparedness for future pandemics and disasters through collaboration with national and international top experts from various scientific disciplines. This is achieved through research projects; frontrunner projects, and the establishment of the PDPC Academy.
- Healthy Start works on scientific and societal breakthroughs - focused on prevention and intervention - to strengthen the physical, mental, and social health of youth, from conception to young adulthood through the integration between top medical, social, and technical science combined with knowledge from and application in society. The approach is based on interdisciplinarity and linkage between science and society (trans disciplinarity).

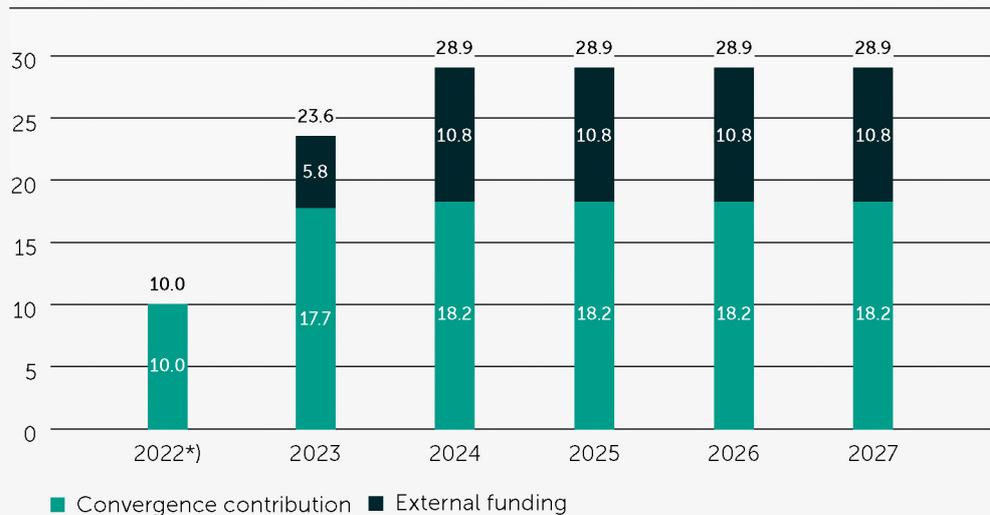
The three founding partners are equal partners within the Convergence and let the content and cooperation be developed by the researchers and collaborators within the themes.

The Convergence Themes and Programs have submitted a multi-year budget for 2023 and resulting multi-year commitments until 2027.

- The total Convergence contribution is M€ 17.7 for 2023 and M€ 18.2 for 2024 to 2027.
- The Finance & Control working group has advised to agree to the submitted budgets for an annual amount of M€ 17.7 (M€ 18.2 from 2024) and to consider an underspend or higher external funding of M€ 2.7 (for 2024 M€ 3.2).
- Per institution an annual Convergence contribution of M€ 5 is requested and with a possible additional financial risk of M€ 1.1 per year per institution.
- Financial agreements between the Convergence institutions are based on the Framework Agreement between the institutions and further elaborated in a Financial Management Policy Plan Convergence.
- The Convergence Themes and Programs all aim for external funding to support their ambitions.



Figure 3 - Budget 2023 and multi-year commitments



The total multi-year budget for Convergence including external funding is shown in the chart below. The goals of Convergence and the envisaged transition to School(s) of Convergence, which is currently in the early piloting phase, will require the EUR to make adjustments to certain internal processes and infrastructure in order to facilitate intense collaboration and true co-ownership. Faculties need to support and stimulate the Convergence activities of their academic and nonacademic staff involved in research and education. On the central level, the staff of the partners needs to make agreements about the support aspects of the collaboration (HR, IT, legal, IP, etc.). Clear internal and external communication will also be key in all phases.

3.3 Development of second and third money stream

The EUR aims to diversify its revenue streams to become less dependent on the first money stream. That is, the EUR wants to acquire more external funding. With the current high increase in the first money stream, this aim might seem less relevant. However, the funds that are available are temporary for the individual researcher. The researcher will receive a grant, but when the grant is spent, funding in form the 2nd and 3rd moneystream should be acquired. Consequently, acquiring external funding remains an important point of attention. The University has a specific department, Erasmus Research Services, which offers support to the Erasmus schools in achieving this aim. This paragraph will focus on second and third money stream, contract income and other revenue.

The 'second money stream' includes grants from the Dutch research funding agencies: Nederlandse Organisatie voor Wetenschappelijk Onderzoek (NWO), Koninklijke Nederlandse Akademie van Wetenschappen (KNAW) and ZonMw. The 'third money stream & other' consists of income from contract education and contract research. Also included are collection box funds and specific targeted subsidies from Dutch ministries and the European Union.

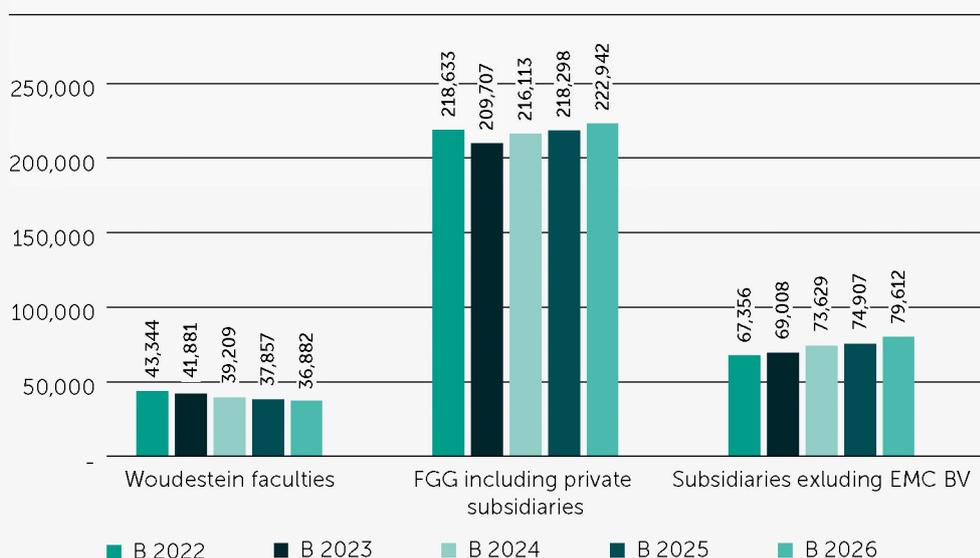
In the analysis below the development of the other income is limited to the Woudestein faculties (including ISS) and FG (including private subsidiaries). Support services also generate other income, for instance rental income and parking fees, but these will not be included in the following analysis.

Overall picture

Below is the overall picture for Woudestein faculties, FG (including private subsidiaries) and the subsidiaries (support services excluded). For more information on the subsidiaries, see the separate paragraph on their income and expenses in this budget plan.

The total other income for these three groups will range from M€ 320.6 (2023) to M€ 339.4 (2026). In general, FG (including private subsidiaries) and the subsidiaries show an increase in income and the faculties show a decline in income.

Figure 4 - Other income (K€)



Woudestein faculties

The development of other income for Woudestein faculties represented in the budget plan 2023-2026 is presented in the graph below.

The total other income will range between M€ 41.9 (2023) and M€ 36.9 (2026) for the forthcoming budget period. The other income displays a negative trend. As was explained in last year's budget plan, this is not unusual. However, in absolute figures the other income in the new budget plan will be lower for 2023-2026 than in the 2022-2025 budget plan which is a break with the overall trend. This is illustrated below, where the other income for 2023-2025 is compared for the two consecutive budget plans.

In addition, since the level of other income decreases but the first money stream increases, the share of other income decreases. Thus, in the new budget plan the EUR is more dependent on the first money stream, both absolutely and relatively. This is illustrated below. Please note that the strong increase in the government grant (first money stream) has a significant effect in the development of the share of other income. It was not expected that other income would increase at the same pace as the government grant. However, the absolute decrease in comparison with the previous budget plan is noteworthy.

Figure 5- Development other income per category (K€)

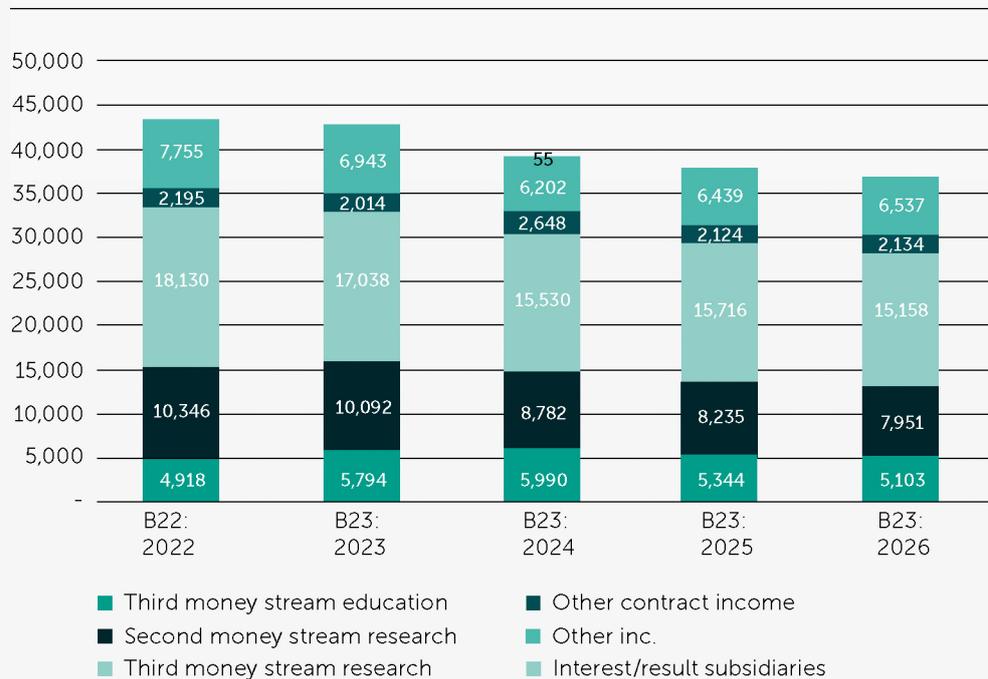


Figure 6 - Other income comparison between budget plans (K€)

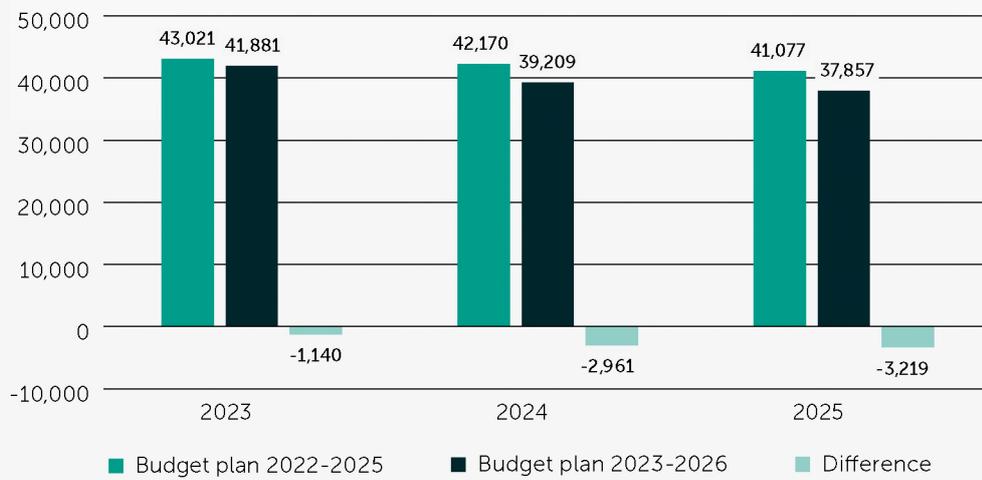


Figure 7 - Share of other income in total (= other income + first money stream)

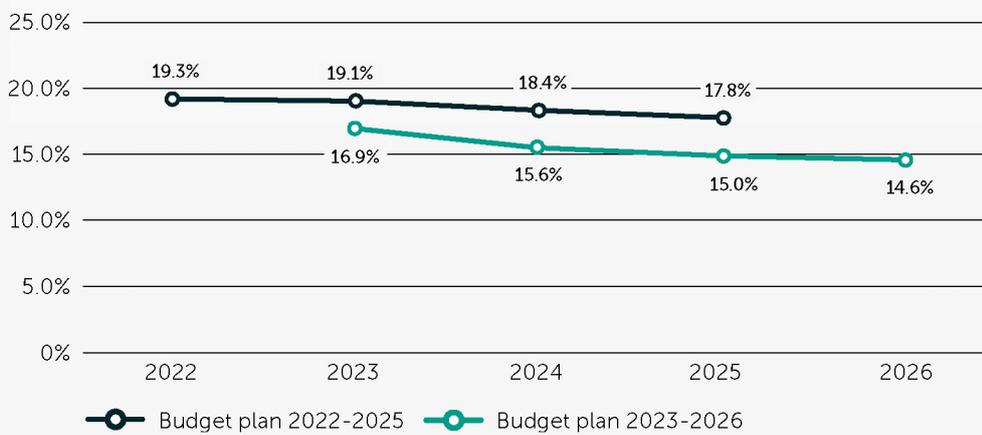
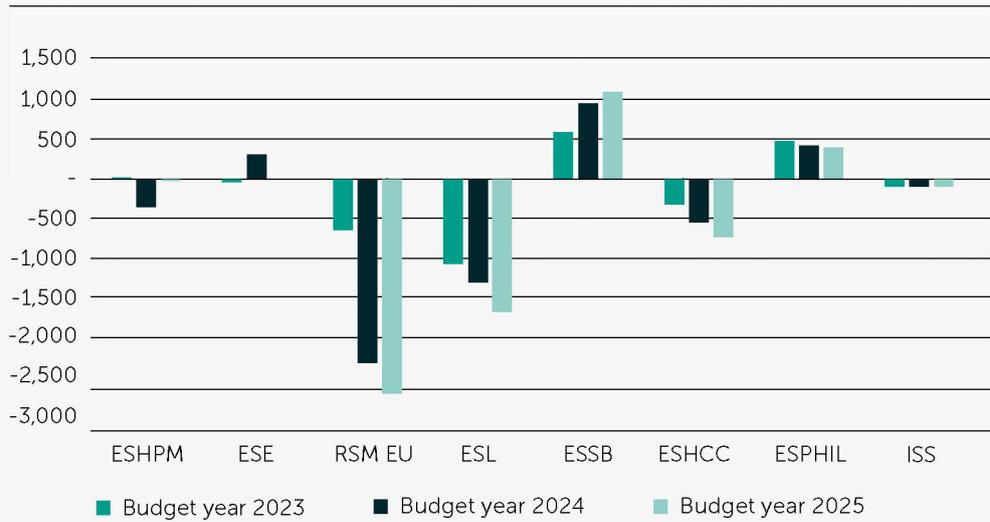


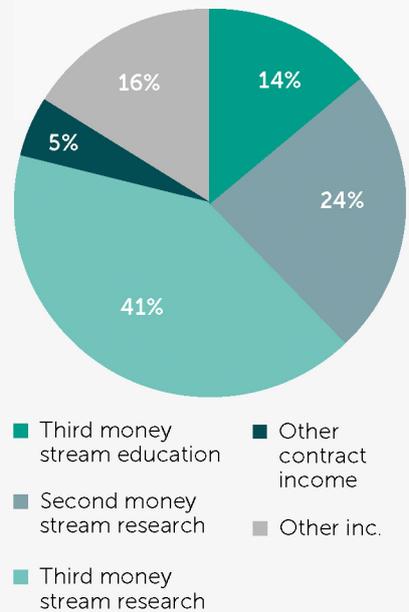
Figure 8 - Difference other income budget plan 2023 versus budget plan 2022 (K€)



The graph above shows the projected difference in other income per faculty. A negative number means that the income in the new budget plan is lower than in the budget plan 2022-2025. Not all faculties show an annual reduction in other income; ESE, ESSB and ESPhil have higher other income in the new budget plan. The total decrease in other income can be attributed to RSM, ESL and to a lesser extent to ESHCC. RSM is improving its project prognosis methodology and because of that has adjusted the budgets downwards. ESL has adjusted the budgets based on actuals; the previous budgets are not expected to be attainable; fewer applications for grants are awarded.

In general, third money stream research is the largest of the subcategories within other income. In 2023, its share equals 41%.

