university of groningen

University of Groningen
2018 Management Report



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The Supervisory Board of the University of Groningen met on eight occasions in 2018. Many current topics were discussed with the Board of the University as well as with the University Council and the Committee of Deans, the most important of which were: the Preparation programme for the branch campus in Yantai; the selection and appointment of the new President of the Board of the University; real estate investments, and the preparations for the Institutional Quality Assurance Assessment, including educational quality requirements.

At the end of January 2018, the Board of the University decided to cease preparations for the application to the Ministry of Education, Culture and Science to provide transnational education in Yantai, when it transpired that there was insufficient support from the University Council. Support from employee participation bodies was one of the Ministry's fundamental requirements. This signifies the termination of plans for a branch campus in Yantai in the proposed form, but by no means does it mark the end of the University's ambitions as an international academic community.

The Supervisory Board is aware that the preparations for the branch campus in Yantai have divided the University community considerably; the University Council, in particular, has been especially critical. This led to an independent investigation, commissioned by the Supervisory Board, into the number of hours accounted for and the Education Inspectorate's investigation into the University's private funds. The purpose of these investigations and the resulting conclusions and recommendations was to clarify a number of questions that arose concerning the Yantai preparation process.

In terms of business operations and facilities, in 2018 the Supervisory Board devoted a great deal of attention to the long-term real estate investment plan. In particular, the construction of the Feringa Building to replace the current building at Nijenborgh 4 and the development of the Healthy Ageing campus have, due to their scale, major implications for the future financial position of the institution. On the basis of a number of scenarios, the investment programme was critically analysed for its impact on the University's future liquidity position, the operating costs and the capital situation. These effects have been taken into account in the 2019 budget in the long-term perspective, which was approved by the Supervisory Board in December 2018. The Board greatly appreciates the way in which the University management has dealt with the issue of earthquakes relating to the accommodation and investment programme. Also in 2018, much attention was paid to the process of replacing the current operational systems for HR and Finance. The Supervisory Board has repeatedly pointed out that, in view of the high workload experienced by staff members, it is vital that faculties and service units fill their vacancies as soon as possible.

The visitation committee presented its findings as part of the Institutional Quality Assurance Assessment. I am delighted that the University of Groningen satisfies all four standards. The quality agreements were also judged to be sufficient and the committee expressed its confidence in their further implementation. The committee was impressed by the commitment and enthusiasm of the academic community. The final report will be available in the course of 2019.

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On 1 October 2018, the University bid farewell to Sibrand Poppema. Spanning a period of more than 10 years, as President of the Board of the University he has done a lot for the University in the fields of education, research, social impact and personnel policy. We would like to express our gratitude and appreciation for his administrative vision, ambitions and commitment, which have contributed significantly to the University's excellent regional, national and international standing. On 1 October 2018, the Supervisory Board appointed Jouke de Vries as the new President of the Board of the University. He has our full trust and we wish him every success.



Since the terms of office of the Rector Magnificus and the Vice-President also come to an end in 2019, in 2018 the Supervisory Board initiated procedures for the appointment of their successors. Many sections of the University are involved in this process.

The University of Groningen is ambitious and has a proven track record. It has committed and enthusiastic academic and support staff and a lively student community, as well as consultative participation bodies that have a critical eye and play a vital role. It is pursuing an extensive investment programme in the field of real estate and is renewing its business operations systems. These are the first steps in the process of drawing up a new Strategic Plan for the period 2020-2025. The Supervisory Board is convinced that the University of Groningen is not only well-positioned, but also enjoys favourable conditions for further development and improvement in the coming years.

T.H.J. Joustra
Chairman of the Supervisory Board

Foreword by the Board of the University

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The University of Groningen is in good shape. In 2018, preparations were made for the Institutional Quality Assurance Assessment and the visitation committee has since presented its findings. I am delighted that the University of Groningen satisfies all standards. The committee also judged the quality agreements to be sufficient, and it was impressed by the commitment and enthusiasm of the academic community. It also expressed its confidence in the further development of those quality agreements. In terms of research, we saw a sharp increase in the number of PhD candidates, indicating that talented students find our University appealing. Preparations for the new Strategic Plan, the implementation of major new accommodation projects and the renewal of business operations systems also got underway. All of these developments are intended to ensure that we will be able to maintain our advantageous position both now and in the future.

These activities are all taking place against the backdrop of the current zeitgeist, which has become hostile to many of our traditional institutions – including universities. Well-substantiated academic insights are depicted as one of many possible opinions and sometimes even as conscious attempts by “the elite” to distort the truth and manipulate society. Fortunately, not everyone takes this view of academic research and education, but the phenomenon is very much alive in our “post-truth” society. The most important challenge facing “Academia” is to restore society’s trust in academic integrity. A society in which the rationality of thought, research and teaching is unduly undermined would, as a result, become disconnected from the source of its wealth and prosperity.

However, restoring trust is easier said than done. At a time when the effects of globalization are giving rise to fear and uncertainty, it is more vital than ever for universities to show how rooted they are in the cultural history, everyday life and economy of the region in which they are located. The University of Groningen is the University of the North. Its role in that region is to help develop scenarios for new economic and social activities. A good example of this is the University’s involvement in the search for solutions to earthquake damage, but it has also launched initiatives to stimulate industry in the Northern Netherlands.

The Board of the University is convinced that if the University presents itself in this way, it will not only contribute to the development of the region, but will also offer a remedy to the perception that so many people hold – that academic knowledge is not for them.

There is no conflict between the University’s role in the region and the international nature of academic endeavour, contrary to what many people may think. Whichever way you look at it, academic studies are international. Academic knowledge emerges and flourishes in arenas where the best researchers in the world communicate and compete with each other. And academic education is education for young people who learn to feel at home in an international environment, who are able to get along easily with people from other cultures and who, during their studies, experience in real-life situations the value of reflecting on developments in their own environment from a different perspective.

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Following the discontinuation of preparations for transnational education in Yantai, the University of Groningen is currently evaluating the project. Together with all those involved at the University – the faculties, the departments, the University Council – we are reflecting on why this process ran the course it did. What went wrong? What did we do wrong? What can we learn from this experience? And how can we integrate these lessons into future policy and consultations? I believe these discussions on the subject are extremely valuable, and I am very pleased that none of the parties involved has come to the conclusion that the University must turn its back on internationalization. In fact, the University Council has clearly expressed its continued commitment to internationalization.

However, it is true that the University is "feeling the pinch" as a result of the growth in the number of international students in recent years and that we have to make choices in this respect. But one thing is certain: the University of Groningen will continue to offer its students an internationally diverse learning environment. And, of course, an environment which provides all the facilities required for good teaching and research. The University is spending a lot of money in this area: construction of the Feringa Building will start in 2019, the construction plans for the Faculty of Law are at an advanced stage and the Frisian campus, of which I was Dean for several years, has been able to relocate to the Beursgebouw – a beautiful location in Leeuwarden.

What can (and should) a university give its students? This question is perhaps the most important one that an educational institution has to ask itself, especially nowadays. Universities need to invest a great deal of energy in teaching their students – as future researchers, designers, intellectuals and managers – to live up to their role as connectors in this "disruptive" environment. For this to happen, it is first and foremost necessary for students and PhD candidates, once they have graduated, not only to have a great deal of knowledge, but also to be able to put that knowledge to good use and to have the right social skills to achieve that.

2019 is an important year for the Board of the University, and not only because we will be celebrating our 405th anniversary. On 1 October 2018, I became President of the Board of the University and in the course of 2019 the composition of the rest of the Board will also change – in a relatively short period of time, there will be a completely new Board. In recent years, the University has made great strides under the leadership of Sibrand Poppema. We are among the top 100 universities in the world, success rates have improved dramatically and the internationalization of teaching and research has become routine.

The new Board will be charged with the task of continuing this upward trend. At the moment, we are putting a lot of energy into preparing the Strategic Plan for 2020-2025. In this Plan, and in cooperation with the faculties and the consultative participation bodies, we will set out details of how we will respond to the major challenges facing teaching and research in the fields of internationalization, regionalization and digitalization.

Prof. Jouke de Vries
President of the Board of the University



1. Profile and Position



1.1 Strategy

The UG's Strategic choices are set out in the Strategic Plan 2015-2020.

1.2 Alliances and cooperation

The UG enacts their strategy with partners at various levels.

1.3 Alumni relations and fundraising

Alumni and other relations form an important target group.

1.4 Value chain and value creation

The UG adds value to society both directly and indirectly.

1. Profile and Position

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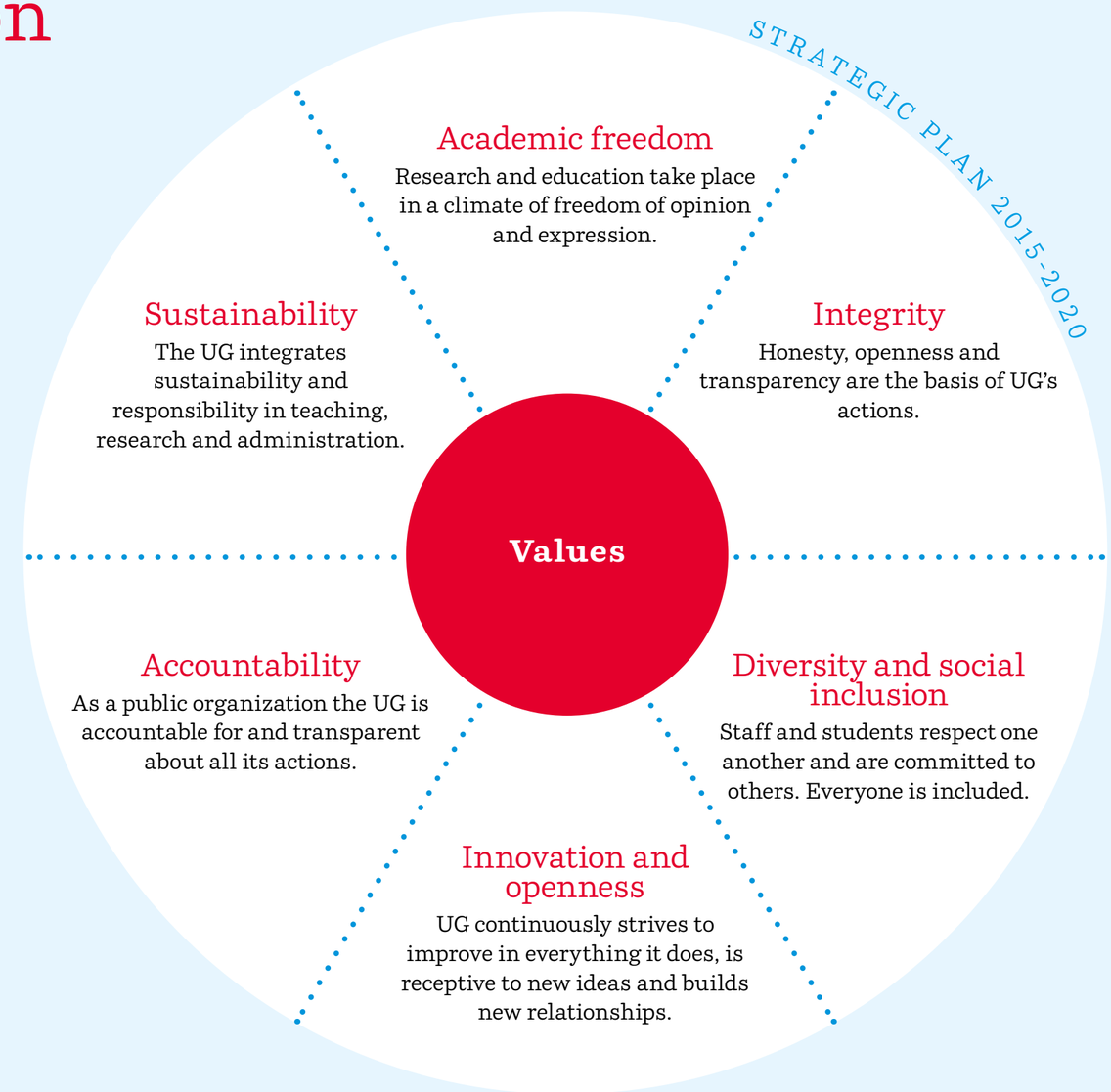
1.1 Strategy

The University of Groningen is an ambitious international research university with strong, thriving roots in the north of the Netherlands. The University creates and shares knowledge through outstanding research and education. With an academic tradition dating back to 1614 and a rich heritage, the University is a unique academic community with a strong sense of belonging and a culture of innovative teaching and research.

Research and education are driven by curiosity, and they tie in with the needs of the global community. Research at the University is based on powerful core disciplines. The University community in Groningen is convinced that exceptional teaching and research can only take place in a diverse academic community, consisting of many different nationalities and talents. The international character of the University is reflected in the way lecturers teach a diverse group of students.

The University's research, social impact and education are closely interwoven and take place in an environment which celebrates and promotes academic freedom. This encourages students to become active, independent, critical and responsible citizens of the world – people who can help to solve the academic and societal problems of the future.

A detailed overview of the University of Groningen's values, activities and ambitions can be found in the Strategic Plan for 2015-2020.



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1.2 Alliances and cooperation

University processes result in a continuous throughput of people and knowledge. In this regard, the University cooperates with an abundance of partners and is involved in major networks. The University maintains close relationships with institutions in pre-university education and higher vocational education for instance, from which many students proceed to university. In this context, the University also has many contacts with partner universities in the Netherlands and elsewhere.

In academic research, the University cooperates in numerous diverse partnerships with other knowledge institutions, public-sector bodies and businesses. The faculties themselves also invest heavily in extending and reinforcing their national and international networks to consolidate their profile and research base. In this regard, new academic partners, industrial partners and staff exchanges are being considered. Cooperation with economic and social partners is discussed in sections 4.3 and 4.4.

The Groningen Agreement

The University of Groningen is cooperating with the City of Groningen, Hanze University of Applied Sciences (UAS) and the University Medical Center Groningen (UMCG) in what is known as the "Groningen Agreement". Arrangements have been agreed regarding the facilities and positioning of Groningen as a City of Talent. Subjects include creating and attracting new knowledge-intensive businesses and knowledge initiatives, implementing traffic measures to keep various city locations accessible, student accommodation (for Dutch and international students), and IT facilities at city level. In 2018, there was a particular focus on bringing the Global Centre of Excellence on Climate Adaptation to Groningen. In addition, the agreement partners supported the Top Dutch Solar Racing team, consisting of students from the University of Groningen and Hanze UAS.

UMCG

The University Medical Center Groningen (UMCG) is the affiliation established on 13 January 2005 between the former Academic



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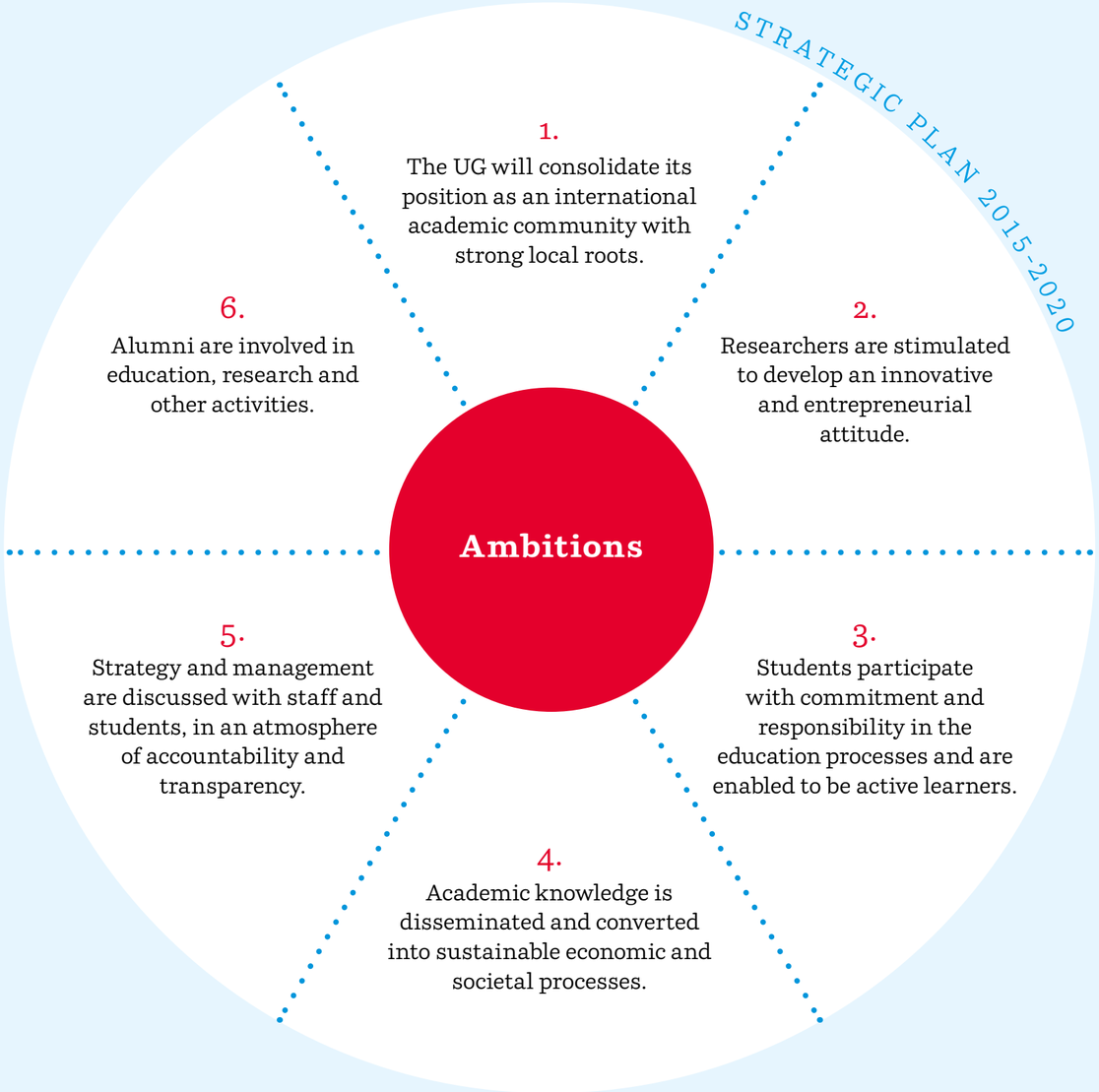
Hospital Groningen (AZG) and the Faculty of Medical Sciences of the University of Groningen. It was established according to the principle that the University would be responsible for teaching and research policy, while the academic hospital would be responsible for patient care, providing employment and specialist medical training. These tasks are inextricably linked. Within the framework of the UMCG, an integrated policy is followed for teaching, research, patient care and specialist training. During the establishment of the UMCG, AZG and the University of Groningen reached agreement on a financial arrangement. This arrangement was updated in 2018 and on 6 December 2018 it was approved by the Joint Policy Board, in accordance with Article 12.21 of the Higher Education and Research Act (WHW, Wet op het Hoger Onderwijs en Wetenschappelijk Onderzoek).

