

## HOW IS THE COLLEGE FUNDED?

The College Accounts for the most recent year are available [here](#). But, before considering the funds available to the College it is important to discuss the purposes to which any College funds must be applied.

### THE COLLEGE'S PURPOSES

Emmanuel College is an independent charity registered with the Charity Commission and governed by the Fellowship in accordance with the College Statutes. Since foundation in 1584 the College's purpose has been to promote education, religion, learning and research through a community of scholars in the University of Cambridge. All College resources are, and must be, deployed in support of this core purpose.

The College is an endowed charity, with a current total endowment of some £330 million. The College holds these capital monies (investments) in perpetuity and must apply the income from that capital exclusively in the support of its purposes. Those capital monies have been accumulated through gifts and bequests over the past four and a half centuries. Our endowment is restricted in that it must be retained and cannot be spent and, for some of it, the income generated can only be applied in certain ways. What this means, and this is something that reflects the genius of our original donors and predecessors, is that the College must always consider intergenerational equity. The College is a perpetual institution and we must always preserve our endowment so that its income is available to support future generations – we cannot expend it exclusively to benefit the current generation.

Of course, our core purpose has been interpreted in different ways over the centuries. However, the College's 'community of scholars' has always consisted of three groups who the College supports and through whose works we seek to achieve our objectives – these are our Fellows, our students (both undergraduate and graduate); and other academics within the wider University who are associated with the College (now most often post-docs). While in Term time the most visible expression of College life is our undergraduates, and in the most recent year the College spend some £5.8 million on education, the College's purpose is not exclusively undergraduate education and in the use of endowment income a balance always needs to be struck between the different groups who make up our community of scholars.

### PROVIDING EDUCATION

A large portion of College resources and activities are currently focused on providing education for undergraduate and graduate students. This includes the provision of undergraduate supervisions, the tutorial system, grants to support individuals, and all the academic and social resources, administration, and infrastructure that support this - from the Library and IT network to the sportsground, the Porters' Lodge, and our support for clubs and societies.

The provision of education is funded by charging College fees. For a publicly funded undergraduate the £9,250 annual undergraduate University fee is split equally between the central university and the colleges, so that for each publicly funded undergraduate the College receives a College Fee of £4,125. For privately funded undergraduates the College charges a separate and higher College Fee set to reflect the total educational costs incurred. Total fees in the most recent year, including graduate fees, totalled some £3.4 million.

In all Cambridge colleges, the publicly funded undergraduate fee leaves a substantial short-fall relative to the cost of the education that we provide. Along with all other colleges we estimate that annual shortfall to be some £6,000 for each publicly funded student each year. That shortfall must be met by a subsidy provided out of endowment income – a subsidy that in total therefore currently amounts to some £3 million per annum.

Fee income can only be used to support the provision of education. Fee income cannot be used to meet the cost of other services such as residential accommodation or day-to-day catering. Our provision of ‘hotel’ services is explained below, but room rents and meal charges are entirely separate from the educational fees that have been explained above.

## THE COLLEGE ‘HOTEL’

The College provides some 650 study bedrooms for use by students and also operates a large catering department. Those who use these services are charged on the basis of the running costs incurred in providing them.

Emmanuel does not have a very large conference business. We have no resources dedicated solely to generating conference income (even our Conference Manager also works on the provision of accommodation and services to students). We see conferences and other external bookings as a means to make good use of, and cover the cost of, unused facilities, particularly during vacations when students are out of residence.

It is also important to note that in calculating rents and meal charges we do not include capital costs. The College has committed substantial endowment capital in providing student accommodation and other services. For example, in the case of our external properties, were we not to offer that accommodation, it could easily be sold and the capital returned to generate additional income in the endowment. We would then have the opportunity to use that income in other ways. The absence of such capital or opportunity costs in the calculation of rents and other charges implies an implicit subsidy that benefits all those who use these facilities.