Figure 9 - Other income in 2023



FGG (including private subsidiaries)

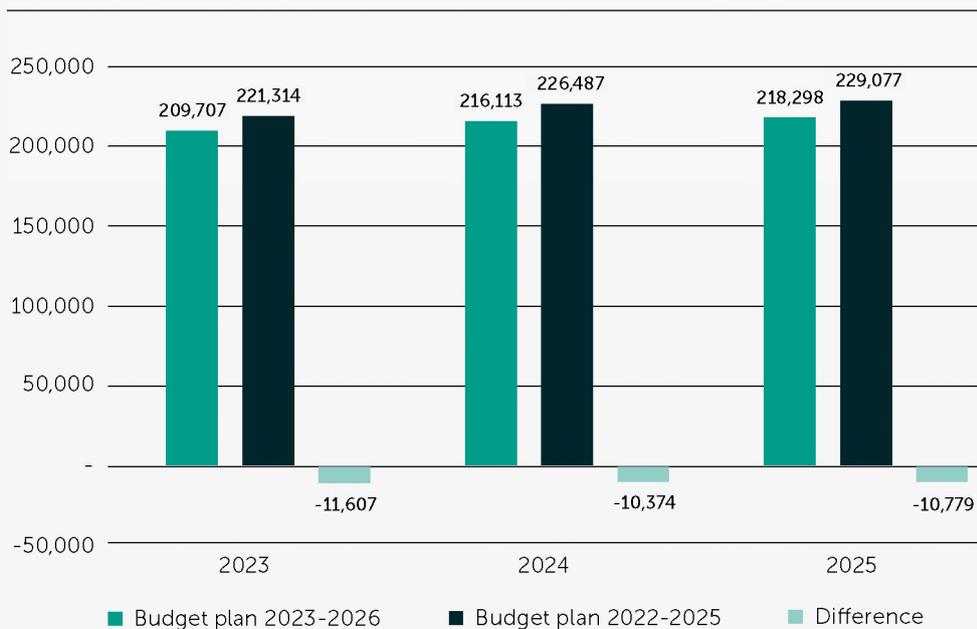
The other income of FGG (including private subsidiaries) shows a positive development in the forthcoming period: income will increase from M€ 209.7 in B2023 to M€ 222.9 in B2026, see the table below.

However, when compared to the 2022-2025 budget plan, FGG (including private subsidiaries) expects a lower revenue stream from other income for the 2023-2025 period.

Table 5 - Other income in K€

	B22: 2022	B23: 2023	B23: 2024	B23: 2025	B23: 2026
Third money stream education	1,425	1,354	1,497	1,535	1,566
Second money stream research	30,817	30,875	32,377	33,024	33,685
Third money stream research	87,857	88,024	92,305	93,228	95,092
Other contract income	3,633	314	100	100	100
Other inc.	94,901	88,941	89,634	90,261	92,399
Interest/result subsidiaries	-	199	200	150	100
	218,633	209,707	216,113	218,298	222,942

Figure 10 - Other income comparison between budget plans (K€)



3.4 Personnel costs development

The personnel costs comprise 66.3% of the total costs in the 2023 budget of Erasmus University, including the Faculty of Medicine and Health Sciences. These costs consist of own staff and hired staff. As the current labour market is tight, recruiting and retaining staff is challenging in many cases. As a result, the personnel cost for hired staff has been increased in the actual figures for 2021, and the forecast for August 2022. As mentioned before, the workload among our own staff is perceived to be high, which partly affects the rate of absenteeism within the organization.

The ratio of personnel costs to total costs gives a distorted picture for the period of 2023 and beyond. The additional government funds have not yet been incorporated into the budgets for these years. A minimal increase of M€ 44 is expected. Consequently, staff costs are also expected to rise in 2023 and the share of staff in the total costs will also increase.

A clearer picture can be shown in the recalibrated budget that will be available in June 2023. The increase in budget and accompanying need to attract staff asks for more strategic planning of personnel. Moreover, the pre-conditions for the starter and incentive grants ask for a better insight of academic staff development in the next years. Next to this, the current labour market fuels the need for a comprehensive approach in order to be able to attract qualified staff.

To support this, faculties are asked to draw up a faculty strategic talent management plan. Several professional services have strategic personnel planning in place.

Figure 11 - Staff costs EUR consolidated (including FGG and private subsidiaries)

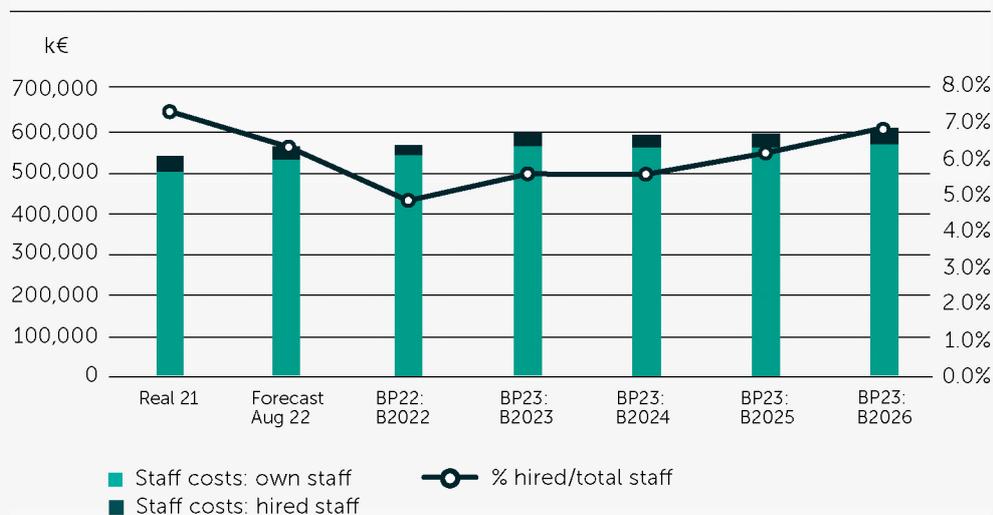


Table 6

	Real 21	Forecast Aug 22	BP22: B2022	BP23: B2023	BP23: B2024	BP23: B2025	BP23: B2026
Staff costs: own staff	494,774	522,011	533,976	557,304	551,701	552,668	561,261
Staff costs: hired staff	38,874	35,046	27,236	32,944	32,377	36,262	39,870
% hired/total staff	7.3%	6.3%	4.9%	5.6%	5.5%	6.2%	6.6%

EUR consolidated (including FGG and private subsidiaries)

The consolidated personnel costs for 2023 are M€ 590.20F². This is an increase of 10.6% compared to the actual costs of 2021.

Compared to the forecast per August 2022, this is an increase of 5.0%. The increase in personnel costs can be explained by increases in wages caused by the increase in the general wage indexation (4%). An increase in the government funds has made it possible to increase capacity in education and research.

This is also visible in the increase in the number of FTE. The number of FTE will increase by 4% compared to 2021.

² We included a total of M€ 50 in central budget because of the grants and sector plans centrally. To eliminate a result, we also included costs, mostly costs of personnel. These costs have been taken out of the analyses of this chapter.

Figure 12 - Development of average staff costs (k€) and FTE EUR consolidated

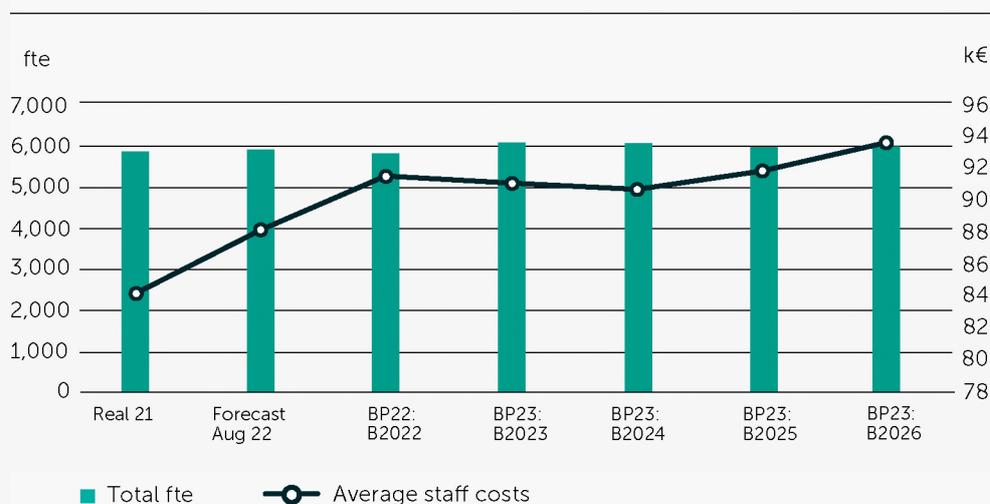


Table 7

	Real 21	Forecast Aug 22	BP22: B2022	BP23: B2023	BP23: B2024	BP23: B2025	BP23: B2026
Staff costs: own staff	494,774	522,011	533,976	557,304	551,701	552,668	561,261
Total fte	5,874.64	5,927.58	5,838.38	6,115.74	6,083.37	6,011.87	6,001.90
Average staff costs	84	88	91	91	91	92	94

The graph above shows the trend in personnel costs split by own staff and hired staff. The increase in costs is visible for the period up to 2026. The budgeted percentage ratio for hiring external staff is stable. The ratios of the 2021 realization, the August 2022 forecast and the figures in the 2023-2026 budget are concerning. It is to be expected that the budget will be more than M€ 15.0 lower compared to the realization of 2021 and the forecast of August 2022. This pattern was also visible in the Budget plan 2022-2025. The realised result, however, was completely different.

Personnel costs are rising faster than FTE numbers. Which results in an upward trend in average personnel costs compared to 2021. The average personnel costs over the multi-year budget plan up to 2026, remain around k€91 and k€ 92 per FTE, in line with the budget plan for 2022. As previously mentioned, the wage cost indexation has been incorporated into the labour costs, this is another cause for the increase in average personnel costs in the budget. This will not be directly visible in 2023 and 2024 but will start to show from 2025 onwards. This might be explained by the shifting staff composition.

EUR Faculties (excluding FGG)

The budgeted personnel cost for the faculties at Woudestein for 2023 is M€ 216.2. This is 36.9% of the total personnel costs. The share of personnel costs for the faculties at Woudestein in the years after 2023 will decrease from 36.9% to 34.7% by 2026. The actual costs for hired personnel were higher than budgeted in the 2021 actuals and higher than the August 2022 forecast. In view of the actual costs in 2021, the August 2022 forecast

and the tight labour market, the budget for external staff seems ambitious. Last period has shown that a higher workload also influences the proportion of hired staff; this becomes higher than budgeted. However, it should be noted that the doubling of the budget for hired staff in 2022 is largely caused by RSM EU (M€ 2.6), which is in turn caused by the number of unfulfilled vacancies.

Figure 13 - Staff costs EUR faculties (k€)

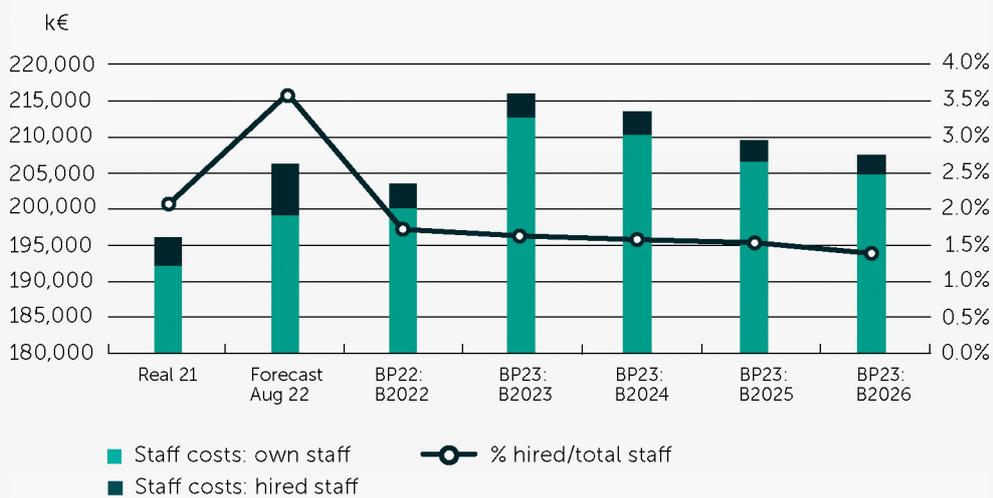


Table 8

	Real 21	Forecast Aug 22	BP22: B2022	BP23: B2023	BP23: B2024	BP23: B2025	BP23: B2026
Staff costs: own staff	192,134	199,185	200,202	212,698	210,322	206,554	204,806
Staff costs: hired staff	4,079	7,319	3,513	3,539	3,365	3,216	2,892
% hired/total staff	2.1%	3.5%	1.7%	1.6%	1.6%	1.5%	1.4%

Figure 14 - Development of average staff costs (k€) and FTE EUR faculties

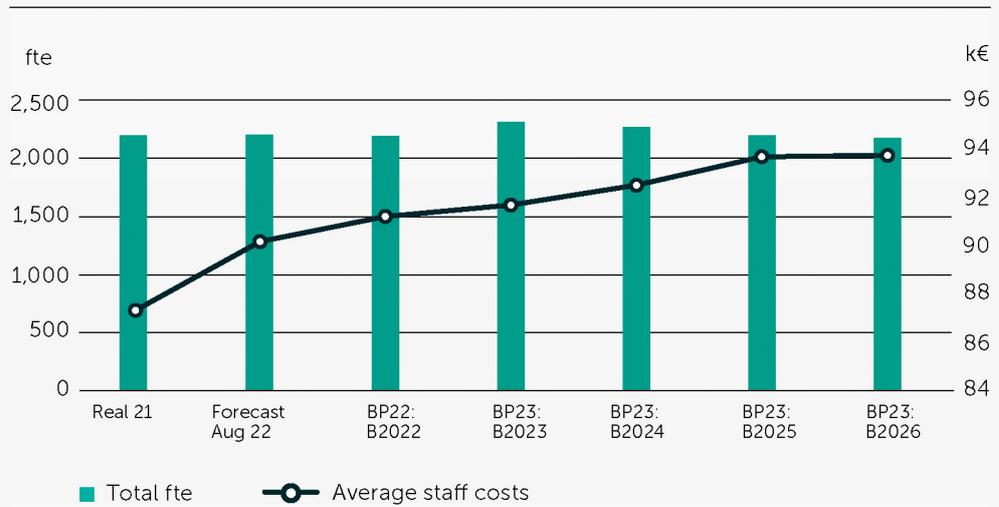


Table 9

	Real 21	Forecast Aug 22	BP22: B2022	BP23: B2023	BP23: B2024	BP23: B2025	BP23: B2026
Staff costs: own staff	192,134	199,185	200,202	212,698	210,322	206,554	204,806
Total fte	2,201.02	2,210.02	2,195.17	2,319.47	2,275.38	2,205.98	2,184.91
Average staff costs	87	90	91	92	92	94	94

Average personnel costs of the faculties are in line with consolidated figures and in line with the 2022 budget plan. Realization figures are lower in 2021 and the 2022 August forecast.