The UMCG-UG plan for 2018 was approved by the Joint Policy Body on 5 December 2017. This document sets out the coordination required between the academic teaching and research activities and the related patient-care and training tasks.

The Board of Directors of the UMCG approved the teaching programme for the 2018-2019 academic year, taking account of the staffing and logistical implications for the hospital section of the UMCG. Subject to certain conditions, that section provides the facilities required for clinical instruction, thus enabling the programme to be structured in compliance with the learning outcomes set out in the Training of Physicians Decree (Besluit Opleidingseisen Arts) pursuant to the Dutch Individual Health Care Professions Act (Wet op de Beroepen in de Individuele Gezondheidszorg – BIG).

Campus Fryslân

In September 2018, Campus Fryslân in Leeuwarden was able to welcome around 50 new students to three new degree programmes. Firstly, University College Fryslân (UCF) opened its doors, with the first cohort of over 25 students starting the BSc in Global Responsibility & Leadership. The second degree programme is the Master's in Sustainable Entrepreneurship, where students investigate



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a business case at a company in the region. And finally, the first cohort started the Governance & Law in Digital Society specialization, a track within the Master's degree programme in Law and Public Administration.

In 2018, five PhD projects were completed successfully at the University Campus Fryslân (the predecessor of UG/CF). At the end of 2018, the Graduate School had 17 regular full-time PhD students and nine external PhD students, a sharp increase compared to a year ago. This number will increase again in 2019.

Research at the Graduate School is organized around four main research themes ('flagships'): Culture, Language & Technology, Governance, Sustainable Economy and Food & Health and an overarching theme, Data Driven Science. In 2018, not all flagships had a chair or an associate professor position. The expectation is that these positions will be filled by the end of 2019.

In December, the final preparations were made for a broad regional partnership of knowledge institutes to boost data-driven research: Data Fryslân, in which the Data Research Centre of Campus Fryslân will also participate.

1.3 Alumni relations and fundraising

The Alumni Relations and Fundraising department is responsible for the University of Groningen's alumni policy, relationship development and fundraising. The department supports the Ubbo Emmius Fund, which raises funds for academic education and research at the University of Groningen.

Alumni policy

The University of Groningen has an active alumni and fundraising policy, which aims to increase the involvement of alumni in the University. This is achieved by keeping alumni informed about the University's activities, through written media and – more interactively – through Chapter meetings. Many alumni, young and not-so-young, play an active role in supporting our University. They give guest lectures, allow access to their network and knowledge or make donations to one of the Ubbo Emmius Fund's many projects.

Alumni and University relations also receive the free quarterly magazine "Broerstraat 5", which contains news from and about the University and its former students (circulation: 90,000). A reader survey showed that the magazine is well read and appreciated. In addition to the magazine, a growing group of international alumni and relations receive the Worldwide Newsletter.

There are active Alumni Chapters both within the Netherlands and elsewhere; a total of 23 (2017: 32) meetings were held in 2018. The structure of the Chapters has changed slightly; there is now more emphasis on the themes of Healthy Ageing, Energy and Sustainable Society and less on the specific research projects. This seems to be a success: in total, the meetings attracted 936 (2017: 847) alumni.

In the context of internationalization and the recruitment of international students, in 2018 16 international students from 15 different countries were trained as ambassadors of the University. As volunteers, these International Alumni Ambassadors help with activities such as recruiting prospective students in their home countries. They also provide support and assistance to international students in the Netherlands.

Early on in the degree programme, A&F tries to create a bond with students and to make them aware of the importance of alumni for the University. As such, A&F also attends student events, such as the KEI, and students are given the opportunity to crowdfund their own specific projects. A Welcoming Party is also held for all first-year students, and this year 1,151 students attended.

Fundraising

In 2018, A&F launched several fundraising campaigns for the UEF, which combined a range of approaches, such as telephone campaigns (the Alumni Desk), crowdfunding (www.rugsteunt.nl) and writing to funding bodies.

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In 2018, 2,834 (2017: 2431) unique donors sponsored University of Groningen projects. In total the University received 4,248 (2017: 3545) donations. The University also received a special donation from a donor who wishes to remain anonymous, but who donated € 400,000 towards research into the migration behaviour of godwits being carried out by Prof. T. Piersma's team at FSE.

1.4 Value chain and value creation

Knowledge is one of the University's most valuable products. In this light, the processes of education/talent development, research and societal impact can be seen as the transfer, development and dissemination of knowledge respectively. In the research process, existing knowledge is continually developed and expanded, partly with the aim of helping to resolve major global challenges. In the education process, lecturers transfer knowledge to students, colleagues, and other interested parties. The value that students acquire during the course of their studies at the University – in the form of knowledge, skills and insights – will afterwards benefit society as a whole.

The knowledge present within the University is made available to society in general (outside of the immediate academic community) in many ways. The University thus transfers knowledge in many ways, making it useful and practicable for society at large. This enables everyone to benefit from it, either directly or indirectly. We also have an equally substantial impact on society as the result of the University's various partnerships with many different parties. Especially in the field of research, the University is a partner in numerous centres and consortia of businesses, other universities and public-sector bodies that bring together the knowledge and expertise of the various participating organizations. By contributing knowledge, the University drives innovation and economic activity, both in our own region and elsewhere.

Scope and delineation

Usually, university processes need some time to come to fruition. The direct results of teaching can be measured by factors such as pass rates and the number of degrees awarded. Our graduates also make a huge contribution to society in the long term, but this is more difficult to assess. This is also the case with research, especially if it is of a fundamental academic nature. Short-term results can be seen in the number of PhDs awarded and the number of publications, prizes and citations in specialist journals. Here, too, social relevance only becomes evident in the long term.

The same applies to the indirect and direct effects of social impact; quantitatively, these are difficult to measure and, moreover, they usually only become noticeable and measurable after a longer period of time. This makes it relatively difficult to give a full account of the University's activities and achievements in financial terms for the defined period of one year. In addition, rather than focusing on one or more specific sectors, the University addresses society as a whole.

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Value creation in 2018

INPUT Investment	ACTIVITY Execution of core tasks and production	STAKEHOLDERS Target groups and stakeholders	OUTPUT Direct result	OUTCOME Indirect result	IMPACT Long-term effect
- 6,113.4 FTE staff - € 670 million in turnover - € 457 million in wage costs - approx. 42,500,000 kWh of electricity - approx. 8,000,000 m^3 of gas - approx. 140,000 m^3 of water	Research - graduate schools - research schools - 11 faculties	- 3,365 FTE academic staff - 2,219 PhD students - 788 PhD scholarship students	- 507 PhD ceremonies - 9,000 publications - 22 NWO grants - 7 ERC grants - discoveries / insights - advice / information	- boost to regional economy - transfer of knowledge to society	- Healthy Ageing - Energy - Sustainable Society - contribution to well-being - contribution to prosperity - economic progress - problem solving
	Education - Bachelor's degree programmes - Master's degree programmes - Honours programmes: - 11 faculties	- 31,515 students - 1,701 guest students	- 4,030 Bachelor's degrees conferred - 4,195 Master's degrees conferred	- flow of professionals into the labour market - increase in economic and social productivity - increase in informed and responsible citizens	
	Other exchanges of knowledge - 52 winter and summer schools - Children's University - Centre for Public Engagement - Studium Generale - Pre-University Academy	- 1,488 participants - pupils - interested persons - primary school children - prospective students	- degree programmes - readings - lectures - MOOCs - debates - symposia - exhibitions	- knowledge accumulation - informed citizens - responsible citizens - contribution to culture	
	Valorization - Northern Knowledge - Science Shops - various initiatives - fundraising	- government and industry - 90,000 alumni - relations - partners and consortia - deans of industry relations & entrepreneurship	- 16 patent applications - 6 start-ups - € 143.5 million in contract teaching and research	- entrepreneurship - innovation - employment - economic investments - development cooperation	
	HR policy - talent development - health policy - social policy	- 8,500 staff - 13,616 applicants	- 23% female professors (+ % point) - 63 participation jobs	- equal rights - employment - contribution to Participation Act - reducing sick leave	- gender equality - emancipation - contribution to well-being - contribution to prosperity
	Building policy	- construction companies, craftsmen, subcontractors	- housing - quality improvement	- employment - economic investments - protection against earthquakes	- contribution to prosperity - embellishment of living environment - business climate
	Environmental policy - energy conservation - improving sustainability	- Green Office - staff - students - visitors	- 34 ktonnes of CO_2 (reduction of 51% compared to 2015 - waste separation 53% - renewable energy production at UG at 17% - courses	- green awareness - energy conservation	- energy transition - protecting the environment

2. Research



2.1 Fundamental research

Strengthening our ground-breaking fundamental research base.

2.2. Social themes

Continuing to invest in fundamental research related to the social themes of Energy, Healthy Ageing and Social Involvement.

2.3 Research environment

Creating a transparent and well-facilitated research environment.

2.4 Quality assurance

Stimulating emerging research areas across the boundaries of disciplines.

2. Research

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The University of Groningen is one of the top research universities in Europe. This success is due to the innovative application of fundamental research to resolve both societal and interest-driven issues. To this end, the University participates in many national and international research programmes. Groningen-based researchers collaborate with colleagues all over the world on a daily basis. This approach reflects the University's research mission, which is to stimulate and carry out solid and excellent research, thus contributing to:

- The functioning and well-being of society at local, national and international levels, by creating insights, breakthroughs and innovations in academic studies and by focusing on current social issues
- The best training for students, by bringing them into contact with the latest and most innovative research in their discipline.

At the end of 2015, the University's Strategic Plan for the period 2015-2020 was adopted. The Plan is the basis for the University's current policy and objectives. In terms of research, it focuses on:

1. Fundamental research
2. Social themes
3. Research environment
4. Quality assurance

Together with the faculties, we made a start on formulating and initiating concrete activities aimed at these objectives and on attaching quantitative parameters to them. One of these activities was the implementation of the Investment Agenda, specifically in anticipation of the Strategic Plan.

2.1 Fundamental research

Investment Agenda

In 2014, the Board of the University decided to draw up an Investment Agenda in order to reinforce our teaching and research, with the emphasis on research. The sum of € 35 million has been reserved for implementing the Investment Agenda, and 28 Faculty Plans have been formulated in detail. The implementation of these plans commenced in September 2015.

The plans have the following general goals:

- The realization of clear and attractive faculty research profiles for researchers, students and external parties – by more effectively identifying relevant themes for long-term faculty research and by appointing additional staff
- Collaboration with other faculties and/or disciplines and the strengthening of fundamental research into the University's society-oriented themes
- Raising the profile of the Master's programmes by more closely aligning them with the envisaged research profile and research strengths, and by increasing teaching capacity to facilitate modern and contact-intensive teaching in line with the University's vision for education.

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Results of the 2018 Investment Agenda

The reports for 2018 show that both the ongoing educational activities and efforts to strengthen research are still not achieving the projected results. In addition, various projects once again experienced delays due to tendering procedures and to problems in recruiting staff. Since the structural embedding of projects is based on these results from education and/or research, it remains to be seen whether the projects will be continued after the end of the Investment Agenda. For most projects, the investment agenda comes to an end in 2020. Internal discussions on this matter are currently taking place.

Talent policy

To reinforce its research, the University devotes particular attention to talent policy, from the Research Master's stage to professorships. This is done at both University and faculty level. Key aspects of this policy include the Tenure Track programme, the Rosalind Franklin Fellowship, the new PhD Scholarship Programme in the Graduate Schools, the Young Academy Groningen and the Dean of Talent Development.

PhD Scholarship Programme

On 1 September 2016, the University launched a programme for up to 850 PhD scholarship students in the context of the Ministry of Education, Culture and Science's (OCW) PhD Scholarship Programme Experiment. These students will enter the programme over the course of a five-year period. As of 31 December 2018, a total of 798 students had started the PhD Scholarship Programme. By the end of December 2018, 18 PhD scholarship students had dropped out of their programme, which means that at the end of year 780 PhD scholarship students were working on their PhD projects.

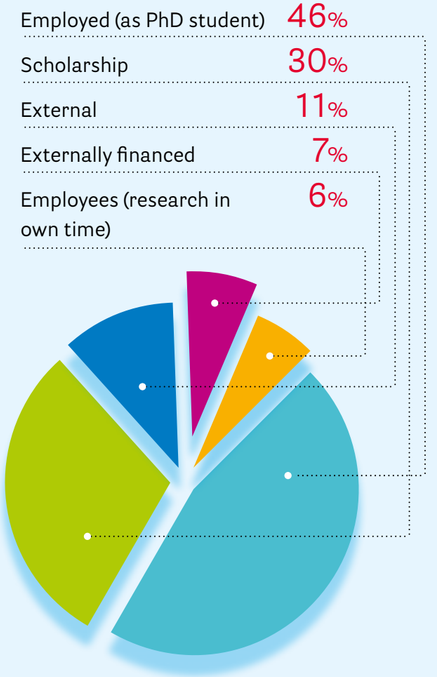
Over the entire course of the programme, approximately 60% of the PhD scholarship students have received a full scholarship. The other 40% are international PhD scholarship students who have a scholarship from their home country and receive a "top-up" grant within the PhD programme, which gives them a net income comparable to that of PhD students with a full scholarship. The scholarship payment method chosen by the University of Groningen guarantees all PhD scholarship students, including those with a "top-up" grant, proper integration in the Dutch social system. Key aspects of the PhD Scholarship Programme are that PhD scholarship students can choose their own supervisor, write their own research proposal and that they are offered a customized teaching programme (the Career Perspectives Series) which prepares them for a career after their PhD, within or outside the world of academia.

In September 2018, a second survey was conducted among all first-year PhD students. In combination with the results of the previous year, it appears that PhD scholarship students are just as satisfied on almost all points as other PhD students, but that they are less satisfied with their income. Furthermore, they do not see it as an advantage that they do not have to teach. PhD scholarship students indicated that they feel just as valued as other PhD students and that they are treated in the same way.

Young Academy Groningen

The Young Academy Groningen (YAG) was established in 2015. The YAG is a select group of young, talented and more widely oriented academics at the University of Groningen. The objective is to train and develop young academic talent for management tasks, to develop and strengthen the University's public activities ("outreach"). In 2018, the YAG also welcomed eight new members, taking the total to 30.

PhD Students' Categories



PhD Students

	2018	2017	2016	2015
Influx	795	782	666	591
PhD Ceremonies	507	502	535	501
Dissertations cum laude	31	25	21	27

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The YAG midterm evaluation that took place in 2018 was positive. The Board and the faculties recognize the clear added value of the YAG when it comes to expressing the opinions of the group of young academics at the University. Moreover, the YAG plays an important role in strengthening the cooperation between the different disciplines within the University. The YAG will be actively involved in shaping the strategy of the University and its faculties.

Dean of Talent Development

In order to support talent in the continuous learning pathway from junior researcher to senior researcher, a "Dean of Talent Development" was appointed in 2011. Together with a support team, the Dean is involved in applications for personal research grants and nominations for prestigious memberships and prizes. In 2018, TD 3.0 (a follow-up phase to this Talent Development programme) was set in motion, involving more support being provided directly to academics in the faculty.

2.2 Societal themes

In cross-disciplinary research, the boundaries between classical disciplines are torn down. This is not only required to obtain fundamental insights, but also to find innovative solutions for today's societal challenges. In the years to come, the University plans to invest more in this type of research, both for the above reasons and to increase the impact of our three focus areas.