Equally, charges to students do not reflect the maintenance and operation of our non-residential facilities. The cost of the College’s core infra-structure – for example, the Chapel, Hall, and all the other non-residential spaces that we use together – are met either from endowment or fee income depending on their precise purpose. Similarly, where rooms or catering facilities are used for other purposes, for example by Fellows or for the provision of education or College events, those costs are met from fee income or from endowment income. In no circumstances does the provision of those services affect the room rent or charges met by students.

Staff and utility costs form a very large portion of our total expenditure related to accommodation and catering services. Current high energy costs and the associated cost of living crisis represent a significant challenge for the College and for our staff. At the time of each annual cost of living award the College benchmarks wages and non-wage benefits (for example, pensions, sickness pay, holiday, etc) against both wages paid more generally in Cambridge and at other colleges, and against the real living wage.

The College’s intention is to operate both the rooms and catering accounts to achieve an approximate breakeven outcome each year. This means that our income from student room rents and meal charges is intended to only reflect the costs that we have incurred in providing those facilities. Because of Covid-19, both 2020/21 and 2021/22 were exceptional years and the College made significant losses in the operation of accommodation and catering services.

## SUPPORT FOR INDIVIDUAL STUDENTS

A significant use of endowment income is in providing financial and other awards to individual students and in the most recent year these grants totalled some £800,000. Examples of this are the College's 50% share of Cambridge Bursary awards, our full and part funding of graduate students, hardship awards, support for medical costs, support for study costs and study related travel, and scholarships, exhibitions and prizes.

The College's philosophy is to provide support in all cases of hardship and financial need. We do not set a budget for this support and commit endowment income to it as required. In most cases it is the Master and Tutors' Committee who assess these needs.

All publicly funded undergraduates receive a general subsidy from endowment income because the College Fee falls considerably below the education costs that the College incurs; and all residents receive a general subsidy because our charges do not reflect our capital or opportunity costs. In addition to these general subsidies, endowment income provides significant awards to individual whose circumstances, for whatever reason, place them in financial need.

## PHILANTHROPY

Support for the College from Emma members and friends has always been very important to us. It has become a key source of income, allowing us to do new things, offer new facilities and evolved forms of student support. For example, 75% of the cost of the new development in and around south court has been funded through extremely generous gifts. Other gifts have, for example, supported particular subjects or awards for graduate students in various disciplines.

We do not usually use donations to pay for our routine or day-to-day activities. Instead, these gifts allow us to add to or improve what we do – we do not treat them as a substitute for the regular income set out elsewhere in this document. In the most recent year some £8 million was received in donations, principally dedicated to the Emma Enables campaign and the associated building works.

## ENDOWMENT INCOME

As an endowed charity the College must hold endowment capital in perpetuity and the income which it generates must be used to fulfil the College's purposes.

Endowment capital is invested in global equities, commercial property, and cash. All are managed by professional external managers. We aim to follow good investment practice in the wider charity sector and, as a very long-term investor, we believe these real assets will provide us with inflation protection a consistent stream of income. As a long-term investor we also believe that any company in which we hold shares must be sustainable and our instruction to our investment managers is therefore to only invest in companies which have policies consistent with the achieving the targets set out in the Paris Climate Accord.

Our commercial property investments are retail, office and industrial units in the south east of England, along with some historic agricultural holdings. In each case the rent paid by the tenant provides income to the endowment. In Cambridge city centre we own some commercial properties which, as well as generating income for us, have the potential in the very long term to be used for operational purposes (potentially providing new College facilities close to the main site).

The income generated from these endowment investments is used for the purposes which have been summarised above – it pays a substantial subsidy against our educational provision because of the shortfall in fee income, and it provides support to individual students in need. It supports the College as a place of research, for example the activities and research and learning of the Fellowship (for example, we currently have some 20 Fellows, typically Research Fellows, whose salary is normally met in full by the College) and the College activities of our new community of post-docs. It also pays for a significant number of full or part-funded awards for graduate students; it pays for the upkeep of the College's ancient buildings and site; it funds extracurricular activities and facilities, such as the Chapel and the Choir and many social, musical and sporting events; it maintains and protects the College's ancient archives and collections, such as the special collections in the Library; it meets the cost of College occasions from matriculation through to graduation; and it also funds many additions and improvements to our site and facilities.