FGG (including private subsidiaries)

Figure 15 - Staff costs FGG (k€)

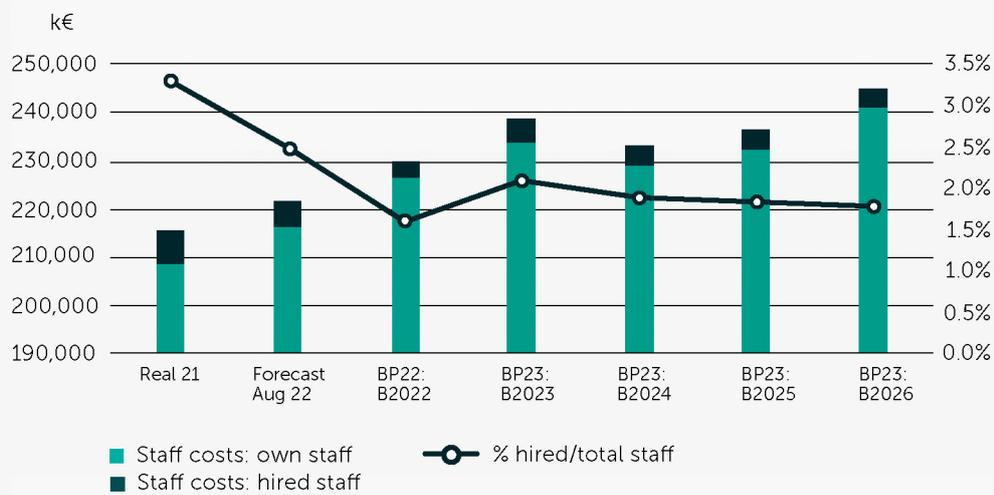


Table 10

	Real 21	Forecast Aug 22	BP22: B2022	BP23: B2023	BP23: B2024	BP23: B2025	BP23: B2026
Staff costs: own staff	208,713	216,311	226,441	234,042	229,066	232,555	241,051
Staff costs: hired staff	7,137	5,555	3,643	4,992	4,400	4,350	4,360
% hired/total staff	3.3%	2.5%	1.6%	2.1%	1.9%	1.8%	1.8%

Figure 16 - Development of average staff costs (k€) and FTE FGG

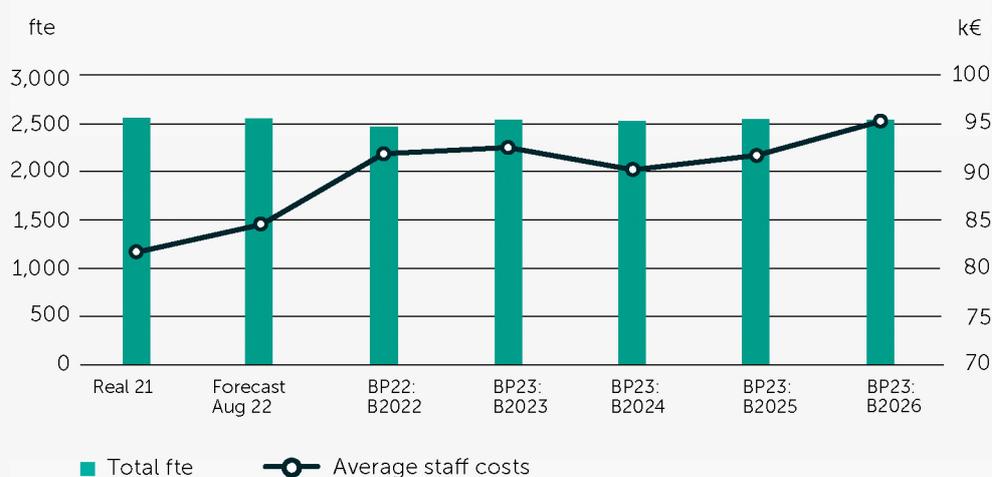


Table 11

	Real 21	Forecast Aug 22	BP22: B2022	BP23: B2023	BP23: B2024	BP23: B2025	BP23: B2026
Staff costs: own staff	208,713	216,311	226,441	234,042	229,066	232,555	241,051
Total fte	2,557.42	2,550.00	2,467.00	2,535.89	2,535.00	2,535.89	2,535.89
Average staff costs	82	85	92	92	90	92	95

Personnel costs for the Faculty of Medicine and Health Sciences (including private subsidiaries) show an upward trend through 2023. After a decrease in 2024, costs will increase again in 2025. The same pattern can be seen in the average personnel costs per FTE. The stability in the number of FTE, 2,535, during the 2023-2026 period, relative to the trend in average personnel costs is noteworthy. As a result, average labour costs per FTE will increase by 11% between 2022 (forecast) and 2026.

EUR support services, staff, and UL

The costs for support services, staff, and UL will increase by 32% from the August 2022 forecast to 2026. This development differs from the faculties, where an increase of 5.5%

(including FGG) is visible compared to the August 2022 forecast and the 2026 budget. This is due to the distribution of the additional government funding within support services until 2026. The extra funding will mainly be used for additional staff capacity. This development will also be visible in the increase in the number of FTEs (forecast August 2022: 673.7 FTE; budget plan 2026: 753.7 FTE). As stated before, distribution of the additional government funding has not yet been fully completed within the faculties. A large part of the extra funding has been placed centrally but will eventually be allocated to the faculties in 2023. This will result in higher staff costs at the faculties as well.

Figure 17 - Staff costs own and hired staff (k€) support services



Table 12

	Real 21	Forecast Aug 22	BP22: B2022	BP23: B2023	BP23: B2024	BP23: B2025	BP23: B2026
Staff costs: own staff	52,736	58,187	62,457	70,895	71,288	71,271	71,751
Staff costs: hired staff	9,712	11,941	9,056	13,916	13,454	17,385	20,619
% hired/total staff	15.6%	17.0%	12.7%	16.4%	15.9%	19.6%	22.3%



Figure 18 - Development of average staff costs (k€) and FTE support services

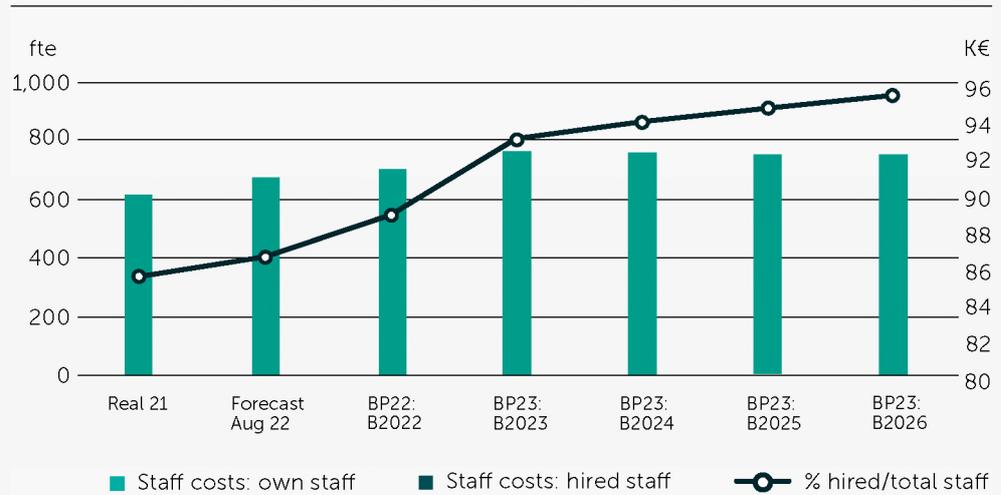


Table 13

	Real 21	Forecast Aug 22	BP22: B2022	BP23: B2023	BP23: B2024	BP23: B2025	BP23: B2026
Staff costs: own staff	52,736	58,187	62,457	70,895	71,288	71,271	71,751
Total fte	618.30	673.66	704.13	763.44	760.84	753.74	753.74
Average staff costs	85	86	89	93	94	95	95

Holding, BVs and associates/ foundations (SESA/ESC)

The personnel costs of the Holding and the BVs will increase by 15.8% from the August 2022 forecast to the 2026 budget. This is a result of an increase in revenue.

The ratio of hired staff remains around 21%, which is in line with the 2021 actuals and the August 2022 forecast. Average personnel costs are up from K€ 75 to K€ 83 in 2026.

Figure 19 - Development of personnel staff costs Holding, BV's and foundations (k€)

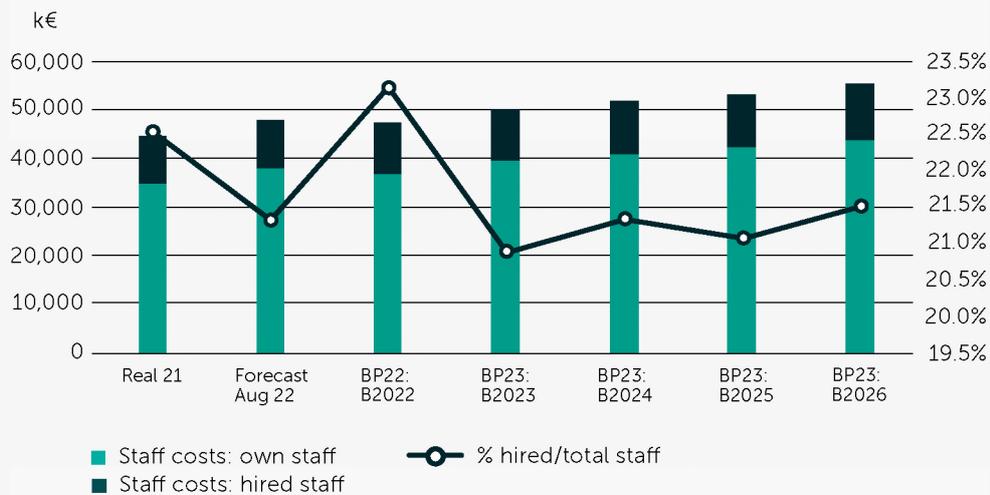


Table 14

	Real 21	Forecast Aug 22	BP22: B2022	BP23: B2023	BP23: B2024	BP23: B2025	BP23: B2026
Staff costs: own staff	34,664	37,813	36,709	39,669	41,026	42,289	43,654
Staff costs: hired staff	10,067	10,231	11,024	10,462	11,123	11,277	11,964
% hired/total staff	22.5%	21.3%	23.1%	20.9%	21.3%	21.1%	21.5%

3.5 Investments: Housing & IT

Housing costs

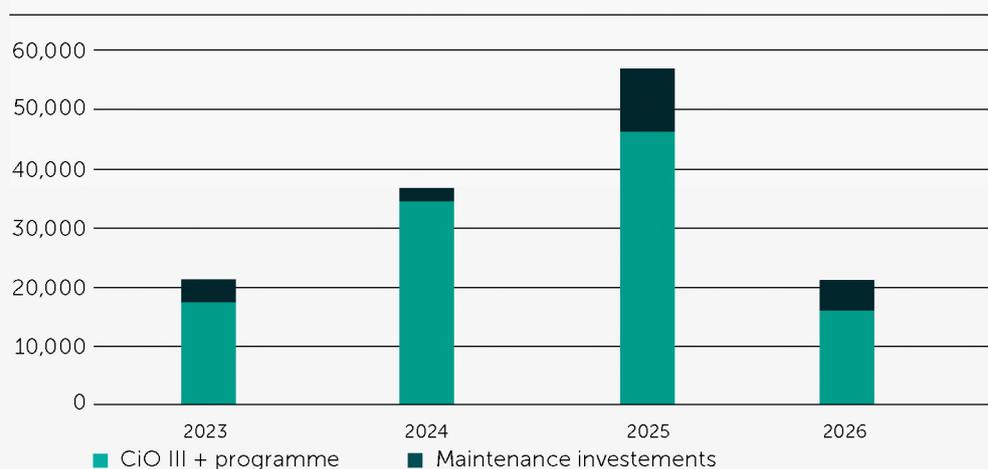
Over the past year, both the current situation in Ukraine, global market developments and a scarcity of gas and electricity have led to shortages of construction materials. As a result, construction costs have risen sharply and are expected to rise further. Timely delivery of materials has become uncertain, which in turn leads to delays in construction projects. These delays have additional impact on construction costs. In the 2nd half of 2022, the sports building and the new education building 'Langeveld' were completed. In the 2023 operation, this added around 16,500m² of buildings which shows an additional depreciation charge of around 6% compared to the whole.

Investments 2023

The year 2023 is dominated by the preparations for Tinbergen renovation, adjustments to Old Building Sports and Construction of the ring road. In progress are the partial replacement of installations in the Van der Goot building and the adjustments in Oudbouw sport and the completion of some WKO wells. Costs are also expected for the aftercare of the Sport and Education Building. Total expenditure of M€ 17.5 is expected (excluding maintenance).

The table below shows the housing investments in the forthcoming period. Investments in Campus in Development III (CiO) have the largest share. They include renovation in Tinbergen Building for instance. Maintenance investments are the sum of maintenance and investment in (enhancement of) installations.

Figure 20 - Housing investments (K€)



Due to the covid pandemic, EUR uses its buildings differently. The new mixed staff working patterns will be analysed in November 2022. Occupancy measurements will also be carried out during this period in the teaching environment. It is possible that adjustments in the existing office and teaching environment will also follow from this. Currently, 2 pilot projects are underway in the office environment experimenting with shared use. The costs estimated therein are modest approx. K€250.

EUR is reluctant to provide structural digital education if it is not needed. No structural adjustments are expected to be necessary in 2023 as a result. However, there are adjustments in group size. This may create a bottleneck in the scheduling of rooms in the group size of 30 - 35 people. More insight into this and the potential costs will emerge in early 2023.

Impact of CiO delay on maintenance

Due to the delayed renovation of the Tinbergen Building, it was decided in 2019 to invest in temporary study rooms in the Tinbergen Building (M€ 1.4). However, due to local fire regulations, the building had to be closed at the end of 2021. Following the renovation of the Tinbergen Building, the Mandeville Building will be renovated in 2026. Tinbergen's renovation delay will have (financial) implications for Mandeville's maintenance, possibly including long-term costs.

Due to uncertain expected price movements, a nuanced financial estimate of the impact cannot be prepared.

General developments 2023

As a result of the growing student population, the demand for space is also increasing. A study is currently being conducted to investigate whether the harmonisation of education can be increased, resulting in smarter and shorter academic years. The outcome of this study will be used to design an educational vision, which in turn will have implications for EUR's real estate.

Furthermore, RE&F notes that the current ratio of 1:10 study space per student is not being met. In addition to the planned expansion in the MFOll and Tinbergen buildings, a further increase is needed to meet this 1:10 ratio. Moreover, new educational attitudes may make the current ratio tight. The demand for additional housing for international students on campus has grown. The local housing market for this target group has reached its limits.

The above investments are expected, but no decision has been taken yet.

Cost development and mitigating measures 2023

Developments due to COVID-19, the 'nitrogen' discussion, energy scarcity combined with the war in Ukraine and the related economic situation have increased uncertainties and higher costs in 2022 and will continue in 2023 as mentioned earlier.

The larger renovation projects (Tinbergen, Van der Goot and Mandeville buildings) are continuously managing the impact of the tight construction market and associated increased construction costs. Mitigating measures include market consultation, adjustment of procurement methodology and, where and when necessary, changes in budgets and/or conditions. Speeding up as an option to stay ahead of 'inflation' has not proved possible from the market and internal organisation.

Developments & potential impact on RE&F budget

Several new developments are only partially or not included in the current RE&F budget:

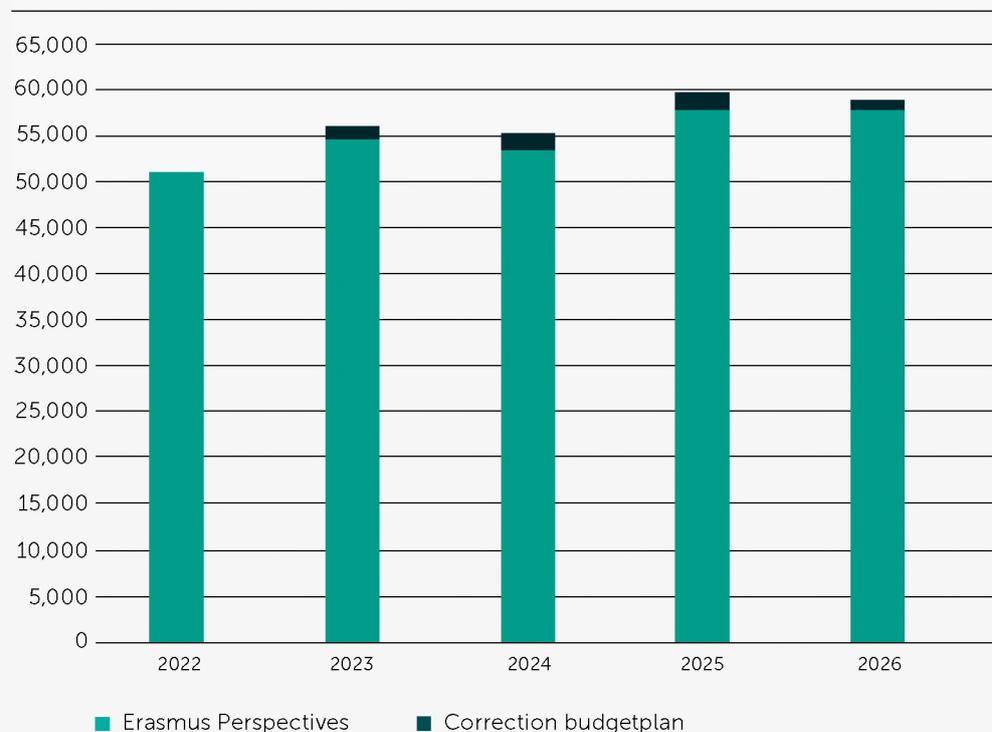
- Temporary facilities for placemaking Culture & Campus: A European grant application has been submitted and obtained for this 'Bauhaus grant'. The designated site is a former education building of around 1,000 m² on Putselaan. There will be substantial coverage from the grant for the first three years. The exact layout will be worked out in 2023 and is as yet unknown and therefore property and facility costs are not yet known;

- Convergence: convergence housing needs cannot be estimated at present due to unknown preferences and needs regarding size and location;
- In addition to the Portfolio Roadmap, a Sustainability Roadmap has been prepared. Not all included measures have been fully developed. This results in (partly) unknown required budgets and the unknown budgets are therefore not included in the current RE&F budget;
- Unforeseen maintenance due to delayed renovation (Tinbergen Building until early 2023, Mandeville Building until late 2025);
- Possible temporary accommodation (including RSM Faculty) and accommodation for the unexpectedly strong growth in student numbers;
- The impact of the new reserve policy as relevant guidelines are still being developed.