In 2018, following an extensive internal discussion, it was concluded that the most appropriate organizational structure for the three social themes would be a bottom-up approach, as this would provide a real boost to these themes. This has since been implemented for the Healthy Ageing theme, via the Aletta Jacobs School of Public Health. The development of a similar structure is still underway for Sustainable Society, although a scientific director has since been appointed. The situation with regard to the Energy theme is somewhat different because the New Energy Coalition, in which the University of Groningen participates, also plays an important role in the implementation of the theme. The New Energy Coalition, which was launched in 2018, is the result of a merger between Energy Academy Europe, Energy Delta Institute and Energy Valley. The past year was used to redesign the collaborative venture between the Groningen Energy & Sustainability Platform (made up of University of Groningen scientists involved in energy education and energy research), the faculties involved and NEC, just like the University's own initiatives. In addition, the University is active in the Global Centre on Adaptation, which is an extension of the Energy theme.

In the coming year, we will look at how these initiatives are developing and whether they are having the desired impact on the social themes. In order to show appreciation for researchers' efforts in this area, a University of Groningen Impact Award will also be presented to a student and a staff member in 2019.

2.3 Research environment

Proper facilities for researchers and an open setting in which to work are key preconditions for carrying out research. As the University attaches great importance to sharing knowledge and ensuring that such knowledge is gained in an ethical way, it is committed to Open Access, Research Data Management, and Academic Integrity. In that light, we actively support our researchers by creating the requisite infrastructure, such as PURE (the University's research information system), the Research Workspace, the Research Data Office and the Data Federation Hub. The faculties are also providing support, which includes faculty funding officers, ethics boards and the drafting of additional guidelines.

Open Access / FAIR data

In 2018, the University expanded and further professionalized its support for Open Access. This included the appointment of project leaders at the University Library (UL) and the Central Medical Library who, in addition to providing better support to researchers at the University, are also closely involved in national and international initiatives and exchanges. For example, the University has joined the

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Dutch “Taverne project” in which researchers are encouraged to make their publications available to the public almost immediately, via their own institutional repository. The University of Groningen Press also supports editors in the publication of digital learned journals, which should preferably be Open Access. The pursuit of FAIR data as stated in the University of Groningen’s research data policy (2015) is being put into practice in the form of easy-to-find research data via PURE and data repositories such as DataverseNL.

PURE

The PURE research information system, which was introduced in 2014, now provides most faculties with the research data they need to draw up reports on the quality assurance of research, according to the Standard Evaluation Protocol (SEP) and the national Key Figures for University Research (KUOZ). In 2018, aspects such as the activity module were renewed in order to better fulfil the SEP criterion of Social Relevance.

Research Impact Support

In 2018 the Research Analytics Alliance project, which was launched in 2017 by the University Library and the Research & Funding strategy department, was expanded to include a second project leader. That individual’s primary focus is “Altmetrics”, i.e. bibliometric indicators other than the traditional bibliometric indicators that are geared towards academic impact. The main aim of the project is to deepen the expertise of the various benchmark systems and to disseminate it to all faculties. In its first year, the project focused primarily on the responsible use of InCites/WoS and SciVal/Scopus, in 2018 Altmetric.com was added as an online tool.

2.4 Quality assurance

Method

The University of Groningen’s research has an excellent international reputation. In order to maintain this level, our research is assessed every six years by a Peer Review Committee (PRC; a committee of external experts), in addition to interim self-evaluations known as Mid-Term Reviews (MTRs). During these evaluations, the 28 research institutes primarily responsible for the University’s research are assessed in terms of quality, societal relevance, viability, management and leadership. These assessments are fully in accordance with the national Standard Evaluation Protocol (SEP).

Evaluations in 2018

In 2018, Mid-Term Reviews were carried out of all five SEP institutes of the UMCG, of the FSE institutes GRIP and JBI (including the former ALICE for Artificial Intelligence) and of SOM (FEB). The PRC reports were also published with the national SEP assessment of the Heymans institute (Psychology, scored “very good” on all three SEP criteria) and the local assessment of the Centre for Religious Studies (scored “very good to excellent” on quality and “excellent” on Social relevance and Viability). The UCW approved the official responses from both faculties to all four PRC reports.

2.5 Results

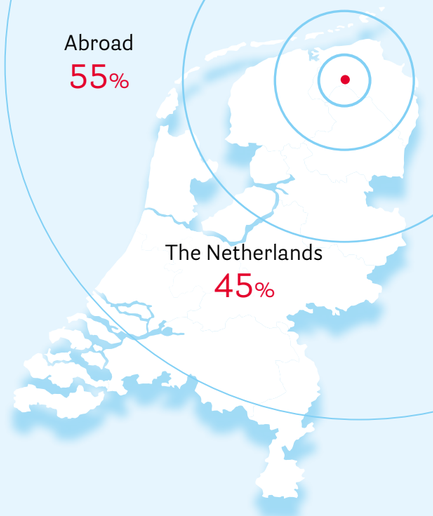
PhD students

In 2018, 795 students were admitted to a PhD programme (2017: 782). The average intake between 2011 and 2015 was 670 PhD students per year. The start of the PhD Scholarship Programme on 1 September 2016 has, to some extent, led to an increase in intake. Since 2015, the percentage of international students starting PhD programmes has increased from around 50% to around 55%.

In 2018, a total of 507 PhDs were awarded (2017: 502), of which 31 were “Cum Laude” (2017: 25). Since 2015, the number of PhD ceremonies has remained at just over the 500 mark, representing between 10% and 11% of all the PhDs awarded throughout the country. The PhD Scholarship Programme is expected to raise the number of successful PhDs to around 600 per year in the future.

Since 2013, the University of Groningen has been working with the Fargeau company to develop Hora Finita, a registration and monitoring system for PhD students. All PhD students at the

Origin of PhD students



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University, including the external PhD students, are registered in this system in good time, are enrolled at one of the faculty Graduate Schools and draw up a Training & Supervision Plan (TSP). In 2018, the percentages of the various types of PhD students at the University of Groningen were as follows: PhD candidates with employee status 46%, staff members studying for a PhD 6%, PhD scholarship students 30%, externally funded PhD students (including HBO lecturers) 7% and external PhD students (no time or money provided for the PhD) 11%.

In September 2018, the University of Groningen introduced a new set of PhD regulations, including the new regulations for the ius promovendi for associate professors, and amended articles on data policy.

Individual researchers

In 2018 as in previous years, University of Groningen academics received major grants and prestigious prizes and were elected as members of key academic communities. A selective list of these can be found in the appendix.

In that same year, under the NWO's Innovational Research Incentives Scheme, the University of Groningen was awarded 8% of the VENI grants, 11% of the VIDI grants and 11% of the VICI grants. Given the targeted national market share of 10%, the University's performance in terms of VENI grants was reasonable, while in terms of VIDI and VICI grants it was good.

The University and the UMCG were awarded eight prestigious grants from the European Research Council: four Starting Grants (9% of the total awarded to the Netherlands), two Consolidator Grants (11%) and one Advanced Grant (7%). Here, too, the University more or less achieved its target market share.

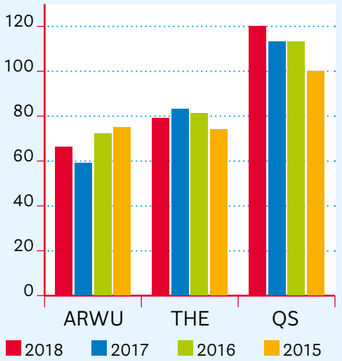
EU projects within Horizon2020

In 2018, 43 new H2020 projects were launched. In the same year, University and UMCG researchers were involved in 16 projects within the Seventh Framework Programme and in 174 projects within the Horizon2020 programme. Of these H2020 projects, 113 were Pillar-1 projects, (including ERC, Marie Skłodowska Curie Actions). The University or the UMCG acted as coordinator for 18 consortium projects within Horizon2020.

Reputation

For several years, the University of Groningen has been ranked in or near the top-100 universities in the most influential global ranking lists. In the past year, the University was ranked 66th in the most authoritative ranking, the Shanghai ARWU ranking. In the Times Higher Education ranking the University is in 79th place, while it is 120th in the QS ranking.

International Ranking



Grants by the European Research Council and NWO's Innovational Research Incentives Scheme

	2018	2017	2016	2015
ERC Starting Grants	4 / 9%	5 / 14 %	4 / 14%	2 / 3%
ERC Consolidator Grants	2 / 11%	3 / 12%	1 / 3,5%	2 / 6%
ERC Advanced Grants	1 / 7%	2 / 11%	2 / 9,5%	2 / 11%
Veni Grants	12 / 8%	16 / 10%	9 / 6%	21 / 13%
Vidi Grants	9 / 11%	6 / 7%	9 / 10%	7 / 8%
Vici Grants	4 / 11%	4 / 12%	2 /6%	6 / 14%

* Target: 10% at least, being the UG's market share in the Netherlands

3. Education



3.1 Active learning

Creating an academic and social environment where students are actively involved in their own learning process and the focus lies on learning and developing their own talents.

3.2 Social inclusion

Exchanging, creating and integrating knowledge in an innovative, tight-knit academic community that is renowned for its excellent teaching and strong motivation among students.

3.3 Research-driven

Delivering top-quality teaching that is based on our research qualities and enables students to study and work at the frontiers of knowledge.

3.4 Internationalization

Intensifying the international nature of the academic community in order to enable staff and students to work together with people from different cultural backgrounds and thus develop a global perspective.

3.5 Preparation for the labour market

Imparting to students the skills, attitude and knowledge they need to successfully compete in the international job market.

3. Education

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The Strategic Plan for 2015-2020 is the guiding principle that underpins the education-related themes in this section. Progress in these areas is discussed once a year in the Administrative Meetings between the Board of the University and the Faculty Boards. Assessments are based on performance indicators and other criteria. The five education-related themes are:

1 Active learning

2 Social inclusion

3 Research-driven education

4 Internationalization

5 Preparation for the labour market

This section also includes subsections on the quality assurance system and its results in 2018 (3.6) and on the use of the funds awarded to the University under the Higher Education Student Loan Act (3.7).

3.1 Active learning

The Strategic Plan emphasizes the usefulness of innovation, and encourages staff and students to use innovative modes of instruction and techniques for active learning. Both at University and at faculty level, 2018 saw many initiatives aimed at lecturer professionalization and at making lectures more interesting, more engaging and more effective. The participation of students in their own education is being encouraged by the more intensive use of methods and tools such as e-learning and formative assessment.

E-learning

In 2018, e-learning projects and pilots were introduced or expanded both at faculty level and throughout the University. The central budget for e-learning project calls for the 2017-2018 academic year amounts to approx. € 800,000. The aim of the e-learning pilots is to use digital tools to enrich educational opportunities and thereby stimulate active modes of instruction, in line with the University's Strategic Plan. For instance, the pilots address issues such as lesson preparation in the digital learning environment prior to lectures (Perussal), communication skills training (Training tool), mathematics training (Sowiso), peer review by students for written assignments (Peerceptiv) and interaction during lectures (Mentimeter). The University's lecturers are making increasing use of a range of tools; details of the results and activities will be further disseminated and developed in the coming years. Projects are monitored and adjusted, based on factors such as evaluations of the project call.

The Association of Universities in the Netherlands (VSNU), the Netherlands Association of Universities of Applied Sciences and SURF have drawn up a national Acceleration Agenda for IT-based teaching innovation. At the end of 2018, this agenda was developed into a four-year Acceleration Plan to promote knowledge sharing and cooperation between institutions. The Acceleration Plan covers eight themes/zones, each of which has been assigned an acceleration team to work out the details. The University has enlisted CIT/ESI staff members to form acceleration teams for Zone 4: Digital learning tools and Zone 5: Safe and reliable use of study data. These zones are in line with the investments and initiatives that are already under way at the University.

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Professional development of lecturers

The University promotes the permanent professional development of its lecturers through the University Teaching Qualification (UTQ), Senior Teaching Qualification (STQ) and Educational Leadership (EL) programmes. The EL is offered by the Centre of Excellence of University Teaching at Utrecht University. In 2018, eight University of Groningen Educational Leaders successfully completed the Educational Leadership programme, 16 senior lecturers and educational administrators were awarded a certificate for completing the STQ. In addition, more than 110 UTQ certificates were issued. The percentage of academic staff with a UTQ certificate is now 84%. In addition, in close collaboration with the Graduate School of Science, the Start to Teach training programme is offered to PhD students four times a year. There are 10 to 24 places available for each cohort.

The quality of lecturer professionalization is also monitored, as it is an important factor in terms of teaching quality. The University of Groningen, alongside the universities of Utrecht, Leiden and Twente, participated in the VSNU peer review in this field. The quality assurance of the UTQ at each institution and the organization of professional development for lecturers beyond the UTQ were discussed at a work conference attended by lecturer, student, teacher trainer and policy officer representatives. Based on the results of the peer review, the University has drawn up an inventory of its own strengths, areas for development and the consequences for its policy and facilities. The University of Groningen features in the VSNU's final report on the Professional development of lectures at universities: The UTQ and beyond (May 2018). This report, which cited the University's Lecturer Professionalization committee as a good example of quality assurance, was presented during the VSNU Education Festival.

Testing, feedback and study progress

The general principle underlying the University's assessments is that the content and nature of tests must guide students' learning behaviour. The University's Assessment Policy and Assessment (2014) was implemented throughout the period from 2013 to 2018. Developments in the field of legislation and formative and digital testing led to the Board of the University appointing a committee of experts in July 2018 to evaluate the current policy and, if necessary, to revise it. Recommendations on this matter are expected in the spring of 2019.

In 2018, three peer review sessions were held for members of the Boards of Examiners, as well as an annual training day. The peer review sessions and the training day, which were attended by 40 and 60 members respectively, will be continued in 2019. The topics for these sessions are put forward by the Board as well as by the faculties and degree programmes. These include the Higher Education and Research Act (WHW – Wet op het hoger onderwijs en wetenschappelijk onderzoek) , Special circumstances and functional impairment, Differences between objections and appeals, Quality assurance of assessment programmes by the Board of Examiners, Cheating and plagiarism and Boards of Examiners and the GDPR. Within the current Digital Testing 2020 project, pilots are being carried out into more authentic ways of testing, making completed exams available digitally and digital testing for students with

	2018	2017	2016	2015
UTQ	110	120		
Percentage of UG teachers with UTQ	84%	86%	85%	80%
STQ	16	9	13	
IL programmes	8	8	6	

	2017/18	2016/17	2015/16
Incoming exchange students	1701	1552	1377
Outgoing UG students	1374	1309	1334

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disabilities. In order to reduce the demand for examination desks, efforts are being made to increase the number of examination slots (2019-2020) and to physically expand the Aletta Jacobs Hall (2020).

3.2 Social inclusion

International Classrooms

The University wants to be a close-knit academic community where staff and students feel involved and where they continuously learn from each other. Diversity in disciplinary, social and cultural backgrounds is conducive to this. By acquainting themselves with diverse perspectives, staff and students get to develop and make the most of their talents.

In June 2018, a plan for the University-wide implementation of the International Classroom was adopted. Subsequently, a start was made on compiling an inventory of all faculties' ambitions, visions, goals, and activities that have already taken place and of those that are still to be planned. This process is being supported by the IC project team through workshops with various stakeholders at all faculties. The requisite support and resources are important points for special attention in this inventory. In June 2019, a University-wide plan for the period up to 2025 will be adopted. This plan will also include criteria and structures for monitoring and evaluation. In the next strategic planning period up to and including 2025, the International Classroom will be further developed and implemented at all faculties. The University's ambition is to link the International Classroom and educational practices even more closely to its vision on education and internationalization policy, thus enabling the International Classroom and internationalization to contribute to the quality of education.

The University of Groningen coordinated the Erasmus+ EQUiiP project (see www.equiip.eu) between 2016 and 2019. Seven European universities cooperated on the design of five modules to promote the professional development of educational developers and teacher trainers, to support lecturers who are involved in international programmes. The modules were tested in May 2018 during an intensive one-week international Summer School at the Université de Bordeaux and again during a Winter School at the Universidad Complutense de Madrid in January 2019. The EQUiiP programme will be further adapted on the basis of extensive evaluations and will be launched on an online platform in June 2019 during the closing conference at the University of Freiburg. It is expected that the practical application of EQUiiP at the University of Groningen will be based on the International Classroom inventory for 2018-2019 and that, in the future, the EQUiiP modular programme will be one of the most important tools for supporting and ensuring quality, in terms of the internationalization of teaching practices at the University of Groningen.

Matching students and degree programmes

The Pre-University Academy stimulates and supports the exchange of knowledge and skills between Dutch primary and secondary education and academics at the University of Groningen. This is achieved by forging links between secondary education and the university world, primarily focusing on the Northern Netherlands. However, the Academy also reaches students and teachers all across the globe through its online activities.

In the course of various activities, teachers and pupils learn to value academic knowledge and techniques (academic wisdom). They also expand their knowledge and academic skills and become acquainted with academic language and culture. In this way, the Academy helps to create support for the academic world, to share the knowledge and skills of academic staff, teachers and pupils and to develop aspirations.

Through these educational activities, academic staff share their knowledge and skills with a section of society and discover something about these individuals' questions, needs, knowledge and skills. The experience and knowledge gained benefit the research carried out by these academics, as well as the education they provide.
The Academy develops these links between secondary education and the university world, in collaboration with teachers and academics. This results in activities (@school, @RUG and online) in

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which current academic research at the University of Groningen is translated into the language and context of teachers and pupils (in primary and secondary education). The activities are both activating and productive. Last year, more than 17,500 pupils and teachers participated in the various @RUG, @School and online activities.

Academy staff help academics to set up, organize and implement academic education projects for teachers and pupils at primary and secondary schools. To this end, the Academy manages and supports an extensive network of teachers in the Northern Netherlands. In the past year, the Academy has supported more than 100 academics with their knowledge-sharing projects for primary and secondary schools. In the coming year, these activities will be expanded further still, using smart organizational practices to enable the available resources and staff to reach even more pupils and teachers. The “academic skills” continuous learning pathway will be expanded to include Junior MOOCs for primary and secondary education. In cooperation with the teacher-training programme (EVN-RUG) and Science LinX, the range of activities for secondary school teachers will be further expanded to promote the link between secondary education and the University of Groningen even more effectively.

Web classes, matching and decentralized selection

Prospective students from around the world were given an opportunity to get to know the University of Groningen online, via web classes. Around 425 potential international students took part. Faculties can choose to use web classes for the matching procedure. All prospective students are entitled to participate in matching activities. As of the 2019-2020 academic year, participation in matching activities is no longer compulsory throughout the University. For a period of three years, the Faculty Boards have determined whether participation in matchmaking activities will remain an obligatory component of the application procedure. Participation in matching activities will continue to be compulsory at the following five faculties: Law, Behavioural and Social Sciences, Science and Engineering, Philosophy and Human Movement Sciences (Medical Sciences).

All faculties have appointed a matching coordinator for the implementation of the new matching policy. In order to ensure that prospective students know what is expected of them, we have created a University-wide matching portal. Here, students can see at a glance the programme (or programmes) for which they have applied, the programmes where matching is compulsory, and details of the available matching activities.
The application deadline will remain the same for all prospective students (1 May).

The following faculties used a decentralized selection procedure in 2018: the Faculty of Medical Sciences (FMW), the Faculty of Arts (FdL), and University College Groningen (UCG). As of 2019, decentralized selection will be reintroduced at the faculties of Behavioural and Social Sciences (BSS) and Economics & Business (FEB), and it will be introduced (for the first time) at the Faculty of Science and Engineering (FSE).

Language and culture policy

The year 2018 was marked by a broadening and deepening of the language and culture policy. The faculties and service units recognize the importance of the policy and are building upon the foundations that were laid in 2017 with in-depth English and Intercultural Competence (IC) courses. An updated language policy provides guidelines for communication and the code of conduct for the use of English as the language of instruction. More attention is being paid to language and collaboration in the workplace. Students are also being given more and more opportunities to develop in the field of English and IC, through both intra- and extra-curricular activities, including courses specially designed for the boards of study associations. International students also have the opportunity to take free Dutch courses and international staff are encouraged to develop a good command of Dutch.

Many of the original plans will be finalized in 2019. Faculties and service units will focus on embedding the policy after 2019. The ‘best practice’ meetings and master classes in the field of language and culture policy offer opportunities for networking, knowledge

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development and the sharing of ideas and experiences. The Nestor page supports this exchange.

Differentiation / excellence

The Board of the University strives for sufficient differentiation in the range of degree programmes for students. The Bachelor's phase offers a choice of monodisciplinary Bachelor's programmes alongside broad, interdisciplinary Bachelor's programmes. The latter include the Liberal Arts & Sciences degree programme offered by University College Groningen (since 2014) and the Bachelor's degree in Global Responsibility and Leadership offered by Campus Fryslân, which started in 2018.

The University of Groningen attaches great importance to giving students the opportunity to explore and use their interests and talents. Since 2005, the University has been operating a system of Minors, which has been adjusted a number of times following the results of evaluations. A large and growing group of students use their Minor to do a placement or to take course units abroad. As a result, the balance between supply and demand is currently out of kilter. For this reason, the Minors will be re-evaluated in 2019.

Since 2009, Bachelor's students with above-average results and/or sufficient levels of motivation have been able to follow an additional, extracurricular programme at the Honours College (worth 45 ECTS credit points) in addition to their main degree programme. Every year, around 325 students start the HC Bachelor's programme. In 2018, the Honours programme was evaluated by an external peer review and was assessed as "good". The Master's phase offers a choice between a regular Master's programme, a selective Master's programme, including all Research Master's, and a Master's in Education. In addition, there is the option of taking a combination with an Honours Master's programme. Around 100 students start this programme every year. The unifying theme for the Honours Master's programmes is Leadership.

Studying with a functional impairment

In 2017, an evaluation commenced, taking into account signals from students, study advisors, student counsellors, lecturers and other parties involved, and resulted in the development of a new policy plan in 2018. Key points of this plan include the improvement of information and the provision of information, the expansion of central support via the Student Service Centre with extra student counsellors and student psychologists, the standardization of procedures and the training of student advisors and lecturers. In 2019, a project leader will be appointed to accelerate the implementation of the policy plan.

The Advisory Committee for Students with a Disability (ACF) monitors and advises on existing and new policy and on signals from the NSE. In the National Student Survey (NSE) for 2018, the level of appreciation for this support (theme score for functional impairment) was greater than in 2017. However, the level of appreciation at other Dutch universities seems to have risen more sharply. By implementing the policy plan, which is in line with signals from the NSE, the University is striving to improve on this score.

3.3 Research-driven education

In 2018, too, the intertwinement of teaching and research in all phases was the basis for all academic teaching at the University. All degree programmes, including our Summer and Winter schools, are based on research. In the Bachelor's and Master's degree programmes, there is a strong focus on teaching and practicing research skills. Students gradually hone those skills until they have mastered them at a high level and can perform them independently, which is reflected in the writing of an academic Master's thesis. At the University of Groningen a high percentage of researchers with a PhD teach course units and incorporate recent research in their teaching. As a rule, our best researchers also participate in our degree programmes. Students are also often involved in current research projects. In addition to the focus areas of Healthy Ageing, Energy and Sustainability, we also try to find connections with current societal issues wherever possible. The "University policy on interwovenness of teaching and research in the Bachelor's curriculum" will be evaluated in 2019.

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3.4 Internationalization

Internationalization policy

The quality of graduates and degree programmes benefits from internationalization. The Strategic Plan sets out the required course. Strategic projects such as the International Classroom, Language and Culture Policy and Summer/Winter Schools focus on the development and diversity of educational programmes and competences.

Partnerships with foreign institutions facilitate the mobility of students and staff and lead to joint projects for curriculum development, capacity development, digitization, educational innovation and entrepreneurship.

Yantai branch campus

In 2015, the University, together with the China Agricultural University of Beijing, started working on the development of a branch campus in Yantai. In early 2018, the Board of the University decided against applying to the Ministry of Education, Culture and Science for permission to establish a branch campus offering several University of Groningen programmes in China. The Board had not received enough support for the plan, and observed that the consultations about Yantai had not gone smoothly in the preceding years. The plan gave rise to heated discussions within the University. The fundamental principles of the plan were debated, but the final deal-breaker was the University Council's practical evaluation of the plan: too top-down, too expansive, too fast and too uncertain in terms of risks and opportunities.

The Board then explored possible alternatives for collaboration with the Committee of Deans, the Supervisory Board and the partners from the CAU. Such partnerships would cover research activities (joint research centres, double degree PhD programmes, research with industry) and related teaching activities (double degree, exchange and small-scale 3+1 programmes). In addition, as a prelude to the 2020-2025 Strategic Plan, the Board intends to consult the University community about the University's internationalization strategy. This is in response to the intention expressed by the Ministry of Education, Culture and Science to realize an internationalization strategy enabling as many students as possible to study abroad.

Erasmus+ projects

Participation in Erasmus+ projects provides a major boost to educational innovation and mobility. It structures activities, contributes to a targeted approach and strengthens international contacts. In total, the University of Groningen was involved in 22 Erasmus+ projects as a coordinator or partner, seven of which were Erasmus Mundus Master projects. The EU launched a pilot call for European University Networks (EUN). The U4 network – consisting of the universities of Groningen, Göttingen, Ghent and Uppsala – together with the University of Tartu (Estonia) prepared an application. The newly formed U4Society consortium wants to establish a digital connection between the five campuses. The aim is to involve more students and staff in internationalization activities, to promote the sharing of knowledge and to increase mobility. University cities and regions also have a part to play in this proposal.

Student and staff exchanges

Most of the University's degree programmes provide room for international mobility, which usually involves an exchange or placement. Participation in the EU Erasmus+ programme involves awarding mobility grants, both for destinations in EU/EEA countries and beyond. The University of Groningen's Marco Polo Fund complements Erasmus+, so that almost all students receive some form of financial assistance with the costs involved when they go abroad to study.

In the past year, the number of outgoing University of Groningen students with a grant rose from 1,309 in 2016-17 to 1,374 in 2017-18; 759 students received an Erasmus+ grant and 615 a Marco Polo grant. Students who pay for their stay themselves or who go abroad for less than two months are not included in these figures. A project group has been set up to investigate how the central registration of student mobility can be improved. In addition to collecting adequate key figures, the safety and contactability of students in the event of

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emergencies is another reason for having an adequate registration system in place. Fifty-nine staff members made use of an Erasmus+ or Marco Polo grant for guest lectureships, coordination visits or training. The University of Groningen has student exchange agreements in place with 359 universities in the EU/EEA. It has an additional 150 exchange agreements with partners in the rest of the world. These agreements are often specific to certain degree programmes or faculties. Since exchanges involve the recognition of credit points, the faculty exchange offices are an important link between the partner university, the student and the Board of Examiners.

In 2018, there were 1,701 incoming exchange students. The Faculty of Philosophy and the UCG saw an increase in the number of incoming students. Campus Fryslân made a start on its internationalization activities. Finding accommodation for international students, especially at the start of the first semester, remains a challenge for housing corporations, municipalities and educational institutions. It is proving to be the bottleneck in the internationalization process. The launch of the joint website “At home in Groningen” was a significant step forward for communication activities. The construction and renovation of student accommodation is progressing rapidly, yet it will probably not be sufficient to meet the ever-increasing demand in the coming years.

Summer and Winter Schools

The University of Groningen strives to hold a wide range of summer and winter schools. Last year, 52 summer and winter schools were held by ten faculties. These schools attracted 1,488 participants from 115 countries, so they are an excellent way of presenting research and educational programmes to an international audience. The schools play a vital role in enabling University of Groningen academics to collaborate intensively with international partners and other stakeholders, and it is therefore hoped that the number of schools will be more evenly distributed across the faculties. In addition, our international partners have requested that we develop special summer schools to boost mobility.

Summer and winter schools

	2018	2017	2016	2015
Numbers	52	54	42	26
Participants	1488	1438		
Countries of origin	115	99	95	71

3.5 Preparation for the labour market

A good connection between university and society is high on the University of Groningen’s agenda. In the spirit of its ambition to train successful world citizens, the University stimulates development opportunities for students, to prepare them for their career and to boost their employability. The rapid developments in today’s society and in the labour market underline the importance of working on employability at an institutional level. Both within and outside the degree programmes, steps have been taken in recent years to enhance the employability of University of Groningen students. Career Services is the central service point for career support at the University. In 2018, as before, it helped many students to make well-informed decisions and offered them opportunities to implement those decisions. Career Services does this by sharing details of vacancies and placements, for example, and by checking CVs, helping students to write covering letters, offering workshops and training courses, and giving personal advice. The broad Career Services network (consisting of faculties, study associations, alumni associations, employers, and the University’s own student pool) plays a valuable role in this respect.

In addition to the facilities offered throughout the University, Career Services also works with the faculties to boost employability. Faculty alumni and employers’ networks are an important source of information when it comes to connections with the labour market. Advisory Boards have been appointed for all degree programmes

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and degree programme clusters. Here, the degree programme board talks to industry representatives and the degree programme's alumni about the programme's relevance to the professional field. In April 2018, the introduction of the Advisory Boards was evaluated and follow-up actions were formulated in order to further strengthen the position of the Boards as an essential tool for promoting connections with the labour market. A good example of integrating employability into the curriculum is the Faculty of Arts' Career Minor, which started in September 2018.

Signals from the International Student Barometer (ISB), the National Alumni Survey (NAE), the National Student Survey (NSE) and the Higher Education Guide are used to evaluate student satisfaction levels regarding labour market preparation and to identify opportunities for improvement.

3.6 Quality assurance

Institutional Quality Assurance Assessment

At the beginning of 2019, a committee from the Accreditation Organization of the Netherlands and Flanders (NVAO) visited the University of Groningen as part of the Institutional Quality Assurance Assessment (ITK). The exploratory visit took place in March 2019. This was followed by an in-depth visit in April 2019, in which the following issues were addressed:

- Past performance trail for the Bachelor's degree programmes in Psychology and Economics and Business Economics and the Master's degree programme in International Business and Management
- Assessments and Boards of Examiners
- Implementation of educational innovation
- Quality agreements

The trail on quality agreements concerns the funds from the student loan system that institutions use to improve the quality of education. This trail is not a substantive part of the Institutional Quality Assurance Assessment, but – for practical reasons – it is assessed by the same committee. The visitation committee has since presented its findings verbally. The University of Groningen satisfies all requirements. The committee also judged the quality agreements to be sufficient, and it was impressed by the commitment and enthusiasm of the academic community. It also expressed its confidence in the further development of those quality agreements. The NVAO is expected to publish its final report in the second half of 2019.

National Student Survey (NSE)

	2018	2017	2016
Participants	8,964	10,051	10,220
Participation	30.0%	35.0%	36.2%
General assessment	4.03	4.07	4.05
General atmosphere	4.12	4.14	4.15
Recommendation	4.13	4.16	4.21

Degree programme accreditations

In 2018, all degree programmes (ten in total) visitationed were accredited for the full six years. There were no conditional degree programme assessments.
In addition, twenty-four degree programmes were reviewed by the visitation committee in 2018, but the NVAO's accreditation decision was not received until 2019 or has yet to be received. All these degree programmes were assessed positively. One of the programmes, Nanoscience, was assessed as "excellent".

In 2019, the degree programmes of the Faculties of Arts, Spatial Sciences, Theology and Religious Sciences and Science and Engineering, among others, will be assessed. Some of these assessments will be carried out in accordance with the new 2018 NVAO framework.

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Quality assurance system

The University of Groningen is an organization in which responsible professionals, shared ownership and mutual trust are at the heart of a culture of excellence. The quality assurance system is in line with the University of Groningen's management model, in which the Board of the University determines the frameworks while the faculties are responsible for their implementation. These frameworks are developed in consultation with internal and external stakeholders and are approved by the Board of the University.
The quality assurance policy is laid down in the University of Groningen's Quality Assurance Protocol for Teaching. Qualitative, quantitative and evaluative information on teaching is at the heart of quality assurance. The systematic collection, integration and discussion of this information with various bodies provides signals about the quality of teaching, which facilitate the implementation of the PDCA cycle (Plan Do Check Act). The system involves actors at all levels, thereby facilitating the formulation of appropriate measures that are appropriate for practical situations. Monitoring takes place at staff, student, course, programme, faculty and institution level.

The vision on education and teaching quality has been translated into a set of criteria and themes, as laid down in the Education Monitor. In the Monitor, the faculties reflect on the quality of teaching provided in the previous year. The Board of the University and the Faculty Boards discuss the most important results of this PDCA cycle, together with the ensuing actions, during the Administrative Meetings. Teaching is monitored at institutional level based on the general Administrative Meeting's External Report, which reflects on the key results of and follow-up on the Administrative Meetings. This report is then discussed by the University Council and the Supervisory Board.

The protocol was updated in 2017 as a result of the NVAO's new assessment framework which was introduced a year earlier. In 2018, the faculties were asked to evaluate the protocol. This feedback will be used to rewrite the Quality Assurance Protocol in 2019. The new Protocol will place even greater emphasis on building a culture of excellence based on trust. It will also include the requirements laid down in the 2018 NVAO Protocol.

Internal quality assurance

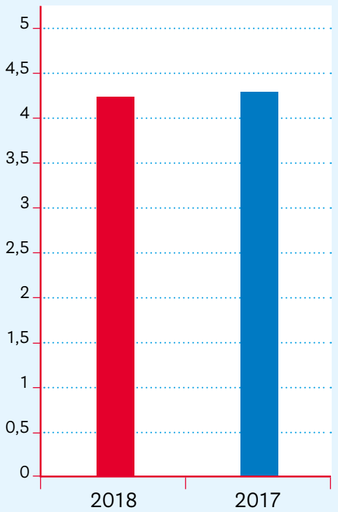
In preparation for the Administrative Meeting, the faculties completed an Education Monitor. Signals and questions arising from the Monitor can be used as a basis for discussions during the Administrative Meetings, and agreements are made. In 2018, the performance of the Advisory Boards was evaluated. The faculties were subsequently invited to include the Boards in their Strategic Plans for 2020-2025. The implementation of the framework will be reassessed in 2020. The recommendations made by the midterm committee in 2017 were discussed in the formal bodies in 2018 and input was collected for improvements. It was important that these improvements had the support of the organization. The Education Monitors at degree programme level are currently being updated. An easy-to-understand working method will improve the provision of information in the monitors.