Housing budgets

The budget for housing costs is part of the Erasmus Perspectives (EP) 2023-2026. The graph below displays the relevant budgets for the forthcoming budget period. The increase in budget from 2023 onwards is caused by, amongst others, a reservation for the durability roadmap (M€ 2 annually) and higher energy costs (M€ 1,7), as explained in the EP 2023-2026. However, analysis of the budget plan has shown that not all relevant housing costs were integrated in the EP, hence additions had to be made for the 2023-2026 budget plan.

Figure 21 - Housing costs (K€)



IT investments and maintenance cost 2022-2025

Delivering IT

Speed of delivery and adaptability are important items in the continued development of EUR and EDIS. The biggest challenge is to learn how to react faster and more effectively to changes, to put the customer first and to be sensitive to what is happening in the environment. To achieve this, EDIS structures activities on three strategic pillars:

Strategic pillars for coming years

1. Further improving the fundamentals.

To guarantee the continuity of IT services, improvement and maintenance of the IT processes is required. Furthermore, the follow up on the various audit results is a constant requirement. Special attention will be given on working in accordance with security- and privacy regulations. Security and privacy by design are core essentials of a modern IT-governance. To achieve this as well for security as for privacy programs are defined to cover the near future developments and improvements, covering the years 2023-2025.

2. Agile working. Agility and adaptability to continuous change. Agile working helps EUR to respond quickly to sudden changes and dynamics by creating focus, iteratively delivering new products, and frequently collecting feedback. This solves a number of major current challenges of projects: functionalities arrive too late, are too expensive or lacking in quality. Offered solutions do not always align with the business needs.

3. Working under Architecture. The key to reducing complexity in the process, information and IT landscape is working under architecture. More attention is needed for phased implementation in conjunction with the interests of the faculties and for the effect on operating costs. The target architecture ensures standardisation, security, compliance, and optimisation.

4. IT-sourcing strategy. Outsourcing of generic and 'standardised' IT to make room for innovation in digitization. IT-sourcing helps us work more effectively and be able to focus on the core activities. Furthermore, the EUR can be more cost efficient by maximizing use of specialised vendors. The preliminary studies on feasibility and potential vendors will be completed in 2022. In 2023, the vendors will be contracted for transformation and acquisition. Finally, the operational service responsibility will be transferred to selected vendors in phases from 2024 and onward.

Digitalisation

The State of Digitalisation was written by the CIO Office last year. The CIO and the CIO Office support the Directors of operations of the schools and services, the Vice Deans of education and research, the Deans and the Executive Board, in prioritising the most important developments for the digitalisation of education, research and impact.

For the vision and ambition on the prioritised developments, existing documents from Academic Affairs are linked as much as possible.

An overview of the priorities of the Vice Deans for research, including the project proposals that are currently being prepared:

- Support Organisation
- Data analysis capabilities
- Data storage and sharing
- Research Infrastructure



The Vice Deans of education have indicated that they can only prioritise the digitalisation topics after they have developed a joint vision (Q4 2022, Q1 2023). The following project proposals are currently being prepared where further developing the vision is an integral part of the projects:

- Project proposal 'Use study data and advanced analytics in education' to support developments regarding online education, flexibilization, and personal learning routes.
- Project proposal 'Virtual Teaching Assistant'. Use of AI Chatbot to support teachers in handling frequently asked questions.
- Project proposal 'Virtualisation exam workstation students' for modernisation exam workstation.
- Project proposal 'Curriculum Information System' to support education management in planning education in the new academic year, considering affordability, study ability and organisability of education.

An overview of the priorities of the operational directors, including the project proposals that are being prepared:

- Hybrid works
- Data-driven working

EUR focuses on the development of digital capabilities required to successfully work with future development. More specifically, EDIS/ CIO Office focuses on the development of digital Leadership and digital skills (together with HR-services), the role of information managers within schools and services, and the optimisation of the i-governance.

Transformation Plan

The Transformation Programme is necessary for EUR to deliver on these projects. For 2023 budget is reserved. This budget will be released based on Business Cases per pillar.

Security Roadmap

In 2022 the Security Programme continued, partly because of the results of the SURF audit. Important topics are Security Awareness Toolkit, Vendor Risk Management and Business Continuity Management. The following projects are in scope for 2023: Application Management for Apple MacOS devices, ISO27001 certification of software development processes and introduction of data classification.

In 2023 Zero Trust will be introduced, which can conveniently coincide with the shift to the EUR Public Cloud. Special attention will be paid to unmanaged workspaces. Starting from 2024 Passwordless Access Management, and Internet-of-Things (IoT, especially in RE&F domain) will be tackled.

Privacy Roadmap

In 2023 the privacy organization will be at full capacity. The focus in 2022 is on:

- Developing the privacy organization with projects such as setting up your own privacy agreement and specialization of the Pos.
- Taking the awareness campaign to a higher level.
- Coming Projects: Digital Markets Act (DMA), Digital Services Act and Data governance Act.

IT Investments and Maintenance Costs 2023-2026

IT Investments (Capex)

IT Investments consists of Hardware, and internally developed software (Project costs). Investment categories used:

- Hardware Life Cycle Management.
- Audio-visual Equipment.
- Appliances (PC rooms).
- Intangible Assets - internally-developed software (Project costs).

Hardware Life Cycle Management

In the coming year EUR will mainly invest in the Life Cycle Management of Network components. Investments in the On-Premises Datacentre will decline with the move to the Public Cloud. In the cloud, EUR will face a 'Pay-Per-Use' model, which results in a shift from Capex to Opex.

Audio-visual equipment

Audio-visual equipment is used in teaching rooms, and meeting rooms. The current audio-visual equipment environment supports hybrid teaching. The Life Cycle Management Planning of the Media Support Centre ensures up-to-date AV solutions.

Appliances

Appliances covers all the equipment to facilitate PC-rooms. The level of capitalization depends on capitalization thresholds, Life Cycle Management, and incremental PC rooms.

Intangible Assets - internally-developed software

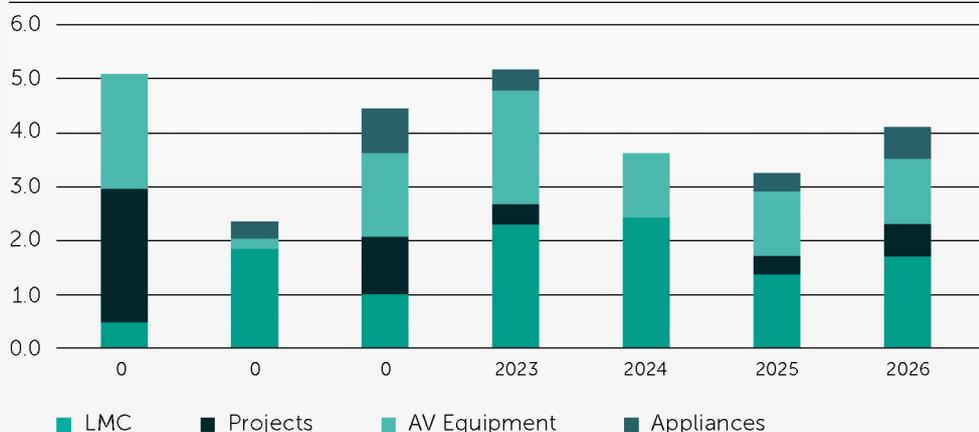
The Masterplan Digitalisation (MPD) finances the initial project- and program cost for IT innovation. The MPD comprises the vision on

the milestones to digitalisation that the EUR aspires for her students, researchers, professors, and general staff. This includes the minimization of the gap towards the job market, flexibilization of education (such as specific learning trails, or support to study anytime and anywhere), improvement of education and research (online learning, digital testing, and online proctoring). MPD also aims to simplify and professionalize business operations (by standardization of processes and architecture). In 2022 the majority of MPD projects will be finished and capitalized if applicable.

Master Plan Digitalisation major projects

- Development and implementation of Identity Access Management, to prevent data breaches, improve security, costs savings.
- Implementation Business Operations tools to support HR, Procurement, and Finance functions.
- Implementation of CRM tool.

Figure 22 - Investments in IT



IT maintenance (Opex)

IT maintenance costs cover the following areas: IT infrastructure, Multifunctional Printers, and Telecommunication/Networks.

Generic

During 2022, Infrastructure maintenance costs have come down, a trend that will continue in 2023, due to lower SOC costs (Security Operations Costs), and improved conditions with suppliers (Axians). Operational costs related to hardware investments will decrease from 2023 onward.

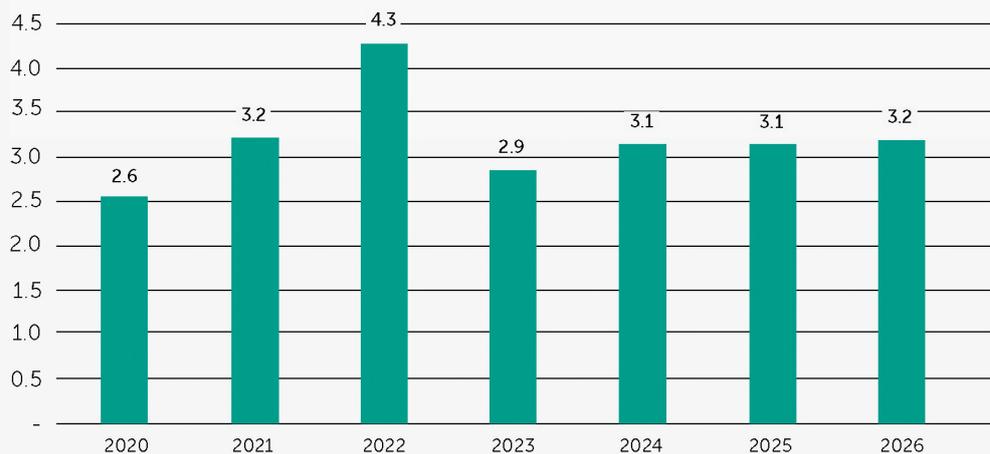
Service Desk

To ensure Business Continuity the Service Desk has decreased EURFlex resources in favour of more stable internal staffing.

Telecommunications

In 2022 considerable resources have been spent on the implementation of an integrated telecommunication solutions (for both fixed, and mobile lines; including European tender Procedure). The new telecom solution will be used starting in 2023.

Figure 23 - Maintenance IT



3.6 Development of results and reserves

The Erasmus University budget plan shows a deficit of M€ 32.6 in 2023 and positive results from 2024 on. The budgeted result of M€ -32.6 in 2023 is not in line with the budget plan 2022-2025, where M€ +7.9 was budgeted for 2023. Compared to the previous budget plan, the projected result of the Erasmus University shows a decrease of M€ 40.5. This difference in result can be attributed to FG (including private subsidiaries) M€ -24.4 and Woudestein EUR M€ -16.1 (Central M€ -10, faculties Woudestein M€ -3.7, support services M€ -.2, subsidiaries M€ -2).

For the years 2024-2026 the budget plan shows positive results.

Central Woudestein

The result for Central Woudestein shows a deficit of M€ 10.5 in 2023 and positive results from 2024 onwards (M€ 0.8 in 2024, M€ 4.8 in 2025 and M€ 2.5 in 2026).

The negative result in 2023 is primarily the result of the M€ 20 additional OCW contribution that has been allocated to the faculties as discretionary funds in the Erasmus Perspectives. The additional contribution from OCW turned out to be M€ 35 for starter grants and incentive grants, which are earmarked. Consequently, there is a discrepancy in the way the budget is allocated and the way it has been made available to EUR.

Figure 24 - Results for EUR (consolidated)

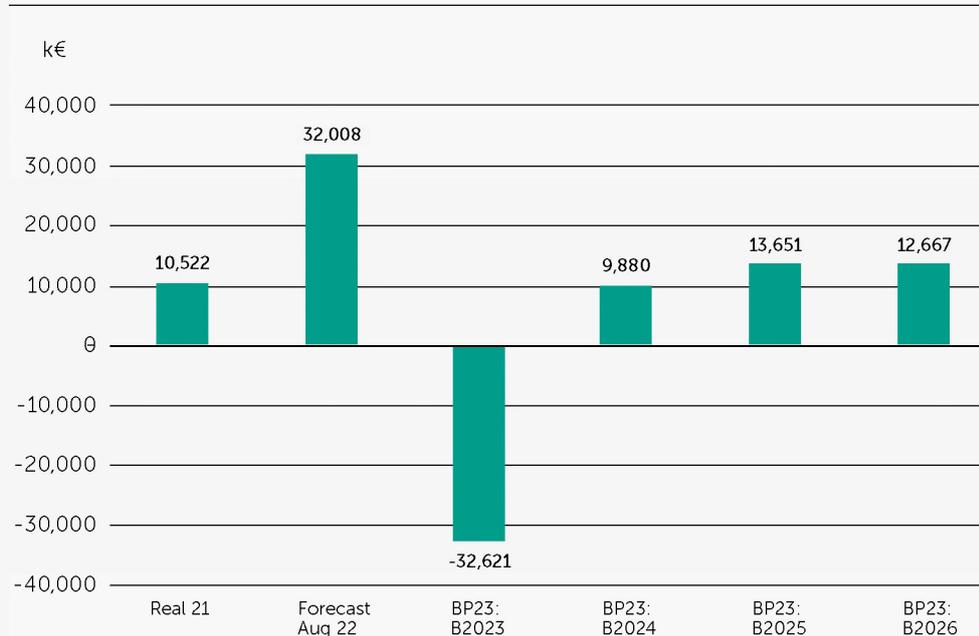


Table 15

(In K€)	Total	Erasmus MC	Faculties Woudestein	Support Services	Central	Subsidiaries
Results 2023	-32,621	-16,969	-4,224	-189	-10,450	-789

The effect on the budget is expected to be limited to M€ 10. M€ 7.0 (20% of the allocated amount M€ 35) is to be booked as indirect costs. This satisfies the accountability requirements for the additional contribution.

Additionally, M€ -3.0 is earmarked as reserves, which gives a negative result Central.

FGG (including private subsidiaries)

EUR consolidates FGG's income and expenses in its financial statements. In this way, the Executive Board of EUR accounts financially for the use of resources for the benefit of the education and research carried out by EUR. In the GUO (and its annexes), it is agreed that

FGG is part of Erasmus MC's financial exploitation. The Executive Board of Erasmus MC is responsible for the financial continuity of the faculty. At the same time, the Executive Board of EUR monitors, and accounts for the efficient and legitimate use of resources for education and research. Arrangements on the exchange of financial information is laid down in the information protocol, which is recently edited specifically for the purpose of the investment in Eread. The reserve position is not consolidated in our financial statements. This puts FGG in a particular position compared to other faculties.

Figure 25 - Results Faculty FGG (including private subsidiaries)

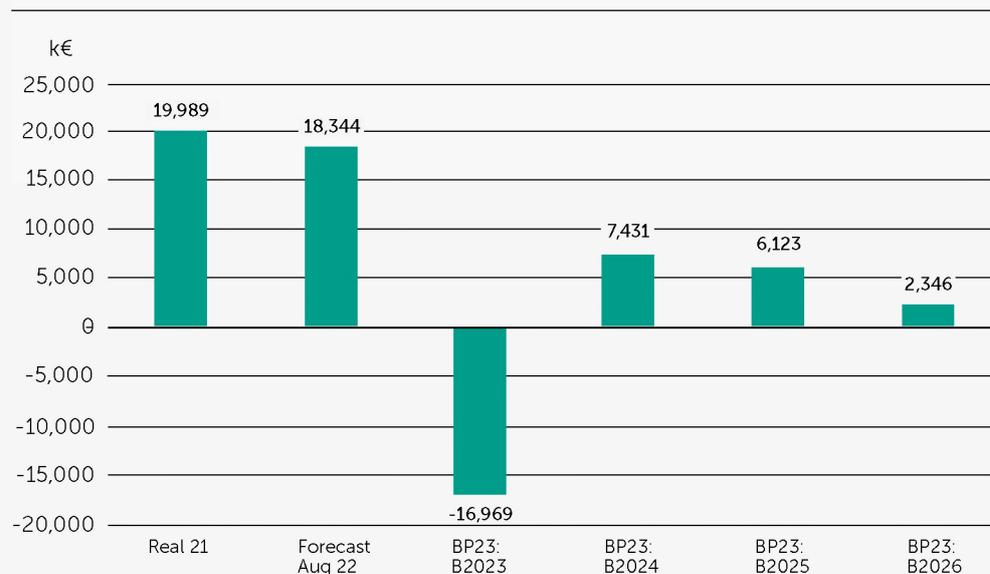
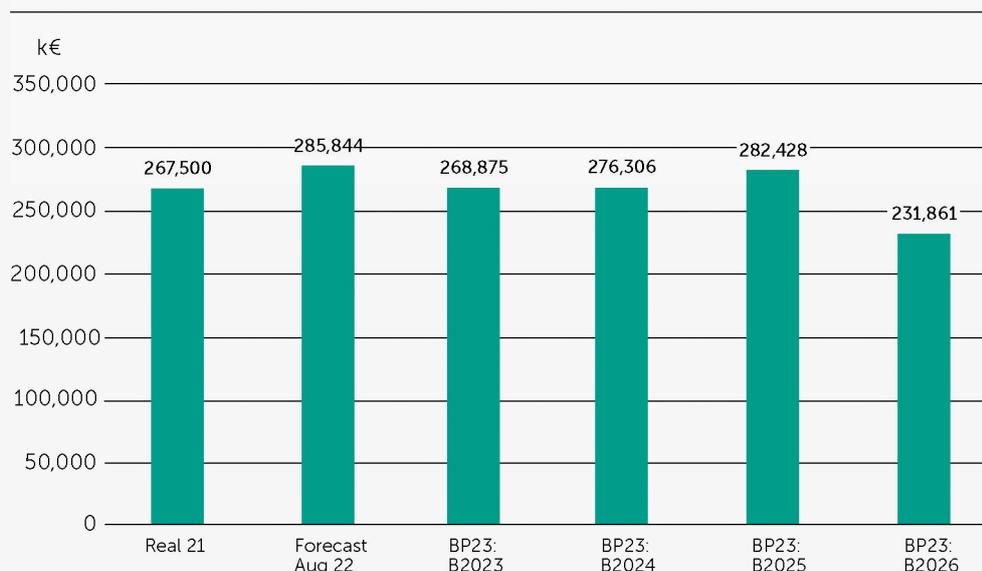


Figure 26 - Reserves Faculty FG (including private subsidiaries)



Note: This graph is for information purposes. These reserves are consolidated at the Erasmus Medical Centre.