From now on, the monitor will be compiled based on an interview involving a set of fixed questions, with an adequate focus on the quality of the curriculum. Two faculties have already benefitted from this approach and have shared what they have learned.
The University of Groningen conducts a mid-term review in the third year, following a programme assessment in the form of meetings between the Faculty Board, the programme director, a delegation from the formal bodies of the programme and external representatives. These representatives come from other faculties at the University, to enhance the learning effect. Further quality assurance takes place in the intervening years, since signals and measurements at programme level are included in faculties' Education Monitors. In year six (the visitation year) the analyses for the Critical Reflection are used as a monitor. This reduces the workload for the visitation. These improvements will be formally incorporated into the University of Groningen's Quality Assurance Protocol in 2019.

National Student Survey (NSE) and International Student Barometer (ISB)

The NSE and ISB are important tools that enable the University to find out what students think about the University in general and their

ISB Recommendation



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degree programmes in particular. The faculties, degree programmes and, above all, the programme committees are responsible for performing in-depth analyses and processing signals from the surveys.

More than 9,000 University of Groningen students took part in the NSE in 2018, which was slightly less than in 2017. The report is not fully comparable with previous years due to privacy legislation. The overall scores were high (4.03 for Bachelor's students and 4.06 for Master's students, on a scale of 1 to 5), as were the scores regarding the likelihood of students recommending the University and degree programmes to others (4.12 and 4.15 respectively). As in previous years, the University scored well on lecturers compared to other institutions, but preparing for the job market, internationalization and quality assurance continue to be points of concern. At the end of 2017, the ISB was completed by international students at the University of Groningen (response rate: 30%); the results were published in 2018. Once again, the University's recommendation score was high (4.24 on a scale of 1 to 5). Compared to other participating institutions, the University of Groningen scored well on teaching (content and lecturers), English language skills, surroundings/city and facilities (including sports facilities). The University scored relatively poorly on accommodation, assessment (criteria and feedback), employability, opportunities for part-time work, financial support and sustainability. The University has long-term programmes in place to address these issues, both University-wide and at faculty level.

3.7 Funds from the student loan system 2018

In 2018, the University received € 7.7 million in student loan system funds, intended for the benefit of students' education. As early as 2017, the Board of the University held consultations with the University Council on the use of these funds. This resulted in the division of these funds into two parts.

Part 1: additional teaching staff

In April 2017, the University Council approved the allocation of € 4.8 million to the University's various faculties. The Faculty Boards discussed the use of these funds with the Faculty Councils and included them in faculty budgets for 2018. All faculties have opted to appoint additional teaching staff. The aim is to improve the quality of education through more intensive, small-scale teaching in combination with the expanded and improved supervision of students. All Faculty Councils have expressed their optimism about the plans.

Explanatory notes on additional teaching staff

The University of Groningen aspires to build a close-knit academic community in which students actively participate, one that facilitates the desired interaction between student and lecturer. Active participation in the teaching and learning process is stimulated by increasingly implementing and integrating active, intensive educational concepts. In addition, the University wants to step up its efforts to provide personal feedback on students' study progress and results. By investing in more intense and smaller scale teaching, we can help students to become more involved in their learning process. As a result, they will achieve better results and will derive greater enjoyment from their studies. At the same time, this calls for a greater effort on the part of the lecturers. Accordingly, the objective for Part 1 is to appoint competent lecturers who are able to devote sufficient time to the students. This is a key factor in providing high-quality education.

Role of consultative participation bodies

The Board has been discussing the proposed use of the 2018 funds from the student loan system with the University Council since the beginning of 2017. As the resources have been reallocated to the faculties (with the approval of the University Council), faculty consultative participation bodies have subsequently also been given a major role within Part 1. In the faculty budgets, the Faculty Boards have indicated – in specific terms – how many extra staff will be appointed. In many cases, details were also given of the specific degree programmes and/or activities involved (e.g. thesis supervision

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or setting up a learning community). The Faculty Council is familiar with the faculty's situation and is ideally placed to assess whether this is reflected by the budget. It is for this reason that each Faculty Council was asked to share its views on the budgeted expenditures. On the basis of all the positive feedback, the University Council agreed to this part of the 2018 budget.

Since Faculty Council members participate in the daily operations of the faculty, they are in the best position to monitor the implementation of the faculty's plans. As such, the Faculty Councils were also asked to share their views on actual faculty expenditure after the end of 2018, taking into account the efforts made and the way in which unforeseen circumstances were handled.
The table below provides a clear overview of how the consultative participation bodies were involved.

Progress of implementation

The decision regarding the use of the 2018 funds from the student loan system for additional teaching staff was made in 2017. This enabled the faculties to start the recruitment process at an early stage. After all, implementation of the faculty plans required a considerable effort to recruit the proposed 58 FTEs on top of the regular recruitment within the existing staffing level. This proved to be a major challenge. The mid-2018 progress report showed that not all of the vacancies were filled in the course of 2018. Especially when it came to assistant professor positions, it was sometimes difficult to find a suitable candidate. If necessary, the funds were used to recruit additional temporary lecturers to cover the period for which vacancies had not yet been filled. This meant that the intrinsic objectives of the plans could still be achieved. Naturally, the recruitment process continued until all of the proposed vacancies had been filled. As such, the University of Groningen was able to implement all Part 1 plans in 2018. This is reflected in the figure below.

In 2018, the progress of the budgeted expenditures formed part of the Faculty Board's quarterly report to the Board of the University. In the analysis of the annual figures, the Faculty Boards reported the actual expenditures and explained any deviations from the budgeted

Discussions with consultative participation bodies within Part 1

Date	Agreement	Explanation
27 April 2017	UC	Allocation of € 4.8 million for extra teaching staff
Autumn 2017	All FCs	Positive feedback on budgeted faculty expenditure
14 December 2018	UC	Approved faculties using the funds for extra teaching staff
Autumn 2018	UC	Insight into progress of appointing extra teaching staff
Spring 2019	All FCs	Positive feedback on actual faculty expenditure
April 2019	UC	Insight into and discussion of extra teaching staff

Progress of implementation – Part 1

Earmarking of resources by Board	UC's approval	Faculty planning	FC feedback	UC's approval	BO's autumn progress report	Faculty accountability	FC feedback	Final reporting	Discussion in UC
C	C	C	C	C	C	C	C	C	C

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expenditures. This report has been discussed by each Faculty Board with the Faculty Councils, who have expressed their opinion on whether the budgeted expenditure has been achieved to a sufficient degree, taking into account the efforts made and the handling of unforeseen circumstances. The budgeted and actual expenditure per faculty in 2018 is shown below:

The above table demonstrates that all faculties were able to use the funds from the student loan system to recruit extra teaching staff. In total, more than 58 FTEs of extra teaching staff were appointed in 2018, enabling the faculties to reduce group sizes and increase the level of personal attention given to students. The Board sees the involvement of the Faculty Councils in drawing up the plans and the positive feedback on the realization of these plans as an important signal that the funds from the student loan system have been used to achieve a suitable and significant improvement in the quality of education. In order to sustain this momentum, extra teaching staff will be included in the Quality Agreements as from 2019.

Part 2: projects to improve teaching

In August 2017, the University Council agreed with the proposal to use € 2.9 million of the funds from the student loan system, managed by a central steering committee, for faculty projects to improve teaching. The steering committee comprised representatives from the Faculty Boards, the University's Education Policy department and the University Council. Using a set framework, the steering committee then supervised a process that in September 2018 resulted in a plan for the 2018-2019 academic year. This involved 25 teaching improvement projects on two main themes: activating learning and personalized feedback, including the necessary lecturer support. The

Budgeted and actual use of Part 1 funds from the student loan system – 2018

Faculty	Granted	Spended	Difference	Estimated FTEs	Employed FTEs	Difference	Positive opinion by the Faculty Council
Theology	23	25	2	0.25	0.4	0.15	Unknown
Philosophy	49	70	21	0,7	1	0.3	V
Law	482	482	0	6	5.7	-0.3	V
Arts	724	724	0	8	8	0	V
University College Groningen	32	32	0	0,4	0.4	0	Unknown
Economics & Business	938	1,055	117	12.2	15	2.8	V
Behavioural & Social Sciences	673	673	0	8	8	0	V
Spatial Sciences	120	135	15	2	2	0	Unknown
UMCG Research & Education	790	671	-119	8	7.9	-0.1	V
Science & Engineering	930	1,006	76	12	9+SA	-3	V
	4,761	4,873	112	57.55	57.40	-0.15	

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University Council approved this plan, after which the faculties began to implement it.

Explanatory notes on projects to improve teaching

The Activating Learning projects focus on the further implementation of activating modes of instruction. This is achieved by creating new IT tools (and by expanding those tools that have already proved to be successful) for activating modes of instruction within an institution-wide digital infrastructure. At the same time, lecturer support is provided in the areas of the educational design (or redesign) of the course unit, assessment issues, and also user support. Some examples of the tools being used are Perusall, TrainTool and Peerceptiv.
The Personalized Feedback projects aim to improve feedback by expanding and improving formative feedback, and by providing feedback based on digital testing. Some examples include the wider use and development of rubrics, a validated test-question database, and the SOWISO interactive learning environment – an exercise and test environment for STEM education.
All 25 projects will help to improve the quality of education and to reduce staff workload wherever possible.

The established framework also provided scope to develop a number of new interdisciplinary project-based courses in the form of Bachelor's Minors worth 30 ECTS. In October 2018, the University Council agreed to the development of three new Minors, after which preparations began to launch these new Minors on 1 September 2019. The University of Groningen wants to use the three new Minors to better prepare its students for the labour market. In addition to knowledge, this labour market also requires graduates to have more and more skills in the areas of cooperation, communication, creativity and intercultural competences (the so-called 21st-century skills).
At the same time, complex social issues currently at play require an interdisciplinary approach. The three new interdisciplinary project-based Minors offer students the opportunity to collaborate with students from other disciplines in solving a specific and complex issues from the business community or the government sector. Not only are the students introduced to the labour market, but they also learn to apply their knowledge in practical situations. In addition,

Discussions with consultative participation bodies within Part 2

Date	Agreement	Explanation
31 August 2017	UC	Allocation of € 2.9 million for faculty projects to improve teaching Appointment of the central steering group for Part 2
14 December 2017	UC	Defining the framework for faculty plans to improve teaching Participation in central steering committee
19 June 2018	Steering committee	Proposal for selecting faculty plans to improve teaching
30 August 2018	UC	Approval of the selection of faculty plans to improve teaching, including lecturer support
13 September 2018	Steering committee	Proposal for interdisciplinary project-based Minors
13 December 2018	UC	Approval of interdisciplinary project-based Minors

Progress of implementation – Part 2

Earmarking of resources by Board	UC's approval	Drawing up a framework for plans	UC's approval	Appointment of steering committee	Faculty planning	UC's approval	Start of project implementation	Creation of mid-term review	Discussion of mid-term with UC	Creation of final evaluation	Final evaluation	Dissemination at central and decentralized level
C	C	C	C	C	C	C	C	C				

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they get the chance to improve their academic skills, and have the opportunity to develop important 21st-century skills, as well as learning how to understand, integrate and apply knowledge from other disciplines.

The development of the three Minors will be concluded with an efficiency check and a substantive check regarding the final qualifications and cohesion within the Minor. The University Committee for Education is responsible for these tasks. Regular discussions are held throughout all development phases of the Minors so that feedback can be processed immediately.

Role of consultative participation bodies

Consultative participation bodies have been involved from the outset in the development of the teaching improvement projects and the interdisciplinary Minors. The plans were drawn up under the supervision of a special steering committee, comprising members of the University Council. All decisions were submitted to the University Council for approval. The table below provides a clear overview of how the consultative participation bodies were involved.

Progress of implementation

The Board and the University Council attached great importance to using a bottom-up approach when implementing faculty plans to improve teaching. Therefore, a great deal of time was devoted to discussions with the faculties and to collecting and refining specific ideas. This can be seen in Figure 2, where progress in Part 2 is presented in accordance with the established procedure. All teaching improvement plans were launched in 2018, but the realization period was extended from the 2018 calendar year to the 2018-2019 academic year, to enable the preferred bottom-up approach to be implemented.

The steering committee commissioned a mid-term review in January 2019. In the light of the report, it was concluded that the 28 projects were progressing satisfactorily. In no cases was project implementation not proceeding according to plan. If projects receive extra attention this tends to be because they are experiencing slight delays as a result of staffing changes. Any shortcomings

Budgeted and actual use of Part 2 funds from the student loan system – 2018

Projects	Allocated amount	Spent amount	Difference
Theology	16	0	16
Philosophy	23	0	23
Law	281	0	281
Arts	364	52	312
University College Groningen	12	6	6
Economics & Business	435	90	345
Behavioural & Social Sciences	218	21	197
Spatial Sciences	58	5	53
UMCG Research & Education	375	0	375
Science & Engineering	430	43	387
Project ‘Onderwijsdoetank’	40	45	-5
Minors			
Arts – Power of Words	87	0	87
B&SS – Datawise	100	0	100
UMCG R&E – Healthy Ageing	100	0	100
Teaching Support			
CIT Teacher Support	400	77	323
Total	2,939	339	2,600

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are eliminated by means of additional support from programme management.
The chosen method of lecturer support is widely appreciated: using the lecturer's needs as a starting point, the educational issue is analysed and translated into specific support for educational design, testing and the use of IT tools.

In an interim report, which was issued in the first quarter of 2019, the steering committee reported to the Board of the University on how the € 2.9 million that had been made available was spent in 2018. Details of the budgeted and actual expenditure per item and per faculty in 2018 are shown below:

As indicated above, a great deal of time and effort was invested in a bottom-up process during the planning phase, in order to collect project proposals from the faculties and to align them with the central principles of activating learning and personalized feedback. As such, it was possible to define teaching improvement projects that fit within the University's strategy and with the day-to-day practices at the faculties. It was a deliberate choice to implement this intensive planning process and then to carry out the projects in the 2018-2019 academic year. This means, however, that a large proportion of the 2018 funds allocated to Part 2 from the student loan system will not be spent until 2019. This is reflected in Table 4. In 2018, € 339,000 of the € 2.9 million that was available was actually spent; the remainder has been earmarked for the implementation phase in the final part of the 2018-2019 academic year. The Board is convinced that the decision to use a well-considered process has led to the realization of high-quality projects, which will substantially improve the teaching given to students at the University of Groningen.

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Central consultative participation bodies' reflection on 2018 funds from the student loan system

In April 2017, the consultative participation bodies and the Board agreed that 70% of the € 7.7 million in funds from the student loan system that became available in 2018 would be spent on recruiting extra teaching staff (Part 1) and that 30% would be spent in other ways (Part 2). The € 4.8 million for teaching staff was spent at faculty level and, therefore, fell under the remit of the faculty consultative participation bodies. For the remaining 30%, the student party Lijst Calimero took the initiative in the University Council and drafted a plan for the use of these funds for educational innovation. This plan was approved by the UC in August 2017, subject to the following three conditions:

1. The Faculty Boards ask the Faculty Councils to give their opinion on funds from the student loan system separately and to append this opinion, together with their opinion on the faculty budget, to the central budget.
2. Central agreements must be made on how to measure the faculty's efforts, for example by determining how the student/staff ratio will be calculated. This must be agreed by the project group.
3. It is essential for the central investments that the project group reaches agreement on a central monitoring system, and that details of this should also be included in the document.

The plans for Part 1 were drawn up by the faculties; the plans for Part 2 were drawn up centrally by a working group in which all parties in the University Council were represented together with the Board (or its representatives). The plans developed by the working group are in line with the University's Strategic Plan for educational innovation (involving personalized feedback, active learning, and interdisciplinary project-based learning). Although the central consultative participation bodies were actively involved in the plans for Part 2, the faculty participation bodies felt that they were not sufficiently informed in this matter. In view of the short timeframe, it was vital to make quick decisions and to take into account the opinions of the Faculty Councils as much as possible. The frameworks for the plans have retained plenty of scope, which enabled the faculties to develop the themes themselves. This resulted in a framework that was submitted to the University Council in December 2017 and adopted by a majority, and a more detailed plan that was adopted by the University Council in August 2018. In April 2018, the University Council agreed to the proposal to increase the allocation of funds for Part 1 (for teaching staff) to € 7.3 million for 2019. In April 2019, the University Council received an overview of how the funds for 2018 from the student loan system had been used thus far. This shows that the funds for Part 1 have been used almost entirely according to plan for the appointment of additional teaching staff, and the Faculty Councils have given positive feedback on this. With regard to Part 2, an interim report monitoring the various teaching improvement projects was drawn up and was submitted to the University Council, albeit with a considerable delay. This shows that the majority of projects are on track, but also that a significant number of projects require extra attention. The Council is generally positive about the way in which it has been involved in the decision-making process and about how it has been kept informed about the use of the 2018 funds from the student loan system.

Quality agreements

On 20 September 2018, the University Council approved the procedure for the implementation of the Quality Agreements within the University of Groningen. Following discussions held in the preceding months about the size of the management group, approval was granted for this and other matters in September 2018. The members of the management group and their tasks

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were also defined on that same day. Before September the student members of the University Council had indicated that the University Council should be represented by more than two people (one student and one staff member). Following joint discussions, and after hearing the opinion of the Committee of Deans, the University Council finally agreed to the proposal of two deans and two members from the University Council, whereby the two members of the University Council both have their own shadow members in the event that they are unable to attend the management group's meetings. From that point onwards, the management group issued advice to the Board of the University. These recommendations were then submitted to the University Council for approval. In October 2018, the first recommendation was presented to the University Council, namely the internal financial framework for the implementation of the Quality Agreements. Specifically, this means:

> A continuation of the 2019 funds from the student loan system (€ 7.3 million) that will be spent on appointing additional lectures by 2020.
> Distributing the increasing funds from the student loan system among the faculties, based on the number of students enrolled.
> Making 10% of the funding available for cross-faculty activities that are supported by funds from the student loan system. This 10% served as a guideline.

The University Council agreed to this proposal in October 2018. The faculties then used this financial framework to draw up their plans. The same period also saw the start of round-table meetings with various stakeholders (consultative participation bodies, lecturers, students, external stakeholders), in which the management group was involved. In November, the framework for creating the plans was presented to the University Council. This framework, based on input from the round-table discussions with students, lecturers and consultative participation bodies, was a more extensive framework based on the national themes of the Quality Agreements. Faculties were able to use this to draw up their plans. After a discussion on how these funds (10%) for cross-faculty activities should be interpreted within this framework and a minor amendment to the wording about the 10% figure, the framework was approved by the University Council. In the meantime, the Faculty Councils and Faculty Boards have been busy drawing up plans for their own faculty. This decentralised approach meant that the Faculty Councils had the right to approve these plans. The University Council and Faculty Councils met during a joint meeting in October 2018 to specifically discuss the Quality Agreements. In January 2019, the University Council agreed to the details of the institution-wide themes for the 10% amount, and also received details of all faculty plans, including feedback from the faculty in question. In February 2019, the definitive institutional plan for the Quality Agreements was submitted to the University Council for approval, which was subsequently granted.

Despite the tight deadlines involved, the Board can look back on a smooth process for arriving at an institutional plan for the Quality Agreements. It also expects the process of implementing and monitoring the plans to run just as smoothly. The Board is satisfied with the role played by the management group in the process and the way in which it kept the rest of the Board informed.

4. Societal impact



4.1 Entrepreneurship

Improving the entrepreneurial mindset and skills of its staff and students as well as their drive to serve society.

4.2 Infrastructure

Optimizing the infrastructure for knowledge transfer and the economic valorization of knowledge.

4.3 Social themes

Increasing our contribution to society by reinforcing the impact of our research priorities (Energy, Healthy Ageing and Sustainable Society).

4.4 Interaction and cooperation

Intensifying collaboration and interaction with businesses, NGOs and local as well as national public-sector bodies.

4. Societal impact

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The Academic Education Sector Agreement (OCW-VSNU April 2018) has confirmed that, in addition to teaching and research, the third core task of the university is to have a societal impact. To this end, the University cooperates with the public sector, businesses and society at large to share knowledge and to generate new investments in research. As we consider it essential to support the region that is our home and to help it develop, this collaboration also has a regional focus.

The resolution of key social issues plays an ever greater role in top academic research. For this reason, the University has formulated three research priorities: Energy, Healthy Ageing and Sustainable Society. In doing so, the University is making an active and substantial contribution to the resolution of societal issues – in particular those in the North of the Netherlands.

In terms of impact on society, in the years to come the University – in accordance with its Strategic Plan for 2015-2020 – will specifically focus on:

1. Entrepreneurship
2. Infrastructure
3. Social themes
4. Interaction and cooperation

4.1 Entrepreneurship

Dean of Entrepreneurship

The Dean's primary task is to offer a broad range of extra-curricular and curricular entrepreneurial education. There is a lot of interest in this type of education from all of the faculties.

In 2018, the Centre was set up in Start-up City on the Zernike Campus. It has its own training and education facilities. Start-up City is an innovation and entrepreneurship ecosystem; it is home to Hanze UAS's entrepreneurship centre as well as the Incubator Cube 050. The Northern Knowledge innovation platform, led by the University of Groningen, UMCG and Hanze UAS, is also located here. This also produces tangible cooperation programmes in the field of entrepreneurship support and facilitation for knowledge-intensive businesses in the Northern Netherlands. This will take the form of a project that will operate under the name VentureWeb and will start in 2019.

VentureLab North, the business development programme, celebrated its fifth anniversary in 2018. Since its foundation it has supported some 160 entrepreneurs. A growing number of student entrepreneurs are taking part in this programme.

Dean of Industry Relations

The University's Dean of Industry Relations and her team establish links between the University and other parties (companies, non-profit organizations, governments and members of the public). The aim is to set up interdisciplinary and multidisciplinary cooperation

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programmes. Industry Relations focuses primarily on the themes of digital cooperation and circular economy.

The current programmes are Digital Literacy, Smart Industries, Chemport Innovation Agenda, Mobility Innovation Center, and Cyber Security Northern Netherlands. Another important task performed by the Industry Relations team is to raise the profile of the University's research projects and degree programmes in a thematic way and to collaborate with partners. Portfolios have been developed for Big Data and Digital Collaboration.

4.2 Infrastructure

The Northern Knowledge innovation platform, which was founded in 2017 by the University of Groningen, Hanze UAS and UMCG, makes use of the University's economic valorization programme. This collaborative venture is a continuation of the Consortium for Valorization and Entrepreneurship, in which valorization also received national government support from 2010 to 2018. Through the Programme Board, the three knowledge institutions coordinate their innovation and entrepreneurship activities and initiatives and present them in the combined form of Northern Knowledge in the Northern region. The University is represented on the Programme Board by the Head of the Valorization department, the Dean of Industry Relations and the Dean of Entrepreneurship. In addition to promoting economic valorization opportunities, Northern Knowledge also operates as the University's Knowledge Transfer Office and as a direct link between the surrounding area and the knowledge institutions.

4.3 Societal themes

For more than a decade, the University of Groningen has been strengthening its education, research and valorization through three social themes; namely, Healthy Ageing, Energy Transition and Sustainable Society. Successes are being achieved in each of the themes. In 2018, however, it became clear that a proper organizational



Northern Knowledge (RUG-UMCG-HG)

structure was required in order to bring these activities together, to make them more visible and to increase their scope (see Section 3).

Healthy Ageing

In 2017, the Faculties of Economics and Business and Medical Sciences established the Aletta Jacobs School of Public Health (AJSPH), which officially opened its doors in March 2018 and in which all faculties participate. The AJSPH is a collaborative platform for public and private stakeholders to create sustainable, affordable and inclusive public health services, both nationally and internationally. This involves combining all of the education, research and support on this theme within a single institute.

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The University cooperates on this theme with various partners, such as the UMCG, the Healthy Aging Network Northern Netherlands (HANNN), Hanze UAS, the Municipality of Groningen, Urban Gro Lab and the Groninger Forum. This collaborative venture has also led to the city of Groningen's ambition of making Groningen the healthiest city in the Netherlands.

Energy

In terms of the Energy theme, 2018 was marked by the formation of the New Energy Coalition (NEC) and the UN International Centre of Expertise on Climate Adaptation, the Global Center on Adaptation. Groningen succeeded in bringing in this centre, together with Rotterdam, because Groningen, in collaboration with the University, NEC, other educational institutions and companies that are already active in the field of climate, forms a fertile environment for the climate centre.

The formal launch of the Centre was preceded by the University awarding an honorary doctorate to Ban Ki Moon.
In addition, the University organized various internal activities to promote this theme. For example, a coordinator for the Groningen Energy & Sustainability Platform was appointed to support the board, an interdisciplinary Minor in this area was launched and various research projects were won.

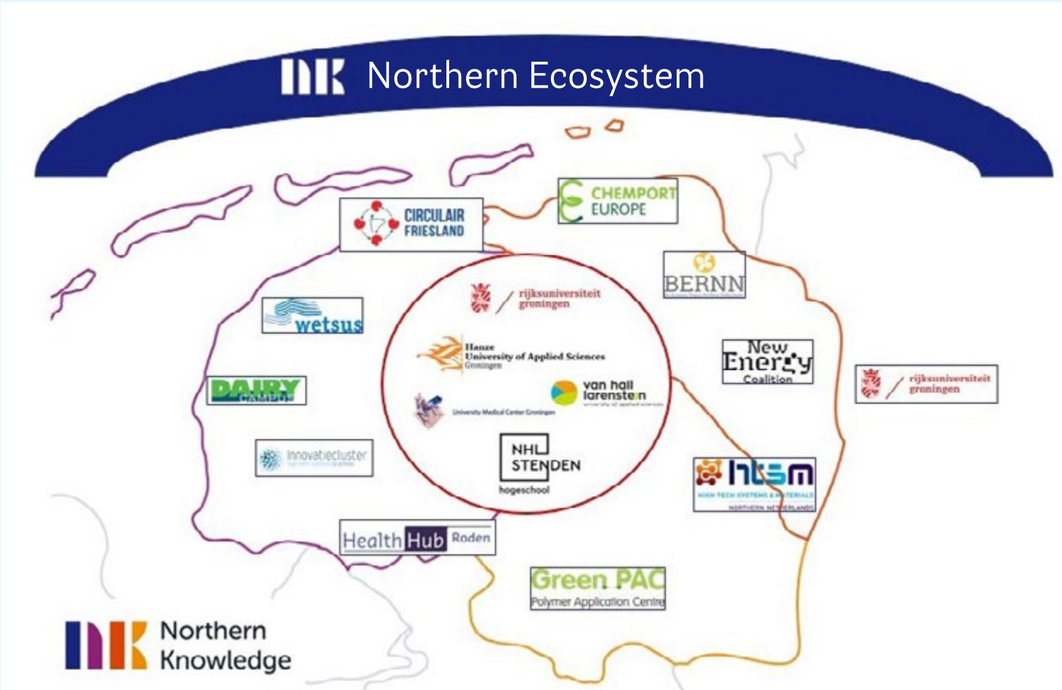
Sustainable Society

In 2018, a great deal of time was spent reviewing the organizational structure. Nevertheless, various activities have been undertaken. For example, the Impact Award (as part of Accomplish) was presented to a PhD student (the second time it has been awarded), masterclasses on earthquake issues were held and the Centre for Religion, Health and Well-being was launched. In connection with earthquake issues, the University set up the "Liveable and Promising Groningen" knowledge platform in collaboration with the National Coordinator Groningen, Hanse UAS, GGD and CMO-STAMM.

In 2018, following on from the theme of Sustainable Society, steps were also taken in ACCOMPLISSH (a Horizon2020 project), which aims to develop new concepts for co-creation and impact. Sustainable Society is the coordinator of this flagship project in the domain of impact within SSH research.

4.4 Interaction and cooperation

The University has an extensive network for collaborating with regional, national and international parties, including the Northern Netherlands Provinces Alliance (SNN), the Groningen Agreement, the Northern Netherlands Development Agency (NOM), the New Energy Coalition, the Northern Netherlands Healthy Ageing Network (HANNN), provincial authorities, ministries, the European



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Commission, and businesses within and outside the Netherlands. The organization is also involved in partnerships between knowledge institutions, market parties and the public sector, such as the Comprehensive Cancer Center (CCC), BioBrug, LifeLines, the Groningen Engineering/Digital Business Centres, Innolabs and the SPRINT programme. The University uses this network to fine tune its performance within an ecostructure of collaboration on research, education, and valorization.

Regional level

The University works with regional partners on the implementation of the Northern Innovation Agenda (NIA). Based on the Regional Innovation Strategy (RIS), this is a joint policy for the Northern Netherlands for utilizing teaching and research. The University also participates in the development of the top-sector roadmap for HTSM-NN (High-Tech Systems and Materials – Northern Netherlands), incorporating an academic agenda for Smart Industries. In the context of developing a regional ecostructure for innovation, the University is a partner in the development of the campus, together with all parties in the quadruple helix. The process of embedding the Consortium for Valorization and Entrepreneurship (CVO) within the region for the long term commenced with the launch of Northern Knowledge.

National level

The University of Groningen participates in Top Sector activities in which academics and businesses jointly set up and fund projects. The government's Top Sector policy focuses on fostering collaboration between researchers, businesses and the public sector within nine sectors. The University is especially successful in the following Top Sectors: Logistics, Life Sciences & Health, Chemical Industry, Agriculture & Food, and the Creative Industry.

International level

Collaborative EU projects

In 2018, the University successfully launched 43 new H2020 projects. In total, University and UMCG researchers were involved in 16 projects within the Seventh Framework Programme and in 174 projects within the Horizon2020 programme. Of these H2020 projects, 113 were Pillar-1 projects, (including ERC, Marie Skłodowska Curie Actions). The University or the UMCG acted as coordinator for 18 consortium projects within Horizon2020. In total, the University received € 28.4 million from Europe for new and existing projects in 2018.

In 2018, the University, together with the UMCG, actively participated in EIT Health, facilitating the launch of projects aimed at prevention in health, innovation and entrepreneurship.

Development cooperation

In 2018, the University acted as the coordinator for two NICHE projects in Mozambique and Kenya. The University was also in the process of finishing a number of older projects (in Tanzania, South Africa and Ghana). Via the individual OKP Programme (the successor to NICHE/NFP), further scholarships were granted to students. Sadly, PhD scholarships are no longer awarded as part of this programme.

Eighteen PhD students from various countries are engaged in research at the University of Groningen. Furthermore, the University continued to participate in the Erasmus+ ICM for Africa and also took part in an Erasmus+ project in Vietnam, in collaboration with Uppsala University. Researchers at various faculties are also working with African and Asian partners. In 2018, in an effort to keep the research community up to date about research in Africa, the University brought the researchers involved together in order to stimulate further cooperation.

4.5 Results

At the University, research, teaching and valorization are strongly interwoven. By bringing the University into close contact with the business world and with societal organizations, this leads to partnerships and new business activities geared to creating value from existing specialist knowledge. The University contributes to this development through patent licences, by supporting start-ups, in public-private partnerships and by promoting entrepreneurship.

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Valorization indicators

In 2015, the set of valorization indicators was used in an internal evaluation in order to assess their feasibility and measurability, and to identify any teething problems. Following the evaluation, some of the indicators were redefined. We are able to report the following results for 2018, based on the current set of indicators.

(Cf. VSNU framework) measurement 2018

	Indicator (VSNU framework)	Measurement	Value 2018	Value 2017	Difference d[18-17] / 17 x 100%
1	Funds	GS2+3 as % of total income	30.4%	33.5%	-9.3%
2	Cooperation	Agreements with non-profit stakeholders (per research staff FTE)	1.08	0.10	985.9%
3	Collaboration	Agreements with businesses (per research staff FTE)	1.46	0.21	611.9%
4	Publications	Specialist publications (per research staff FTE)	1.38	1.70	-18.8%
5	Collaboration	Memberships of social organizations (per WOPI-FTE)	0.38	0.29	32.9%
6	Publications	Popularizing publications and activities (per WOPI FTE)	0.35	0.28	25.6%
7	Research -> business	PhDs with 1st job in business	1.4%	0.4%	246.5%
8	Patents	New patent applications UG+UMCG (per research staff FTE)	0.028	0.039	-29.4%
9	Patents	New licensing agreements (per research staff FTE)	0.019	0.023	-16.2%
10	Business	New spin-outs/spin-offs/starters (per research staff FTE)	0.016	0.010	50.8%
11	Contract teaching	Income from contract teaching (k€ per WOPI FTE)	7.02	6.79	3.5%
12	Entrepreneurial education	Proportion of students taking part in Entrepreneurial education (Ba + Ma)	6.2%	7.1%	-12.3%
		Proportion of students taking part in Entrepreneurial education a) Ba	6.6%	6.9%	-5.1%
		b) Ma	5.2%	7.0%	-25.9%

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Patents

In 2018, UG/UMCG researchers completed 22 Invention Disclosure Forms for new inventions. These have entered the internal evaluation process, which focuses on patentability and market value. In 11 cases, it was decided that the patent application would be partly funded from the UG/UMCG patent fund. Five applications have already been submitted, while another six are still being written.

In 2018, a total of 16 new patent applications were filed: 11 partly in the name of the University and five partly in the name of UG+AZG (UMCG). Nine of these are jointly owned with an external party and the applications were funded entirely by the company concerned. The remaining seven are 100% owned by UG/UMCG. Finally, in 2018 the University concluded eight licence and sales contracts.

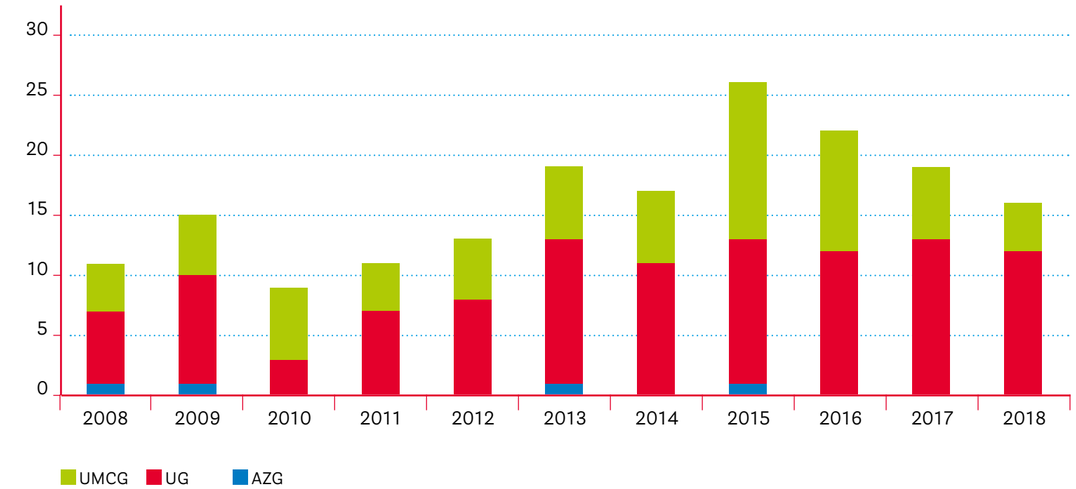
Start-ups and commercialization

The year 2018 saw the start and completion of many new construction activities that will facilitate more far-reaching cooperation between the University and the business community. One of these involves the second phase of the ZAP (Zernike Advanced Processing) facility. This facility provides a link in the chain from milligram-level development in the University lab to ton-level bulk production in industry. ZAP is a collaboration between universities, universities of applied sciences and institutions providing senior secondary vocational education.