For 2023 FG (including private subsidiaries) shows a negative result of M€ 17.0 and positive results for the period 2024-2026.

The 2023 negative result is caused by an (additional) increase in energy costs estimated at M€ 4 and an increase in wage costs of M€ 14.5. This matches the consumer price index on which the Erasmus collective labour agreement is based. This increase is relatively high, discussions with unions are still ongoing. Erasmus MC BV has reported a negative budget of M€ 0.3. It should be noted that the budget process timeline for Erasmus MC deviates from the one EUR uses. Additional measures are still expected from Erasmus MC, but these have not yet been decided upon and are therefore not yet included in the budget.

The positive results predicted for the 2024-2026 period are based on the multi-annual budget, in which negative operational results are expected for the period 2029-2039 because of large-scale investment programmes. The positive results for 2024 to 2026 are included in this plan to ensure a

long-term positive outlook despite the deficits in the years to come. The effects that were considered for the 2023 budget, namely higher energy costs and higher labour costs, have not been included in the 2024-2026 budget.

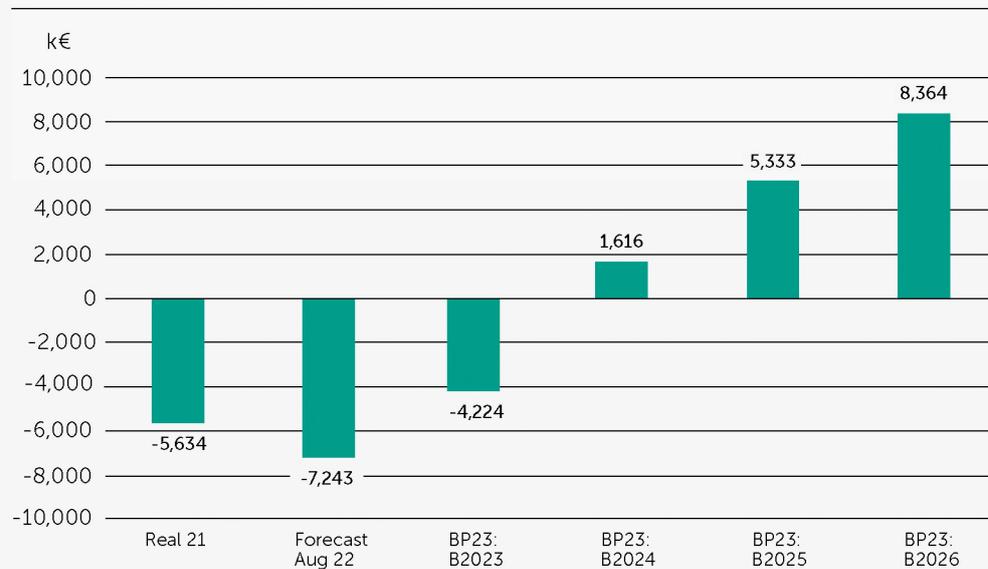
The reserves per ultimo 2021 consist of:

- Revaluation reserves: M€ 22.8
Value of the securities of Harbour BioMed ultimo 2021. The sale of these securities will lead to an operating result.
- Designated reserve: M€ 170.6:
 - Prepaid capital charges: M€ 161.7
For investment purposes (Education & Research and ERead programme)
 - Reserve to boost fundamental research: M€ 8.9
- General reserves: M€ 74.1

Results in 2022 and onwards effect the reserves of FG and these are consolidated in Erasmus MC. The allocation of the reserves to either general reserves, designated or statutory reserves is part of decision-making process within Erasmus MC.



Figure 27 - Results faculties Woudestein



Faculties Woudestein

The faculties Woudestein show a result of M€ -4.3 in 2023. At ESHPM and ESE this is the result of pending plans for strategic investments (reserves usage). ESHCC shows improvement in its result for the 2023-2026 period. ESSB shows a similar pattern, though it takes this faculty longer to show positive numbers. As does RSM on a smaller scale. In 2023-2026 RSM shows an uptake in material cost of +M€ 2. ESL and ESHCC are the only Woudestein faculties showing a positive result in 2023. For ESL this is in line with previous arrangements for improvement of results at this faculty. These arrangements were made based on the (projected) low level of the reserve of this faculty.

The combined result for the faculties sees an upwards trend towards 2026 where it shows a positive result of M€ 8.4. Most faculties expect positive results in the future, either because their investment plans have ended, or their income has caught up with rising student influx numbers.

Figure 28 - Results Woudestein per faculty

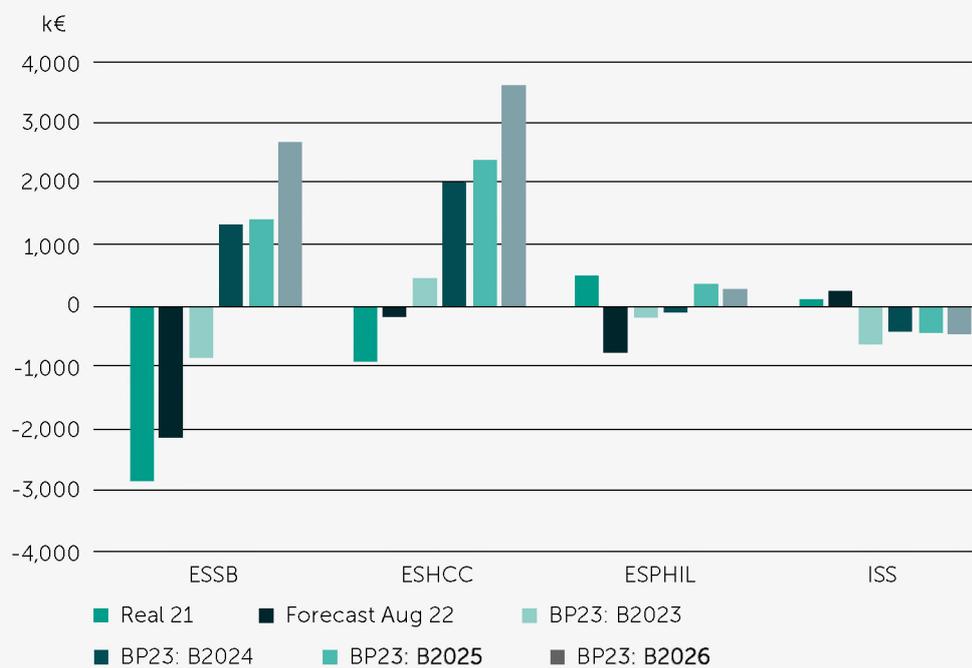
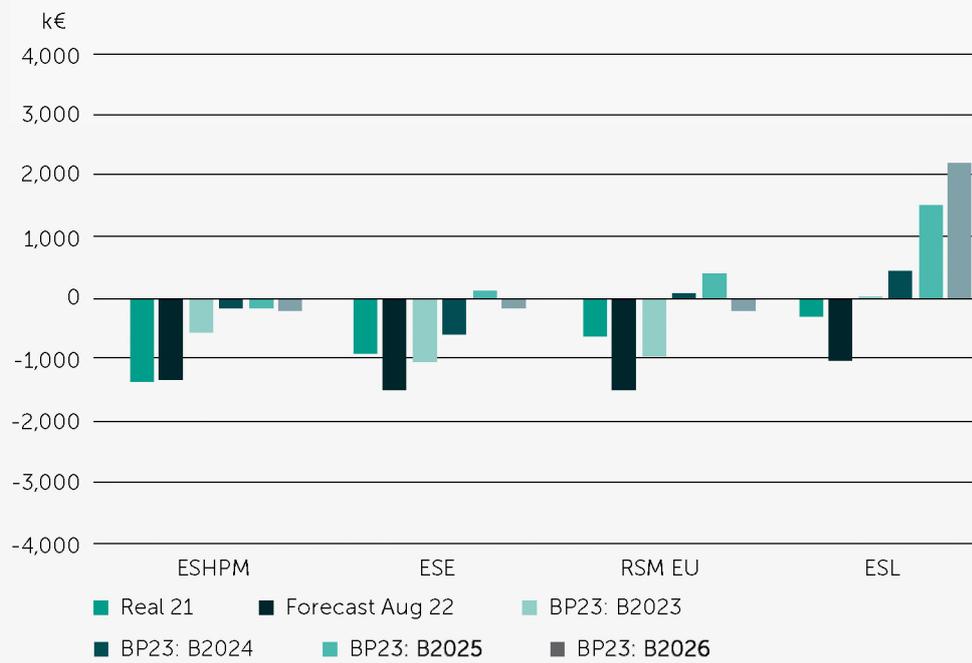
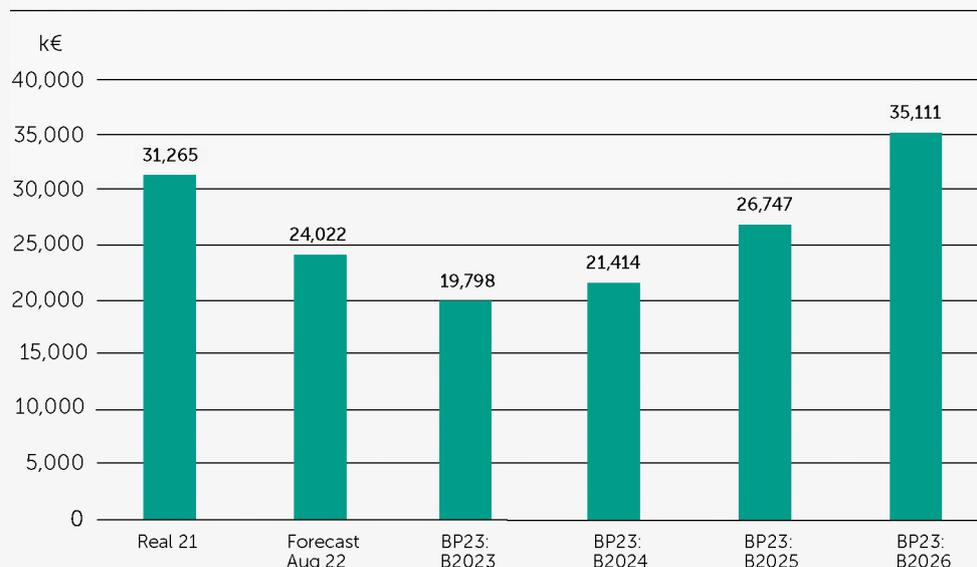


Figure 29 - Equity faculties Woudestein



This graph shows some outliers in reserves, resulting in a reserve position within the bandwidth for all faculties by 2026. The graph does not show the bandwidths, as this differs per faculty.

ESE exceeds the upper limit. Although the position is forecasted to decline at the end of 2022, it remains out of bandwidth. The negative results as shown in this paragraph therefore can be funded with the reserves. In 2024 the reserve position approaches the upper limit.

The negative results of RSM EU can be funded with the reserves. In 2024 and 2025 the reserve position is foreseen to decline under the signal value. The positive budgets for 2025 and 2026 will result in a reserve position within bandwidth at the end of 2026.

The reserves of ESL momentarily are negative. The reserve position is forecasted to remain negative after closing 2022. The budgets for 2023-2026 result in a positive reserve position closing 2026, ESL will then comply with the reserve policy.

ESHCC momentarily has a negative reserve position. The negative budget result for 2023 will worsen the position, but because of the positive results budgeted for 2024 and onwards, the reserve position is expected to be within bandwidth closing 2024.

Reserves of ESHPM, ESSB, ESPHIL and ISS are within bandwidth during the period 2023-2026.

Figure 30 - Equity per faculty Woudestein

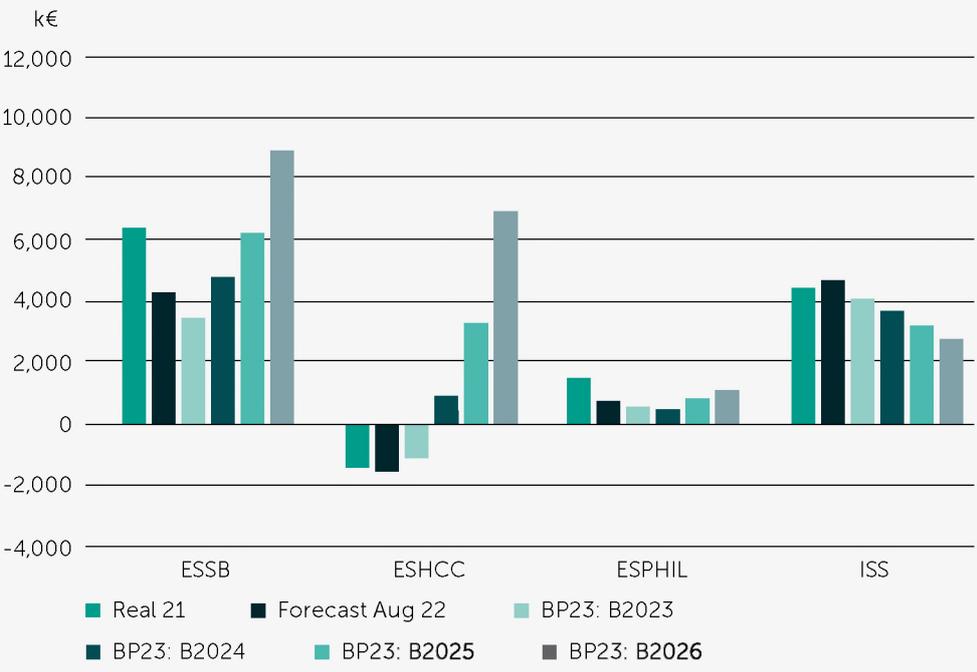
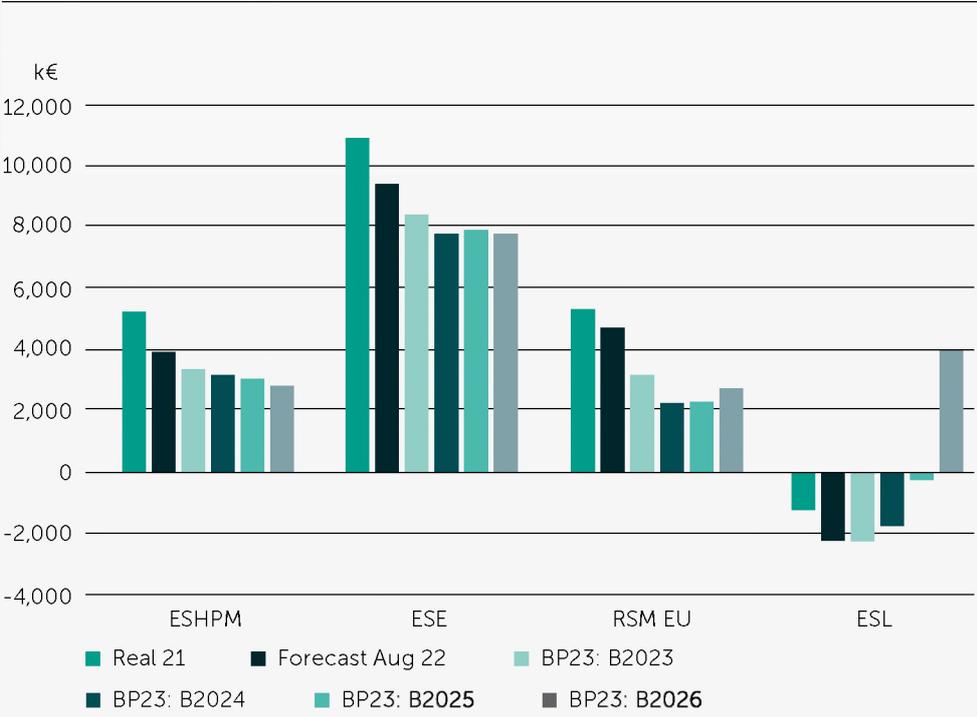
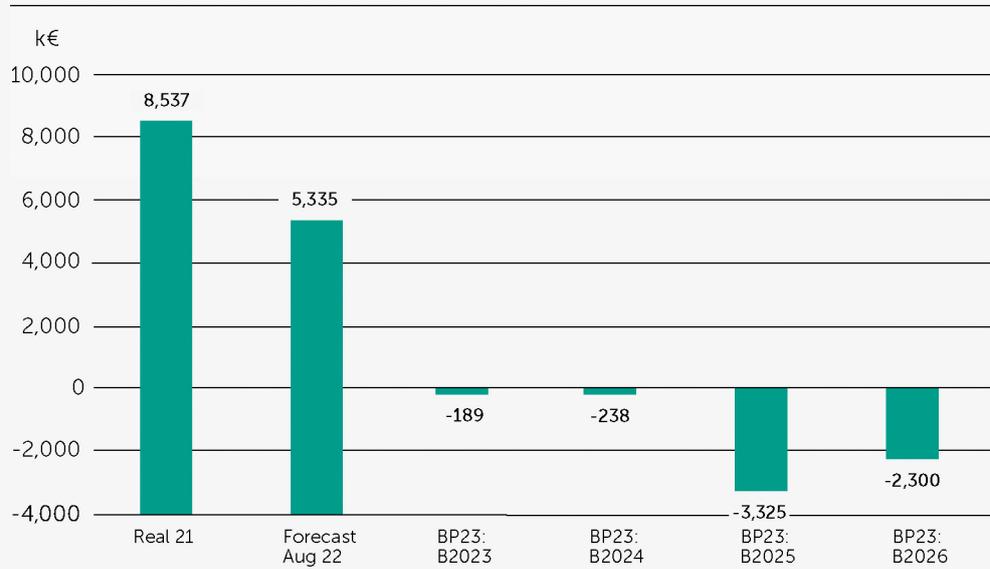


Figure 31 - Results support services Woudestein



Support Services

The consolidated result for support services for 2023 and 2024 is M€ -0.2, the negative results are caused by UL. The negative results expected in 2025 and 2026 are due to RE&F and is caused by the renovation of the Tinbergen building. Apart from RE&F all the other support service departments budget neutral.

Figure 32 - Results per support services

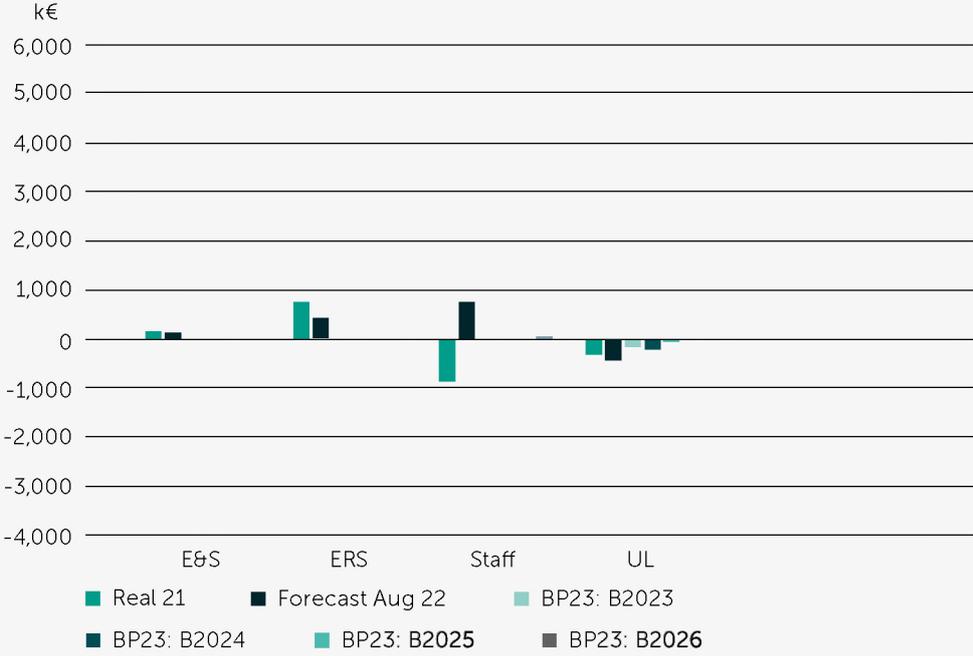
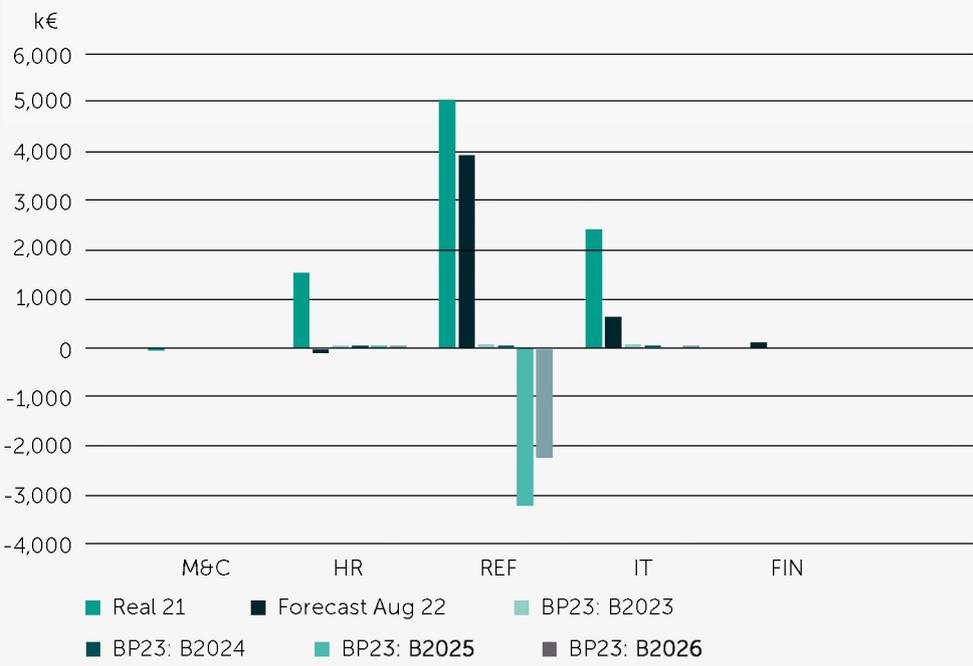
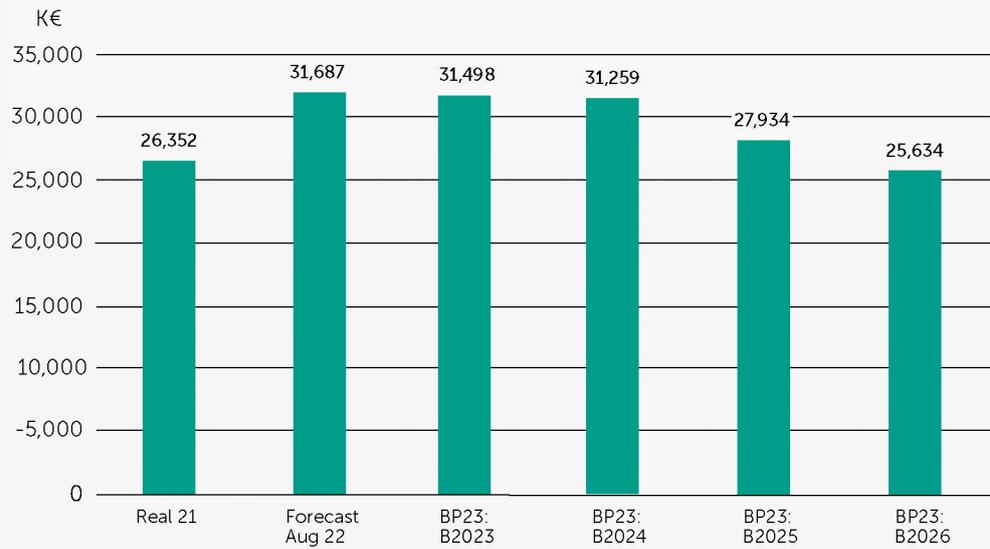


Figure 33 - Equity support services Woudestein



Because of neutral budgets, the equity of support services Woudestein is stable for most of the units. The two exceptions are UL and RE&F. Reserves of UL exceed the bandwidth. UL budgets extra expenditures as part of a spending plan. The extra expenditures will result in a withdrawal from the reserves and consequently the reserve position will be in accordance with the reserve policy.

The same counts for the total reserves of RE&F. The reserve position of RE&F is divided in two parts, one being housing and regular operations being the other. The distinguishment between these two needs yet to be established. After closing of 2022 this distinguishment will be determined so the two separate positions can be evaluated.

Figure 34 - Equity per support services

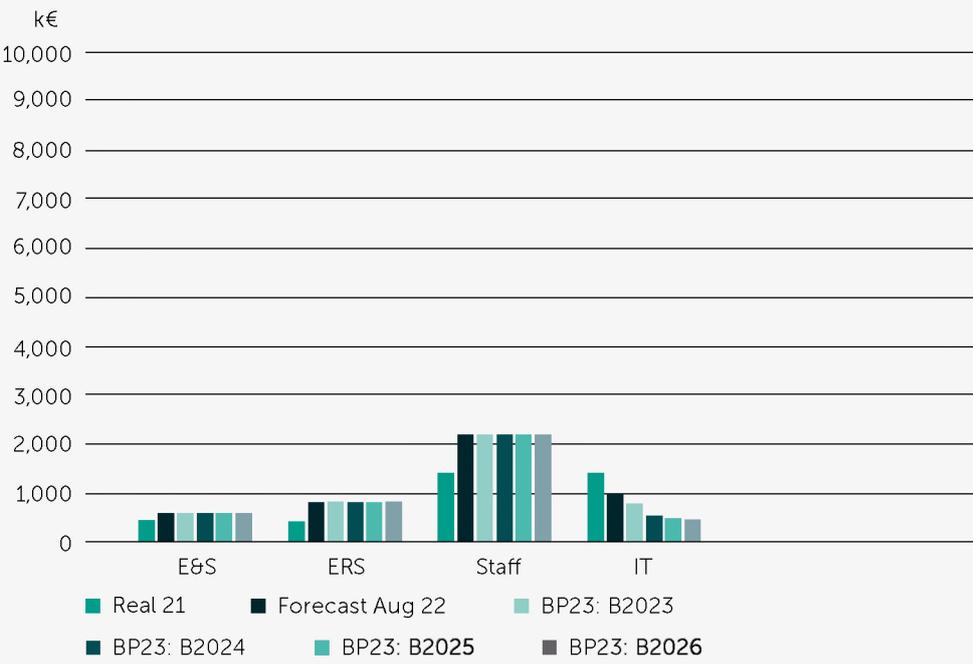
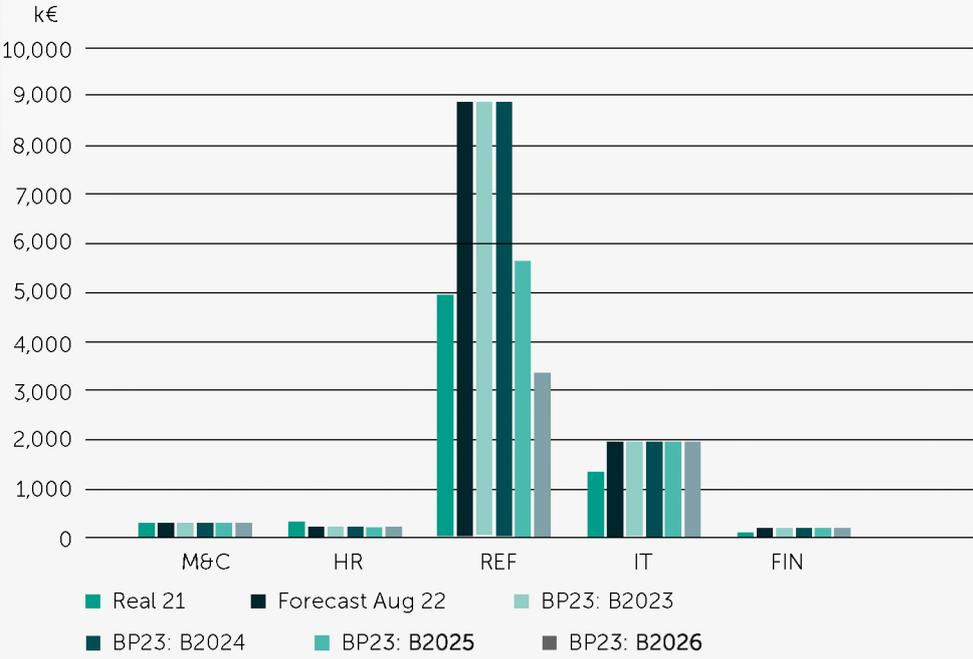
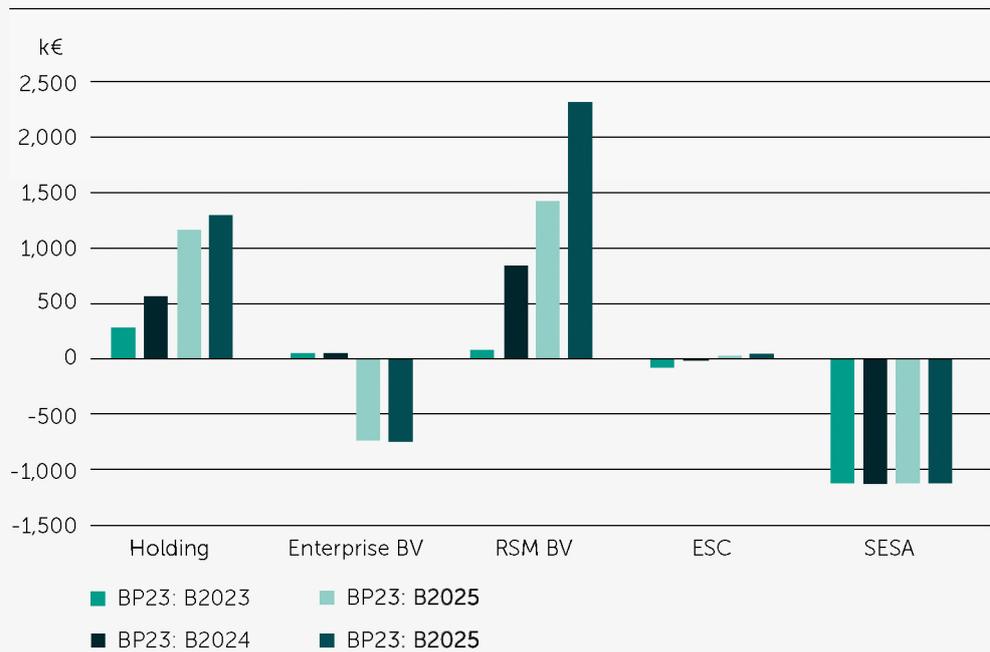


Figure 35 - Results Woudestein per subsidiary



Subsidiaries Woudestein

The expected combined result for all subsidiaries increases from M€ -0.8 in B2023 to M€ 1.8 in B2026. Both the Holding and RSM BV show an increase in results. Enterprise BV shows a decrease in results, due to Strategy Office halting its contribution to Erasmus Enterprise. Now Enterprise BV does not yet have enough other revenue to compensate for this. Erasmus Enterprise BV will draw up a plan to balance the result from 2025 onwards. SESA shows a negative result due to higher interest rates. However, this is budget-neutral within EUR total.

3.7 Income & expenses subsidiaries

Overall financial performance of subsidiaries

The EUR has several associated companies/ subsidiaries. Most of them are governed by EUR Holding. The other subsidiaries are RSM BV, Erasmus MC BV, Erasmus Enterprise BV and two foundations: Erasmus Sport Centrum (ESC) and Stichting Erasmus SportAccomodatie (SESA). Activities of the subsidiaries include education on corporate communication, contributing to the transition towards a durable society, supporting new start-ups and stimulating entrepreneurship,

Table 16 - Budgeted results subsidiaries

k€	2023	2024	2025	2026
Income	80,782	85,139	86,464	91,157
Expenses	81,829	84,822	85,722	89,419
Result	-1,048	316	742	1,738
Profitability (%)	-1.3%	0.4%	0.9%	1.9%

supplying a flexible workforce, and realizing the new on campus sports facility. The table above summarizes the budgets for the forthcoming budget period for all subsidiaries combined.