A new building is also being prepared for an Innolab Campus Groningen, comprising laboratories and workspaces for engineering. InnoLab was initiated a number of years ago as a collaborative venture between the University, the UMCG and Syncom B.V. which provides chemical laboratories for start-ups and product development projects. This facility was fully occupied in 2018. A spin-off for the agrifood sector has since been launched.

The construction of a new laboratory for AVEBE's R&D was also completed in 2018. The company works intensively with the University in various fields, such as marketing, enzymatic processes, polymer chemistry and health.

Patent applications filed by UG/UMCG in 2018



In addition to these activities, various independent start-ups have been set up by employees (and former employees) of the UG/UMCG. One such start-up is Colotech B.V. Colotech develops, researches and/or licenses therapies for diseases, ailments and disorders of the colon, based on patented UG knowledge. Another example is Ocean Grazer B.V. This initiative builds on UG knowledge and patents concerning the Energy theme.

Start-up companies in 2018

- Colotech B.V.
- Reclon Elastomers B.V. (spin-out)
- Pulmotech B.V.
- EV Biotech B.V.
- Ocean Grazer B.V.
- CMC Health B.V.

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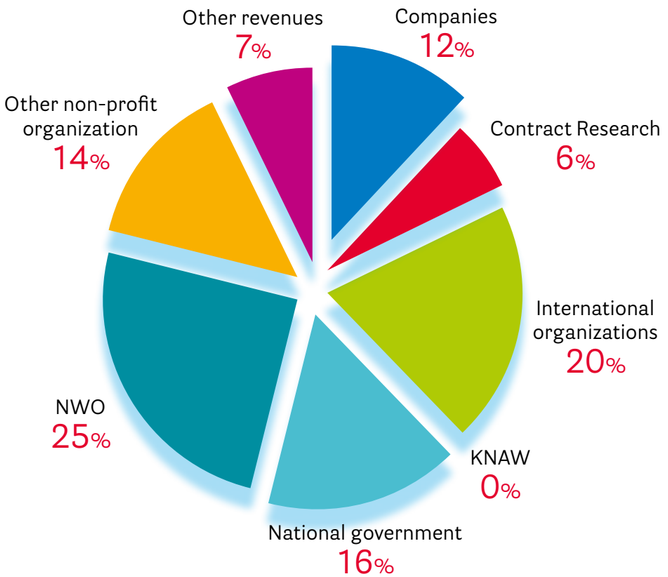
4.6 Contract teaching and research

In 2018, revenues from work for third parties were € 16.4 million below the 2017 level. This brings total revenue to € 143.5 million, i.e. 21.5% of the University's total income. The decrease is the result of lower project revenues at the UMCG/O&O (Teaching & Research), where income from government and companies fell, causing a € 18.8 million drop in revenue. This is in contrast to increased revenues (€ 6.6 million) from contract teaching and other non-profit organizations. At FSE, project revenue from the NWO and EU combined was € 2.2 million higher than the previous year. In addition to the revenue from contract teaching, the University has – for several years – been in a partnership with Freia/AOG, which is also responsible for providing some of the contract teaching. This partnership is formalized at executive and management level through the AOG Foundation.

Project-based revenues according to funding sources (percentages)



5. Talent development



5.1 Strategic HR policy

The University is committed to maintaining an environment in which talent is recognized and fostered.

5.2 Staffing

The University wants to use all available academic talent and attract talent from all over the world.

5.3 Health and vitality

The UG encourages its staff to stay fit and healthy.

5.4 Legal certainty

A good employer conducts themselves appropriately towards their staff and respects their rights.

5.5 Integrity

Integrity translates into honesty, openness and transparency, and is directly linked to academic freedom.

5. Talent development

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5.1 Strategic HR policy

Talent development is another of the University's strategic objectives, in addition to research, education and social impact. In "Every talent counts" (a strategic HR agenda approved by the Board of the University in 2017) the following HR goals are discussed:

1. Attracting talent
2 Developing talent
3. Providing a stimulating working environment
4. Offering service (including HR service) to administration and staff members

The section below discusses each of these HR goals, and outlines various individual characteristics of the workforce at the end of 2018.

Attracting talent

The University wants to strengthen its existing international reputation as a "great place to work" by treating current staff and former employees as ambassadors and talent scouts who are able to attract new talent. In 2018, the University had almost 649 job openings. (Source: TIS manager) According to the vacancy system, 70% of all vacancies were filled. In other cases, application procedures have not yet been concluded or have not resulted in appointments.

	Vacancies	Number of applications	Male	Female
Support staff	278	3,056	37%	63%
Academic staff	371	10,560	65%	35%
Total	649	13,616	57%	43%

The number of vacancies is on the rise due to the growth of the University, the increasing number of students, regular replacements as a result of retirement/emeritus professorships and the voluntary departure of staff, use of funds from the student loan system, growth of FSE, the improvement of the staff-student ratio, the introduction of PhD scholarships and the use of workload resources (€ 5 million). In 2018, various measures were taken to professionalize the support provided to Faculty Boards/other boards and vacancies holders during the recruitment (or active recruitment) of talent. Recruiting talent is seen more as a strategic decision point than an administrative process. Strategic personnel planning can help here.

HR Excellence in Research

In 2015, to strengthen the University's international reputation, the European Commission permitted the University to use the Excellence in Research logo for academic vacancies. Under the HR Excellence in Research action plan, the University incorporated the principles of the EC's Charter for Researchers and the Code of Conduct for the Recruitment of Researchers. These measures concern ethical and professional considerations (e.g. integrity, data management), recruitment and selection, and working conditions, e.g. ratio of M/F employed, training and development. In order to retain the quality

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standard, the University has to pass evaluations (including self evaluations) and external progress assessments at regular intervals. Following the first interim evaluation in 2017, the University received permission from the EC in February 2018 to continue using the quality standard for another three years. These evaluations take place every three years.

Partly on the basis of the 2018 HR Excellence in Research action plan, the HR department developed the recruitment guide, which was partly based on the experiences of selection committees. The recruitment guide is a recruitment and selection tool, intended for all members of an Appointment Advisory Committee. It is designed to make the recruitment and selection process more transparent, to reduce unconscious bias and to increase the diversity of the candidates (and successful candidates). It also provides tips to ensure that all candidates have a positive experience of the job interview, regardless of the result of their application.

Dual Career Support

Newly recruited, mainly international academic staff usually also have talented life partners who have ambitions of their own in terms of life, career and work. Dual Career Support (DCS) helps these partners build a social network, look for a job or work experience placement, find volunteer work, practise their Dutch proficiency or choose a degree programme. The local labour market outside the University is unfortunately still much less accessible to non-Dutch speakers. Learning Dutch takes time. The University cooperates with IWCN and various partners in the north of the country on the “Make it in the North” platform, the aim of which is to link international talent to the northern labour market.

Support in 2017 and 2018	98 partners in total
Individual supervision	30 partners
Employment found	28 (as far as is known)
Work placement at the University	6

Talent development

The University continues to invest in the development of all its staff. Every talent counts. All staff members are encouraged to get the best out of themselves and are encouraged to pursue further personal development. Investment in the Talent Development (TD) programme over the past six years has focused on an extensive support and training programme for academic staff. At any stage in their career, staff are entitled to support from TD with regard to the acquisition of career grants. In 2018, 153 researchers made use of this support. In addition, the support programme for PhDs has been further developed to provide support and career advice both within and outside the world of academia. A team of editors was set up in 2018 to support academic staff in writing grant applications and nominations, and they are currently working on networking activities and on ways of enhancing the professionalism of the faculty funding officers. In consultation with the Board of Deans, efforts have been made to develop faculty plans for Talent Development (TD 3.0) and to roll out a talent survey at the faculties.

Sustainable employability

Throughout their working lives, sustainably employable employees have opportunities and the right conditions to do their work properly and thus remain employable. This concerns both current and future work, and the possibility of continuing to work while remaining healthy and full of energy. The principle behind this concept is that employees are responsible for their own career and that their managers play a motivating and supporting role.

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The Sustainable Employability of employees has now been included on the Staff Survey for the first time. The results of this will be incorporated into the existing and future range of activities. There is a broad range of development opportunities available (HR/AMD): individual career and coaching programmes, group-based activities aimed at various target groups, (including 55+, support staff up to salary group 5, secretaries, young support staff professionals up to 35 years of age). In addition, the University offers a range of internal training opportunities via www.rug.nl/corporate-acadamy.

Stimulating working environment

A stimulating work environment helps talent to thrive. The social context in which someone collaborates with managers, colleagues and students is critical in this regard. The University supports managers to ensure that they are well-equipped. The structure of the organization and the composition of the teams in terms of diversity (M/F, NL/international) are also decisive in creating a stimulating working environment. This approach also increases the belief among employees that every talent really does count. Furthermore, the Results & Development interview remains an important tool in the coordination of objectives regarding the employee's work, development and career prospects. The Staff Survey conducted in 2018 is being used to check whether the University is indeed "a great place to work" and, if this proves not to be the case, to jointly agree and implement the necessary improvements.

Leadership development

In 2018, too, various activities were organised for all levels of the University's supervisors and administrators, including training courses on the themes of integrity and inclusiveness. In addition, a personal development assessment is offered to all new University board members and directors; 10 people used this assessment in 2018. After that, they are better able to work on their own professionalization in a more systematic way. Five board members participated in the U4's Leadership Programme.

In 2018, various faculties introduced measures for customized programmes to professionalize academic leadership. Leadership programmes are also available for support staff managers, associate professors and professors. There are also opportunities for these target groups to take part in external training programmes and coaching sessions, to further develop their managerial skills.

In addition, there is a steady demand for support for administrators and managers, with regard to the organizational and development issues affecting their own units. Such issues may include optimizing cooperation between departments and management teams, providing advice on organizational issues, change processes and strategy development.

Gender equality

In 2017, the target percentage of female professors for 2020 was increased to 27% due to the allocation of nine Westerdijk positions at the University. This is an ambitious target. The percentage of female professors at the University rose from 19.1% at the end of 2017 to 21.1% in 2018. The percentage of female professors at the University and UMCG – combined – is 23%[1]. The percentage of female associate professors at the University rose from 33.8% to 35.3%. The percentage of assistant professors rose from 40.8% to 44.6%. Together, these positions constitute a significant proportion of the permanent academic staff body and all have seen an increase in the percentage of women.

1 The UMCG has 199 ordinary professors, 51 of whom are women and 148 men; 44 of those positions are financed by UMCG-Zorg.

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Performance management

In 2017, the various Boards and managers, with the support of HR, aimed to maintain or increase the percentage of R&D interviews held. For the faculties, the target of 90% interviews held and reports completed proved to be too ambitious. Not everyone feels comfortable using the digital system. For this reason, an option has been added to have the reports archived and saved via email. In recent years, the percentage of R&D interviews held has been in the region of 50% (in 2018, it was 51%). In 2015, however, this percentage was 65%. As part of the PDCA cycle, the Board of the University annually discusses the percentage of R&D interviews held during the Administrative Meetings with the faculties and service units. This is a point that requires continued administrative attention.

Internationalization

In 2018, the faculties continued working on the objectives of the Language & Culture project. The staff's English language skills and intercultural communication skills were the most important themes.

Organizational changes

In 2017, the University Services Department outsourced its catering services to Beijk Catering. Since the beginning of 2018, University staff have been working under the direction of the external caterer. Efforts are being made to improve customer satisfaction. In addition, the University Services Department and the service units have launched a change process to harmonize and centrally manage decentralized standard facility processes. Staff members and consultative participation bodies are involved in the process through information meetings. The CIT initiated a development programme to organize its work in a more customer-oriented way. The Board has opened discussions with KVI-CART about strategic choices. There are doubts about the viability of the institute. This will lead to a reorganization in 2019 whereby the research groups will be transferred (or partially transferred) to other parts of the University/ UMCG.

M/F ratio in academic positions at the end of 2018

		# Staff			
		%		Number	
	Academic position	male	female	male	female
Total	professor	78.9%	21.1%	262	70
	associate professor	64.7%	35.3%	180	98
	assistant professor	55.4%	44.6%	299	241
	PhD student	52.5%	47.5%	373	337
	lecturer	47.7%	52.3%	214	235
	researcher	63.0%	37.0%	245	144
	other academic positions	100%		5	
Total		58.4%	41.6%	1,564	1,115

The national trend in the male/female ratio of PhD students determines the male/female ratio of professors about 15-20 years later, since these graduates represent the future talent pool. In 1990-91 the percentage of women among PhD graduates nationwide was 18% (source: Statline), in 1995-96 the percentage was 27%, in 2000-01 32% and in 2015-16 48%.

Staff Survey

The results were made available shortly after the Staff Survey at the beginning of 2018. These served as a starting point for discussions between staff and supervisors. The managers and staff can use online dashboards to gain an insight into their own results (and departmental results), enabling them to cooperate on any issues that may need improvement. The points for improvement that emerged from the survey include:

> reducing work pressure and work-related stress, leadership, social safety and integrity

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> development opportunities/sustainable employability At the moment, action plans are being drawn up at all levels on the basis of these themes. In addition, the themes of work pressure, aggression and violence (or the risk thereof), and social safety have also been extensively reported on, in response to an investigation by the Health and Safety Inspectorate.

Service

The aim is to serve staff members and managers in a modern way and to support them with proper HR services. International staff members require special attention in this respect. In 2018, the HR Information Desk held 225 'onboarding' meetings with new international employees. During these meetings, individual rights and obligations are explained and questions are answered. New internationals also receive a welcome pack with leaflets and flyers and a handbook. In 2019, project management will be working hard on preparations for the new integrated management system AFAS, the roll-out of which will start on 1 January 2020.

5.2 Staffing

At the end of 2018, the University's staffing level was 4,248 FTE. This figure does not include the 1,646 FTE in the medical faculty (which falls under the UMCG), nor does it include student assistants. This means that staffing at the University (excluding UMCG/O&O) has increased by approx. 118 FTE since the end of 2017. This increase is in line with the trend in previous years.

39% of these FTE concerned temporary contracts. 43% of academic staff have an international background (support staff: 5%). This percentage is increasing every year. In terms of numbers, the top three foreign nationalities appointed in 2018 are as follows:

1. German
2. Italian
3. Chinese

Breakdown of academic/support staff with permanent and temporary contracts, M/F, year-end 2017 and 2018

permanent - temporary	category	2017 male appointments	2017 male fte	2017 female appointments	2017 female fte	total appointments	total fte
permanent	Academic staff	739	629,7	383	308,0	1122	938,6
	Support staff	814	710,2	1092	826,0	1906	1536,2
total permanent		1553	1339,9	1475	1134,9	3028	2474,8
temporary	Academic staff	835	740,8	722	617,0	1557	1357,8
	Support staff	144	107,5	270	189,3	414	296,8
total temporary		979	848,3	992	806,3	1971	1654,6
grand total		2532	2188,2	2467	1941,3	4999	4129,5

permanent - temporary	category	2018 male appointments	2018 male fte	2018 female appointments	2018 female fte	total appointments	total fte
permanent	Academic staff	760	651,4	420	340,3	1180	991,7
	Support staff	834	733,1	1148	876,1	1982	1609,1
total permanent		1594	1384,4	1568	1216,4	3162	2600,8
temporary	Academic staff	832	735,4	714	612,3	1546	1347,7
	Support staff	141	106,0	283	193,9	424	299,9
total temporary		973	841,4	997	806,2	1970	1647,6
grand total		2567	2225,9	2565	2022,6	5132	4248,4

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The figure below shows the distribution of academic staff (excluding student assistants) across the various job categories:

Personnel expenses in 2018 amounted to € 457.4 million (including UMCG/O&O). These expenses include € 5.7 million for work performed by third parties (including staff hired on secondment) in 2018.

5.3 Health and vitality

The Staff Survey conducted at the beginning of 2018 identified various points for special attention with regard to the psychosocial workload. As far as work pressure and undesirable behaviour are concerned, the faculties and service units have developed plans to control the risks involved. Prevention continues to be the primary objective. Sick leave in 2018 was 3.8%, a slight increase on 2017 (3.2%). This figure has been rising for a number of years in a row. The rate was 2.0% among academic staff and 5.9% among support staff (source: Peoplesoft). In particular, sick leave due to psychological complaints is on the rise.