Revenue equal between M€ 81 and M€ 92 annually for the forthcoming budget period. The expected profits are negative for 2023 (M€ 1.0) but are expected to be positive afterwards. The profitability (defined as result as a percentage from income) ranges from -1.3% in 2023 to 1.9% in 2026. The holding with its subsidiaries, and RSM BV are by far the largest in terms of income and expenses, as the table below for 2023 illustrates. In terms of profit, they are the biggest contributors as well.

EUR Holding

The EUR Holding consists of more than ten companies excluding the Holding itself and will generate roughly between M€ 45 and M€ 50 in revenue between 2023 and 2026. Profits are positive for the budget period, and they are expected to increase from K€ 277 in 2023 to M€ 1.3 in 2026.

Profit as a percentage of revenue is between 0.6% (2023) and 2.6% (2026), so margins are small. Between 2023 and 2026 the EUR Holding employs 335 FTE on average. Staff costs are 75% of total costs.

Table 17 - Budgeted results per subsidiary

2023 (K€)	Income	Expenses	Result	Income share
Holding	45,122	44,845	277	56%
RSM BV	22,934	22,856	78	28%
Enterprise	5,586	5,526	60	7%
Erasmus MC BV	2,164	2,423	-259	3%
ESC	3,976	4,059	-83	5%
SESA	1,000	2,120	-1,120	1%
Total subsidiaries	80,782	81,829	-1,048	100%

Figure 36 - Budgeted results EUR Holding (K€)



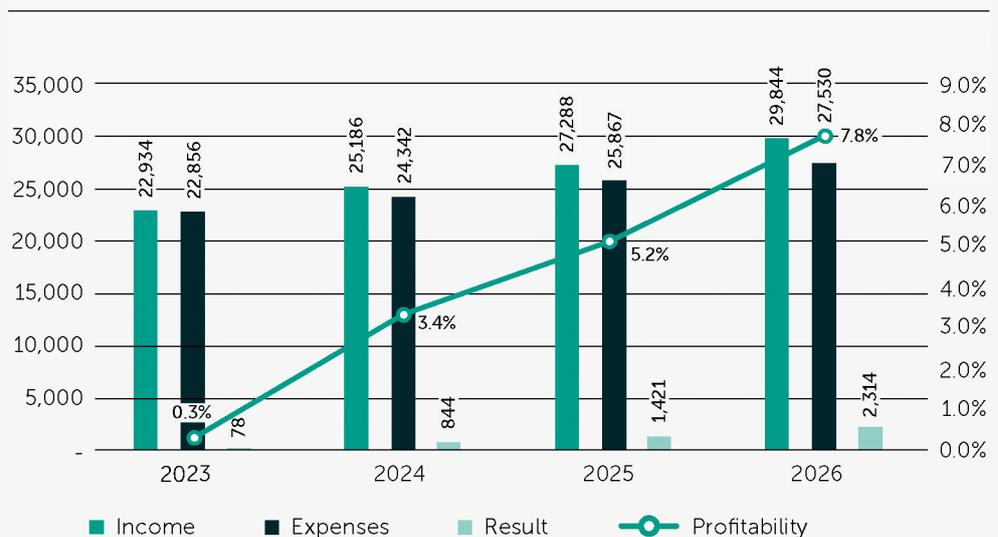
RSM BV

RSM BV has an important share in all the subsidiaries combined, with a 28% share in 2023 revenue. RSM BVs revenue will increase from M€ 22.9 in 2023 to M€ 29.9 In 2026. Its cost level does not increase at the same pace, resulting in increasing profits (K€ 78 in 2023,

M€ 2.3 in 2026). So, profitability will increase as well, from 0.3% in 2023 to 7.8% in 2026 and appears to be robust.

Compared to the EUR Holding, RSM has a lower share of staff costs: around 51% for each of the budget years.

Figure 37 - Budgeted results RSM BV (K€)

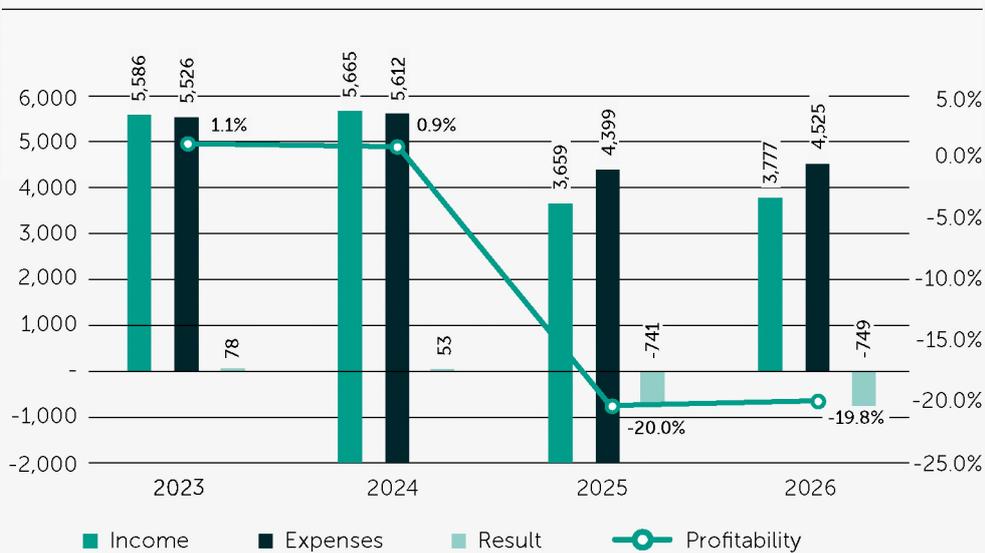


Erasmus Enterprise BV

Erasmus Enterprise BV is a relative new company, one of its goals is the valorisation of acquired knowledge and stimulating entrepreneurship. It receives a contribution from the EURs strategic budgets, around M€ 2.2 until 2024. From 2025 onwards, Erasmus Enterprise BV must be able to generate enough income by itself to remain financially healthy.

Revenue in 2023 and 2024 will be around M€ 5.6, but in 2025 and 2026 they will decrease to M€ 3.7. A plan is being developed to ensure the future existence of the company. Staff costs remain stable between 2023 and 2026 at around M€ 3.5 annually, and profitability will drop from 2025 onwards due to the ending of the strategic contribution from EUR.

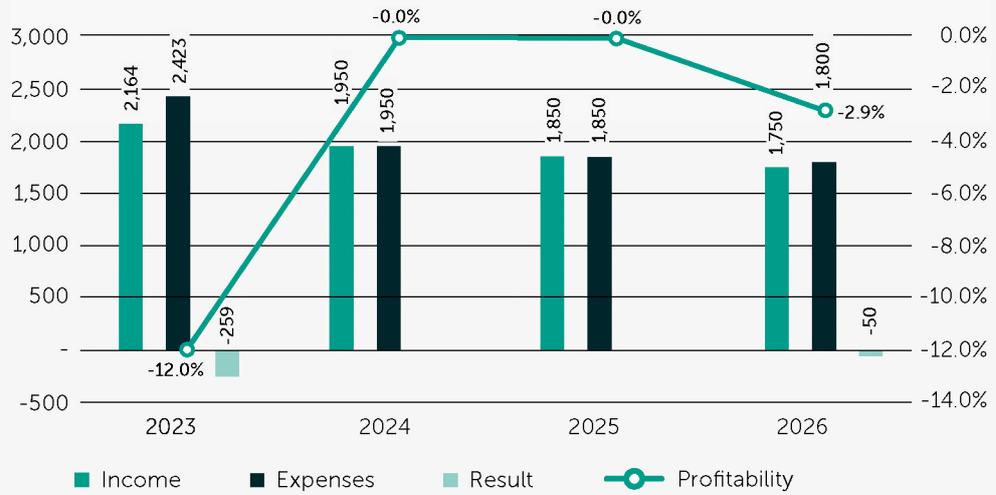
Figure 38 - Budgeted results Erasmus Enterprise BV (K€)



Erasmus MC BV

Erasmus MC BV expects deficits of K € 259 for 2023 and K€ 50 for 2026, and zero results for 2024 and 2025. Income will decline during the forthcoming budget period.

Figure 39 - Budgeted results Erasmus MC BV (K€)



Stichting Erasmus Sport (SES)

SES is a foundation and is responsible for operating the Erasmus Sport Centre. Its revenue will be between M€ 3.9 in 2023 and M€ 4.4 in 2026. Costs are almost equal to revenue, so its results are close to zero for the forthcoming budget period. Staff costs are responsible for 1/3rd of total costs and rent of the sports building for 1/4th.

Stichting Erasmus Sport Accommodatie (SESA)

SESA's goal is the construction of the new Sports Building on the EUR campus. This new Sports Building has been opened for use since the first week of September 2022. SESAs revenue is the rent it charges to the EUR and its costs consist mainly of depreciation and interest costs for the credit facility the EUR has provided.

SESAs budget will be negative from 2023 onwards. In the previous budget cycle results were expected to be positive. The decrease in result has two main causes. First, a lower revenue level has been agreed upon for now in this budget cycle (M€ 1 versus M€ 1.25 in last year's budget), following internal debate on the level of services and costs to be charged. Secondly, a better calculation for interest costs for the credit facility that the EUR has provided during the construction. Please note that SESA's revenue are Erasmus Sports' costs and that SESA's interest costs are revenue for the EUR, hence SESA's financial disadvantages are compensated within the consolidated EUR-budget.

Table 18 - Budgeted results SES

Amounts in K€	2023	2024	2025	2026
Income	3,976	4,197	4,304	4,391
Expenses	4,059	4,211	4,273	4,344
Result	-83	-14	31	47

Table 19 - Budgeted results SESA

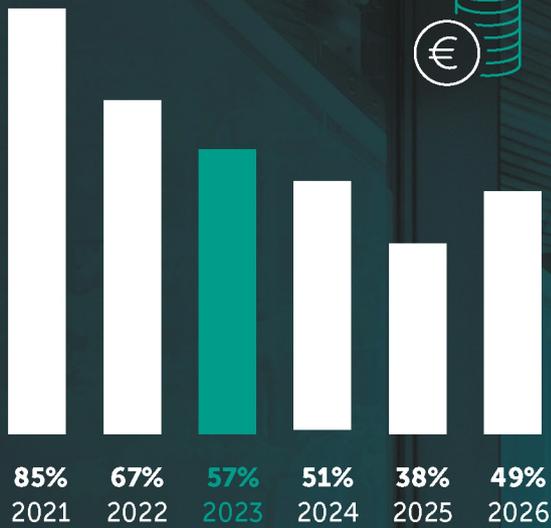
Amounts in K€	2023	2024	2025	2026
Income	1,000	1,020	1,040	1,061
Expenses	2,120	2,154	2,168	2,182
Result	-1,120	-1,134	-1,128	-1,121



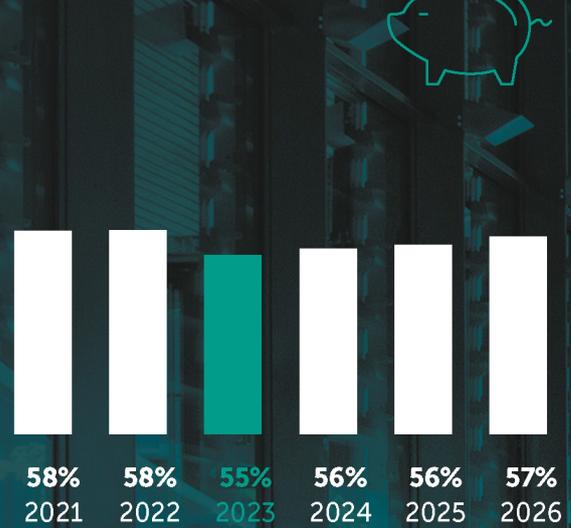
Balance and ratio's

2023 is budget plan

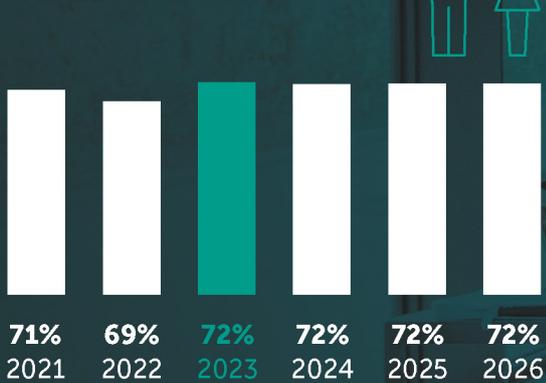
Current Ratio



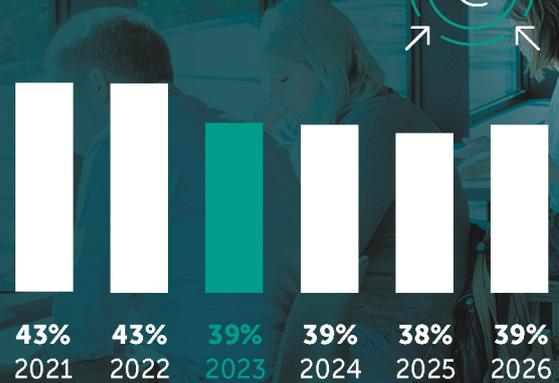
Solvency Ratio



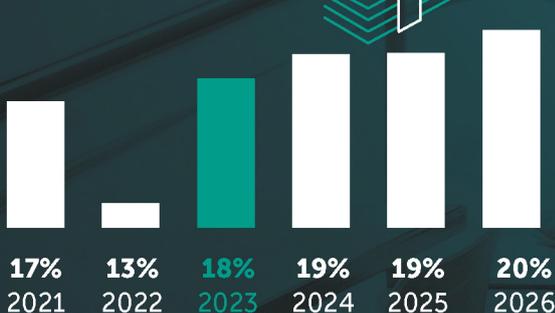
Staff costs Ratio



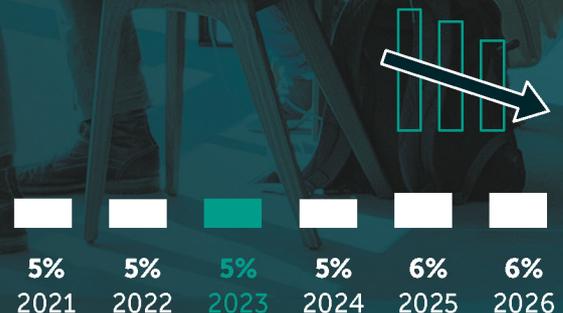
Income Ratio



Tuition fee Ratio



Depreciation Ratio



in M€	2022	2023	2024	2025	2026
ASSETS					
Intangible fixed assets	4.6	4.6	4.6	4.6	4.6
Tangible fixed assets	281.0	260.4	279.6	312.4	307.1
Financial fixed assets	0.4	0.4	0.4	0.4	0.4
Fixed assets	286.1	265.4	284.7	317.5	312.2
Inventories	0.1	0.1	0.1	0.1	0.1
Tuition fee receivables	1.1	1.7	1.8	1.9	1.9
Other receivables	40.3	37.1	37.6	37.6	38.8
Cash and banks	65.0	46.5	38.1	20.1	38.6
Current assets	106.6	85.3	77.6	59.7	79.5
Total assets	392.7	350.7	362.3	377.2	391.6
LIABILITIES					
General reserve	84.5	63.1	71.9	80.0	88.4
Dedicated reserves public	88.7	78.3	79.0	83.8	86.3
Dedicated reserves private	32.4	32.7	34.2	36.7	40.4
Dedicated funds private	0.5	0.5	0.5	0.5	0.5
Other legal reserves	1.1	-0.0	-1.1	-2.9	-4.8
Equity	207.2	174.6	184.5	198.1	210.8
Provisions	19.4	18.9	16.8	14.8	12.7
Long-term liabilities	7.7	7.6	7.5	7.4	7.3
Current liabilities	158.4	149.6	153.5	157.0	160.9
Total liabilities	392.7	350.7	362.3	377.3	391.6

4. What are the main risks and uncertainties that are expected?



4. What are the main risks and uncertainties that are expected?

4.1 Introduction to risk management

The world around us is constantly changing. As the EUR we act in relation to our surroundings. That is why we look at developments and uncertainties within and outside our organisation. To gain insight into this, risk management is an important instrument to enter a risk dialogue with our stakeholders about developments, uncertainties, risks, and opportunities.

The EUR follows article 9 of the VSNU: Code of Good Governance. The EUR also wants to be compliant with article 9 of the VSNU.

Within the EUR, integrated risk management is seen as a responsibility of all employees. It is important that there is an open culture in which the risk dialogue is continuous and anchored in the DNA of the EUR.

This chapter presents the uncertainties for the EUR. This is done by outlining the main risks for the higher education sector. It also provides an overview of the main risks as identified at tactical and operational level by the organisational units.

The approach to risk management is described below. This is followed by the main risks for the higher education sector and the findings of the faculties and services Budget Plan 2023-2026 analysis. Several mitigating measures are mentioned followed by the conclusion.

4.2 EUR risk management approach

A continuous process

Risk management is a continuous process and should be part of the daily practice and decision making of the organisation.

From September 2021 the EUR started with implementing integral risk management within the organisation, with the CPC Risk Specialist serving as the ambassador for EUR wide risk management. The continuous organisation of attention for and conversation about risks (the risk dialogue) forms the basis of integral risk management.

Last year the foundation for risk management was laid amongst others through the EUR Risk Management Policy, the Risk Register (NARIS), and implementation in the Planning & Control Cycle.

The EUR Risk Management Policy was approved by the Executive Board at the end of 2021. The policy promotes organisation-wide risk awareness and describes the EUR framework of integral risk management. The risk management process is an important part of the framework.

From September 2021 various activities were organised across the EUR with the aim of identifying, analysing, monitoring, and managing the uncertainties and opportunities for the EUR:

- At the strategic level of the institution, the risk dialogue has taken place in several sessions with the Executive Board and deans about the uncertainties and developments coming from outside and affecting the achievement of the EUR's strategic objectives.
- Workshops at 2 faculties and seven professional services resulted in an increase of the risk maturity level for these organisational units.
- The identification of operational and tactical risks in all organisational units.
- Periodic follow up between Control & Risk and organisational units.

An agreement has been made with each organisational unit to record all risks in the NARIS risk management system for the 2023-2026 budget. Each organisational unit must also provide at least a top five of risks in the risk section of their budget plan.

In assessing the risks, a distinction is made between risks from the faculties and risks from the services. The faculties' core tasks are focused on education and research, whereas the services' primary task is operational management. This results in a difference in risk types. Despite the different ways in which the risk paragraph is handled, several main points can be determined. Based on the risk description, a classification has been made into strategic main themes:

- Personnel
- Students
- Finance
- Quality of education
- Quality of research
- Quality of support services
- Processes and governance
- Legislation and regulations

The overviews below show in which themes the faculties and services have identified the most risks. The university is aware that all activities it undertakes are subject to external influence. To guarantee the continuity of the university and its activities, a good insight into this is essential. External opportunities and uncertainties also influence the determination of strategy and objectives. For this reason, the Board (the Executive Board and the Deans) is discussing the external uncertainties and opportunities that may influence the strategic objectives of the EUR. Subsequently, a translation will be made regarding the strategic uncertainties and opportunities. These are included in the Erasmus Perspective 2023-2026.

Continuous improvement

The EUR endorses continuous improvement as one of the principles of risk management, and the Executive Board recognizes the need for more focus on risk management throughout the EUR.

The risk management framework is continuously monitored and adjusted to address changes. In doing so, the organisation can increase its value creation. In the coming year, the ambition is to increase the overall risk maturity level within the organisation by:

- Organising workshops for organisational units
- Introducing risk management at programmes (for example the Convergence)
- Creating a risk maturity model
- Introduction of risk appetite
- Creating a risk dashboard including Key Risk Indicators (KRI's)

4.3 Trends in higher education

The education sector has been frequently and diligently evaluated in the past year. Mostly by the scale and pace of change and the challenges universities have faced due to the consequences of, amongst others, COVID-19, and upcoming global uncertainties. These had led to new and changed compliancy demands from regulatory bodies (for example knowledge safety, ancillary activities and public-private). Rising energy prices and availability of resources (energy and electricity) could create additional challenges. The tight labour market affects attracting and retaining qualified personnel. It is not surprising, therefore, that the top five risk trends in higher education are dominated by these.

The EUR recognises the importance of the above risk trend. This is discussed in the board of the university with the faculties. It is also included in the risk sections of the budget plan of the faculties and services. Mitigation of risks is supported by EUR wide initiatives i.e., revision of online education because of COVID-19 with the help of CLI; enhancement of student experience through redesign of both on campus as well as online education (EU-online); the programme on student well-being, which researches and works on initiatives to enhance this; initiatives for strategic personnel planning; career paths and acknowledge and appreciate.

Table 20 - The top five risks for higher education

	2021*	2022**
1	Cyber and information security	Talent Management
2	COVID-19	Student recruitment and retention
3	Student experience	Financial uncertainty
4	Mental state (influenced by work pressure, among other things)	Cyber and information security
5	Student recruitment	Non-compliance

* PwC Higher Education Sector Risk Profile 2021 UK

** Baker Tilly Top 5 post-pandemic risks in higher education

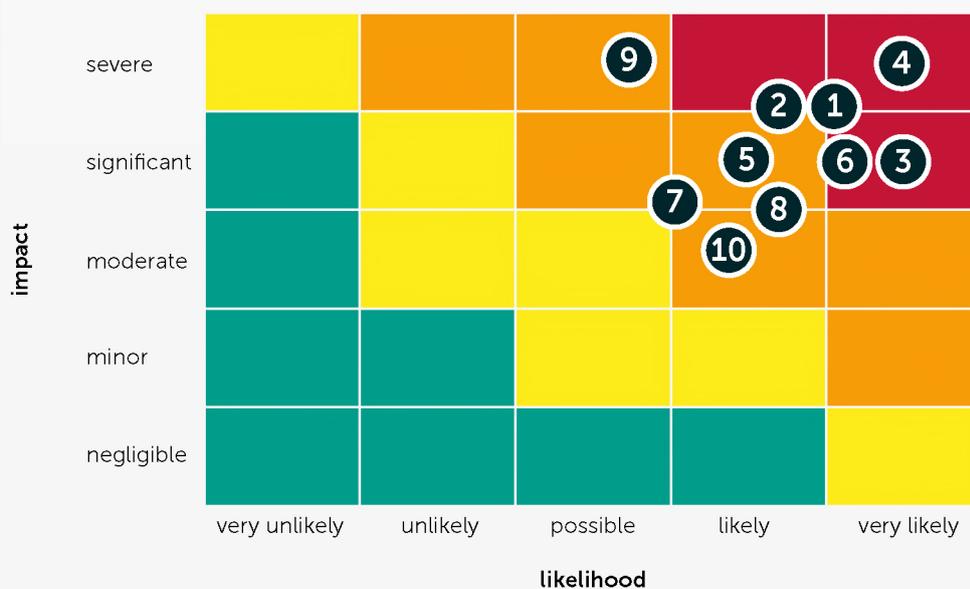
4.4 Findings

General findings

If we look at the top 10 risks of the faculties and services in the 2023-2026 budget plans, we see some similarities. High work pressure is identified as the top risk, followed by turnover of and inability to attract qualified personnel.

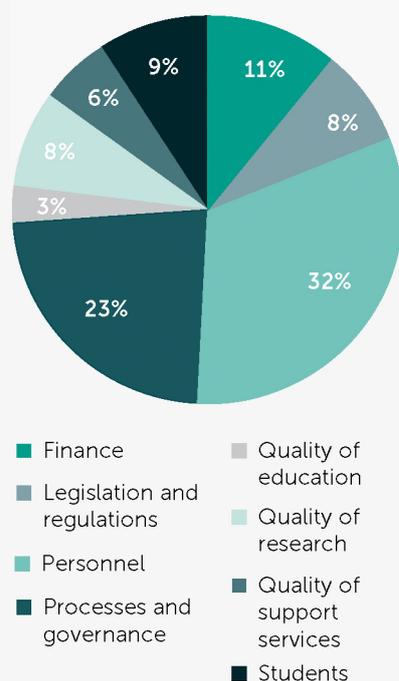
The faculties and services have identified a total of 101 risks. The graph below shows the strategic theme to which the risks belong.

Figure 40 - Analysis budget plans 2023 - 2026



- | | |
|---|---|
| 1. Turnover of qualified personnel | 6. Price increases / inflation (salaries, energy, services etc.) |
| 2. Unable to attract qualified personnel in time | 7. Insufficient adaptive capacity (failure to realise innovation) |
| 3. Insufficient cooperation between faculties, services and central | 8. Unclear decision-making and responsibilities (lack of mandate) |
| 4. High work pressure | 9. Cyber and information security |
| 5. Real estate price increases | 10. Quality of basic services |

Figure 41 - Strategic risk themes



Findings for faculties

All faculties have provided a risk paragraph. A total of 54 risks have been identified. The graph shows the strategic theme to which the risks belong.

For the faculties, most of the risks fall under personnel, processes and governance, students, and finance. Workload and staff well-being is a challenge for each faculty. An increase in student numbers, combined with the provision of hybrid education creates challenges for maintaining the level of basic services necessary.

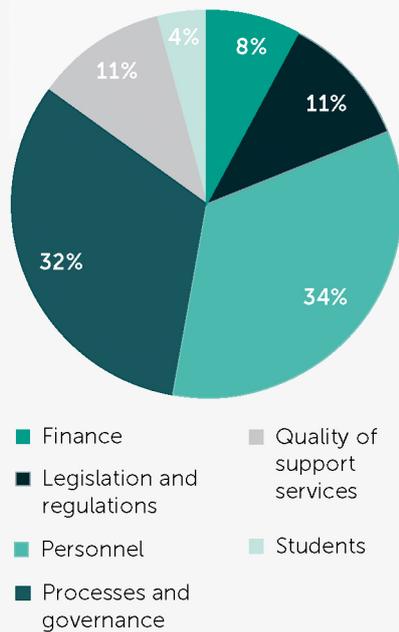
Due to a tight labour market, it is increasingly difficult for faculties to attract good quality staff (academic and support staff). It takes more time to fill vacancies. Also, limited career opportunities and competition cause staff to leave. Budget restrictions and fluctuations affect most faculties, resulting in less flexibility and an inability to achieve all set objectives.

When classifying risks, a distinction is made between three risk groups, namely preventable risks, strategic risks, and external risks (based on Kaplan & Mikes, HBR 2012). Preventable risks are internal operational risks that are, in principle, easy to control and thus avoidable. These risks can be properly controlled with rules and controls. Another option for control is through dialogue.

Strategic risks that can influence the strategy of the organisation both positively and negatively. They are voluntarily accepted risks and therefore not undesirable. As an organisation, strategic risks can be reasonably controlled and provided with a critical success factor. These risks are best managed by starting a dialogue in time, applying scenario planning, showing courage, and naming them.

External risks are positive or negative risks that largely lie outside the organisation's sphere of influence (politics, technological developments, macro-economic, nature). They are often the risks from the macro or sector environment. These risks should be proactively identified to subsequently work on mitigating circumstances (reduce impact).

Figure 42 - Services



Findings of services

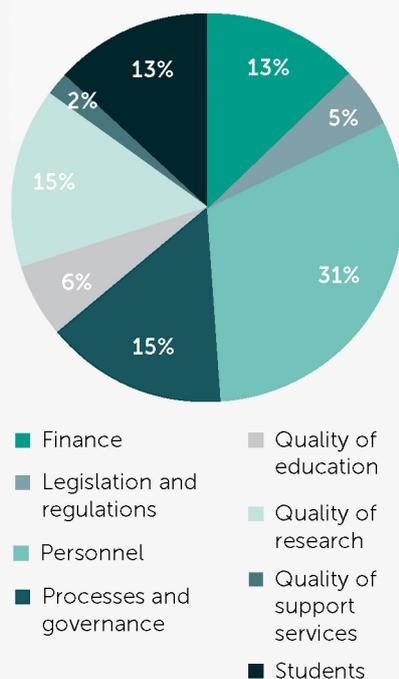
All service departments have provided a risk paragraph. A total of 47 risks were identified. The graph shows the strategic theme to which the risks belong.

For services, most of the risk fall to personnel. In addition, the other high-risk sections fall into the category of processes and governance, and quality of support services.

Work pressure is mentioned as an important risk. The demand for services is increasing and the complexity of the requests is growing. The result is that the basic services come under pressure. In addition, obsolete systems and working methods increase the workload of employees.

It is increasingly difficult to attract and retain qualified personnel. Insufficient cooperation between organisations and insufficient innovation and execution power plays a role in most services. Budget restrictions and fluctuations can result in little flexibility for the provision of services.

Figure 43 - Faculties and the risks per theme



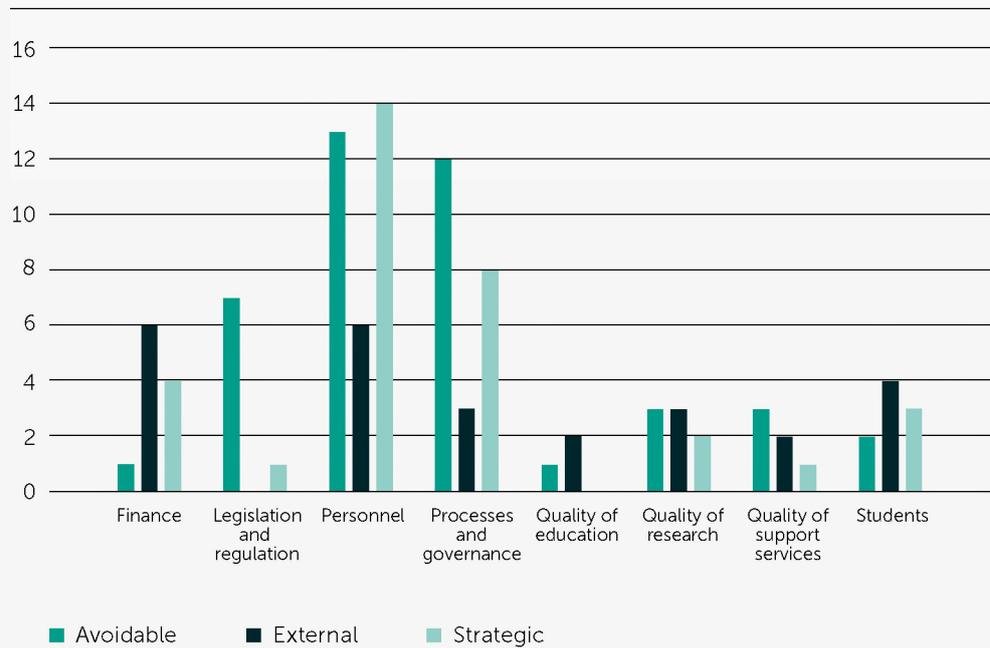
Cyber and information security are recognised risks by the EUR. Remote working, hybrid forms of education and potential attacks on educational institutions, among other things, put the subject at the top of the risk agenda. The EUR periodically assesses this risk and implements adequate measures to ensure that the impact on the EUR's activities is limited.

Risk categories

The distribution by risk categories shows a diverse picture. The risks in the themes can be categorized in external, strategic, and preventable risks.



Figure 44 - Breakdown by risk categories



The application of this classification still differs in the various organisational units. For example, what is considered an external risk by one person is a strategic risk for another. More consistent classification will be part of the risk maturity assessment in the coming year.

In the evaluation budget plans for both faculties and services, an implicit risk might be that ambitions are proportioned to fit the financial framework. This means that there is no adequate insight into (1) the way prioritization takes place and (2) innovative ideas that might add value to research, education and services but cannot be executed due to budgetary constraints. A mitigating measure might be too explicit this aspect in future budget formats.

A second implicit risk is the way that educational innovation and enhancement of the student experience and educational quality are financed. The investment budgets on these

themes, rely heavily on financial impulses of the Quality Agreements. These are incidental funds. External influences (decision on the quality agreements by government) will impact the ultimate risk as of 2024. In faculty budgets, the way innovation is being financed, might be modified in the next financial budget framework (mitigation).

Mitigating measures

The labour market situation is an external risk, mitigating measures have been taken such as recruiting staff by offering attractive employment conditions and improving and showcasing career opportunities. Even with additional budget this has remained a challenge. Strategic personnel planning is also an important measure for the retention and future vision of the organisation regarding personnel.

Regarding the fluctuation in student numbers, the capacity of the university will have to be

considered, among other things. A measure that could be used is the establishment of a numerus fixus for specific programmes. New IT systems could reduce manual work and thus the workload for employees.

In addition, the faculties and services are taking various initiatives to reduce the workload and increase staff well-being. Exploring the way in which the organizations work together may well be a measure to improve work pressure and wellbeing EUR wide.

4.5 Conclusion

A total of 101 risks were submitted by the faculties and services.

The strategic themes in which most risks are identified are personnel, processes and governance, students, and finance. High work pressure and staff welfare is a challenge that affects all faculties and services. At the faculties, this is caused by an increase in student numbers and a shortage of personnel, among other things. For the services, this is caused by an increasing demand for and complexity of services. The tight labour market causes personnel to leave and makes it more difficult to fill vacancies, even with an increase in available budget. Budget restrictions within the faculties and services are at the expense of flexibility and put pressure on the quality of basic services. Exploring the way in which we work together may well be a measure to manage several risks.

Several organisational units have explicitly identified and taken measures to reduce risks. Considering continuous improvement, the discussion about risks, opportunities and uncertainties within the EUR will be given further shape in 2023.

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