The trend towards an increase in visits to the occupational physician, which had already started to unfold in 2016 and 2017, continued in 2018. In addition to an increase in the number of people cared for, the reason for this is an increase in sick leave as a result of psychological complaints. Services offered during the consultation hours are evaluated in March every year. In 2018, just as in 2017, the average score was 8.3 (source: evaluation of occupational physicians). In 2018, 449 preventive health checks and 98 follow-up checks were carried out (Source: dossier manager).

Last year, in the context of the BALANS preventive health programme, various training courses and workshops for staff were held, aimed at vitality, health, relaxation and improved employability. There is a growing awareness of BALANS among members of staff. In 2018, for example, more than 200 co-workers completed a resuscitation course, while more than 540 staff members attended some other course or training programme. More than 400 people took part in the activities that were organized during Work Stress Week and Health Week.

Last year, as in previous years, the Staff Welfare (BMW) team conducted many more preventive consultations than curative consultations. In total there were 123 new applicants, almost the same as in 2017.The main reasons for applying relate to complaints as a result of work pressure, stress and/or problems in cooperating with managers/co-workers. In many cases, a combination of factors are impacting performance and a healthy work-life balance. In general, the BMW team's contribution is assessed positively, with an average score of 8.6 on a scale of 1 to 10.

Academic/support staff nationalities in FTE, at year-end 2018

Academic position	Non-Dutch	Dutch	Non-Dutch	Dutch
Professor	20.5%	79.5%	61.1	236.2
associate professor	34.2%	65.8%	85.7	165.2
assistant professor	50.0%	50.0%	241.4	241.8
PhD student	52.3%	47.7%	360.2	327.9
Lecturer	20.1%	79.9%	55.9	222
Researcher	62.7%	37.3%	212	126.2
other academic positions		100%		3.8
head of department		100%		0.3
total academic staff	43.4%	56.6%	1,016.1	1,323.3
total support staff	5.6%	94.4%	107.3	1,801.8
Total	26.4%	73.6%	1,123.3	3,125.1

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PhD students are a specific target group. Their counselling programme is mainly aimed at strengthening planning and communication skills, and/or at return-to-work interventions after illness. This group is growing. The programmes require a lot of time, but there is clearly a demand for them. The group of internationals is also growing and it requires more time, due to cultural differences. In 2018, the BMW team also organized workshops on stress detection and management and training courses for PhD students in collaboration with HR and SSC. BMW is also a member of the Work and Informal Care working group. In that context, a Day of Informal Care was also organized in 2018.

The reintegration of ex-employees who are out of work or who have an illness is the joint responsibility of the HR department and the AMD (Health, Safety and Sustainability) department. This factor also helps to explain the increasing number of consultation hours. In addition, regular consultations take place between occupational physicians and the case manager for the Sickness Benefits Act and the Return to Work (Partially Disabled Persons) Scheme.

Participation Act

As part of the action item from the “Green University 2015-2020 Roadmap: to promote inclusiveness” to make the University of Groningen healthy and dynamic by 2020, the project coordinator focuses on involving a broad group of people with disabilities in the University. At the end of 2017, the state secretary presented a revised target. For the University, this meant more than doubling the number of jobs that had to be created for this target group. At the end of 2018, the state secretary launched a new offensive to amend policy on the Participation Act, the details of which are not yet clear. As soon as the consequences for the University and its policy are clear, we will determine whether any adjustments are necessary. For the time being, the University will continue to focus on the number of Participation Jobs to be created, as set by the VSNU in 2015. The target for 2018 was to create 52 jobs, but 63 were ultimately created. The University has, therefore, exceeded this target.

Safety and crisis management

In 2018, the AMD at BSS and the University Library provided support for the implementation of an RIE system. In 2019, the annual appraisal reviews with the units will discuss this system, with support being offered by the AMD in this connection. The objective is that all units should have an up-to-date RIE system. In 2018, work began on the development of new statutory guidelines for substances of very high concern. This work will be continued in 2019, in cooperation with the Faculty of Science and Engineering. In addition, an visitation was carried out in 2018, in collaboration with the University Services Department. This took the form of a pilot project in the area of cooling tower management. In 2019, new issues will be identified for joint visitations.

In 2018, the AMD advised on the tendering procedure for security tasks. A new security company was awarded the contract in mid-December 2018. The AMD is also involved in the transition to the new security company in 2019.

Laser safety

Since 2016, the activities of the Laser Safety Manager have been performed by an external party, while the AMD department is responsible for coordination. In 2018, only regular work was carried out and there were no notifiable incidents involving lasers.

Radiation safety

In addition to the legally required activities, the activities carried out by the Groningen Academy for Radiation Protection (GARP) in 2018 focused on the implementation of the Decree on Basic Safety Standards for Radiation Protection, which came into force in February 2018. In this context, the internal policy on radioactive waste was amended and new training courses for radiation protection officers were reported to the government. A draft termination plan for the KVI-CART cyclotron was also launched – an obligation that applies to all licensees of larger accelerators, regardless of whether there are plans to shut down the system. There were no notifiable incidents in 2018.

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Biological safety

The Biological Safety organization is coordinated by the University's AMD department.
In 2018, all of the regular activities and visitations were carried out. A project was also initiated to convert a biological safety database into a database with a web interface, in collaboration with Utrecht University. This database will be used by nine institutes in the Netherlands. In 2018, the Biological Safety organization was inspected by the government, during which only a few minor issues were identified (which will be addressed). There were no notifiable incidents in 2018.

5.4 Legal interests

Complaints, appeals and objections

The University has adopted the rules and procedures prescribed by law for the handling of appeals, objections and complaints. This is not restricted to official complaints and appeals under the General Administrative Law Act (AWB), it also applies other types of complaint. In the event of changes in legislation or policy, the rules prevailing at the University will be amended accordingly. Students who wish to make a complaint or who consider their rights to have been violated can discuss the matter informally with their study advisor or a student counsellor.

A formal procedure is instigated when an official complaint, objection or appeal is submitted to the Central Portal for the Legal Protection of Student Rights (CLRS) via its website. This may concern various matters, ranging from inappropriate behaviour by a University staff member to a lecturer's failure to mark a thesis in good time. In 2018, the Board of Appeal for Examinations (CBE) received 361 appeals, and 142 objections were lodged with the Disputes Committee (by comparison: in 2016 and 2017 students lodged 228 and 282 appeals and 99 and 95 objections respectively).

Complaints relating to the suspected violation of academic integrity can be submitted to the Academic Integrity Committee (CWI), either through the Board of the University or other channels. The CWI will then investigate the complaint and, on the basis of its investigation, advise the Board of the University as to the validity of the complaint and any measures that should be taken accordingly. In 2018, seven complaints were submitted to the CWI.

Office of the Confidential Advisor

University staff and students can consult the Confidential Advisor if they experience harassment (sexual or otherwise), aggression, violence, discrimination or other inappropriate behaviour (including stalking), or if they are subjected to unfair treatment. Staff can also contact the Confidential Advisor if they are faced with conflicts at work. The Confidential Advisor is an independent counsellor who has access to all the necessary information. A new Confidential Advisor was appointed on 1 December 2017. In 2017, the University's Confidential Advisor Regulations were brought up to date and the new version of the regulations came into effect on 1 January 2018.

Regulations for Reporting Malpractices and Irregularities (formerly the Whistle-blowers' Scheme)

In 2011, the Board of the University adopted a procedure for whistle-blowers. Staff, students or anyone working at the University on a temporary or permanent basis can report suspected malpractices. This can be done within the direct management line (e.g. informing an immediate superior) or, initially, in confidence by consulting the Confidential Advisor. The legal position of a whistle-blower is protected. Because the legislation pertaining to such reports has changed, in 2017 the University amended its regulations and changed the name to Regulations for Reporting Malpractices and Irregularities. These new regulations came into effect on 1 January 2018. In the year under review, the Confidential Advisor received no reports from whistle-blowers.

Severance pay policy

The University's policy regarding severance pay is based on the agreements laid down in the Collective Labour Agreement for Dutch Universities and the associated regulations, including the Netherlands

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Universities Enhanced Unemployment Scheme (BNWU). The Regulations for Early Retirement and the Executives' Pay (Standards) Act are also taken into account. There is no one-size-fits-all approach.

5.5 Integrity

The 2015-2020 Strategic Plan sets out the University's mission, vision and core values. Integrity is one of our six core values and underpins all of the University's actions. At the University, integrity translates into honesty, respect, openness and transparency in our methods and reporting and is the foundation of our research and teaching. In this context, integrity and academic freedom go hand in hand.

Following the review of the integrity policy, in the spring of 2018 all staff members received a letter from the Board of the University containing information about the new Code of Conduct for Academic Integrity, which brings together existing regulations and agreements on integrity, the new Regulations for Reporting Malpractices and Irregularities (formerly the Whistle-blowers' Regulations) and the amended Confidential Advisor Regulations. This information also included a link to the newly designed website devoted to the theme of integrity. In addition, board members and directors were explicitly informed about the more stringent integrity policy and their role in it.

Since the Board of the University attaches great importance to spotlighting integrity as a topic for discussion, a training programme on this subject was launched in 2018. With the help of an external training agency, workshops were held in the spring for directors and board members, including the members of the Board of the University and the Supervisory Board. The evaluation of these courses in the autumn of 2018 led to the modification and refinement of the training courses for managers at the level below that of the faculty and management boards. The autumn was also used to prepare training courses/workshops for managers, which started in January 2019. The workshops are based on the University's values. They aim to open up the topic of integrity to discussion and to create awareness. Case discussion will play an important role in this. In addition, work has started on organizing a symposium on undesirable conduct in academic studies, which is planned for the spring of 2019. This symposium can be seen as a first follow-up step to the training courses for board members and managers.

Once all of the managers have followed a workshop, they draw up action plans for the roll-out of customized workshops for their department, in consultation with the board or directors of their unit.

In 2018, in the context of the University's Regulations for Reporting Malpractices and Irregularities, no reports were submitted to the Board of the University from the business operations domain.

6. Facilities

6.1 Student services

The aim is to have an involved student population who study efficiently and are well prepared for their future career through:

> setting up services and activities to support studies and careers
> actively involving students in the academic community
> extra-curricular activities

6.2 Sustainable business operations

The aim is to create a CO_2 neutral environment and to stimulate sustainable behaviour by:

> promoting sustainable employability and mobility of staff members
> offering sustainable, healthy work- and study environments.

6.4 Accommodation

The aim is to realize an optimal study and work environment through high-quality accommodation by:

> applying future-proof concepts to teaching rooms and work spaces
> applying green technology, sustainable materials and a set-up which improves well-being.

6.5 Information technology

The aim is using IT in education, research and management by:

> implementing and monitoring advanced IT developments
> guaranteeing accessible and robust IT infrastructure
> supporting staff members and students with IT facilities and tools.

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6.1 Culture and sport

Centre for Public Engagement

In 2019, the Centre for Public Engagement (CPE) will be established to boost the University's societal impact. Public engagement (PE) is the sharing of educational and research results and activities with a broad public, based on two-way communication. The Pre-University Academy, Studium Generale, the University Museum and Student Culture Centre Usva will form part of the CPE. The CPE will set up a University-wide programme to coordinate PE activities. In five years' time, the CPE aims to be a platform where University staff and students can engage in discussions with society and with each other. The department will assume the role of organizer, coordinator and initiator, in order to improve the relationship between society and the academic community, and to achieve greater involvement.

Sports facilities

Students and staff alike use the sports facilities owned and managed by the University of Groningen and Hanze UAS, including the main location, the Willem Alexander Sports Centre on the Zernike Campus, and the ACLO Station at the central station. The ACLO Foundation, which is run by students, has an important policymaking role when it comes to organizing student sports for the University and Hanze UAS.

In 2018, University and Hanze UAS board members discussed several detailed versions of the business case for replacing the main indoor sports location at Zernike. The boards concluded that the preferred option is to build a new location, but that the financial frameworks first need to be defined. In 2019, in consultation with Hanze UAS, decisions will be made regarding joint financing and the level of ambition for the new building.

With regard to the governance issue, the current situation has been thoroughly analysed. For the future, a continuation of the cooperation between the University and Hanze UAS in its current form is preferable. To this end, an updated cooperation agreement will be concluded in 2019. That document will also include agreements on how the cooperation will be managed (or jointly managed).

In 2018, work began on the new long-term policy plan (2019-2024), which is drawn up every five years by the ACLO and the University Sports Centre. This will now form a stepping stone towards the realization of the new building.

The 2018 figures for the sports facilities at the University and Hanze UAS are as follows:

- 18,500 students participating in sport, of which 10,000 are members of a sports association
- 50 student sports clubs
- 1,300 staff members participating in sport
- 100 different sports
- 600 hours of supervised sport per week

The number of students (+500) and staff (+300) participating in sport has increased compared to 2017.

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6.2 Sustainability

The 2015-2020 Roadmap (as established by the Board of the University) formulates ambitions for 2020, with regard to People, Planet and Performance. The Roadmap is, therefore, the leading green agenda for the University when it comes to sustainability. This report provides an overview of the current state of affairs with regard to the realization of those ambitions and to the projects that have been carried out.

People

Sustainable employability

This aspect is included in Section 5 of this Management Report.

Transport

Commuting

The Green Office (GO) will draw up a new University mobility plan in collaboration with HR and an external consultancy. The aim is to provide an overview of measures that the University can take in the area of mobility, specifically aimed at staff travelling between home and work. The measures should tie in with the University's objectives in the areas of accessibility, sustainability and vitality. The new plan will be presented to the Board of the University in 2019. It will be implemented once approval has been granted.
The Campus Bike was introduced in 2018. Campus Bikes are equipped with a smart lock that can be opened using a mobile phone app. It has been agreed with the faculties that this initiative should be expanded, and that the existing staff bikes should be phased out.

Work-related travel

In 2018, the new tendering process for work-related travel at the University was launched. It has been proposed that journeys up to a distance of 500 km from Utrecht (depending on the total travel time involved) must be made by train.

In 2018, emissions resulting from work-related travel accounted for 16% of the University's total carbon footprint. One of the ambitions laid down in the Roadmap is for the University to be carbon neutral by 2020. As such, in 2018, the Green Office started its search for a local CO_2 compensation project that would be suitable for the University, which would enable its members of staff to completely offset their future flight emissions.

Planet

The University is committed to achieving carbon neutrality by 2020. It defines this as 'the commitment of organizations and companies to avoid or compensate for the amount of greenhouse gases emitted'. The term is used to describe the performance of an organization. The calculation tool developed by the Green Office in 2017 to determine the carbon footprint was finally put into operation in 2018, after it had been extensively tested by both researchers at the University and participants in the Energy-neutral Groningen by 2035 platform. An agreement has been reached with the participants in this platform to start publishing each participant's carbon footprint on the Energy-neutral Groningen website before the end of the year.

Carbon footprint in 2018

In 2015, the University produced a total of 69 ktonnes[2] of CO_2. The graphs below show the University's CO_2 emissions per category for 2015 and 2018, including electricity, gas, commuter travel, and business flights (air travel). In 2018, the University produced 34 ktonnes of CO_2. This is almost 51% less than in 2015. The decrease is almost entirely due to the fact that, in 2018, 100% of the electricity purchased was compensated by GO certificates (Guarantee of Origin) for electricity generated by wind in the Netherlands and in the EU.



[2] 1 tonne of CO_2 corresponds approximately to the emission of 319 litres of diesel, seven flights to Paris or 500 days of breathing.
Source: https://www.climateneutralgroup.com/nieuws-inzicht/wat-is-1-ton- CO_2/

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Energy

The Roadmap specifies the following targets for energy:

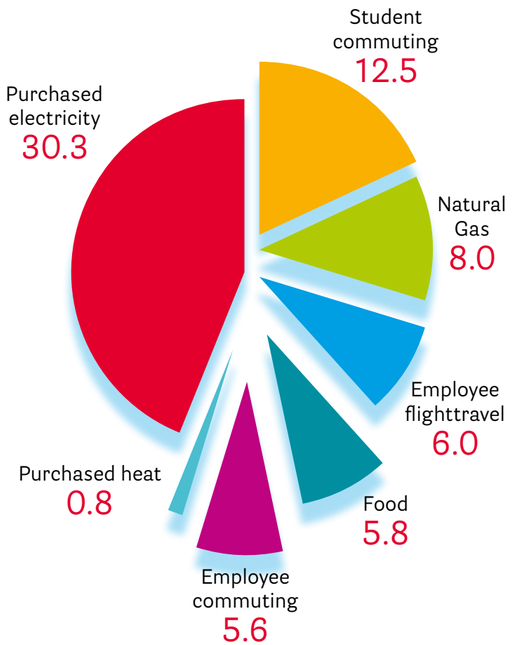
» A 30% IMPROVEMENT IN ENERGY EFFICIENCY BY 2020 IN RELATION TO 2005

In 2018 the following projects were launched:

> Energy label C (or better) for offices. According to information from the Netherlands Enterprise Agency, all offices larger than 100 m2 are expected to have at least energy label C by 2023. In response to this, a decision was taken to update the University's current long-term accommodation plans (in collaboration with the department of Property and Investment Projects (VGI), for both new construction projects and the existing real estate stock) by including a section on sustainability.
> The implementation of an energy management system. The energy management system developed over the past few years will be implemented across the entire University in 2019.

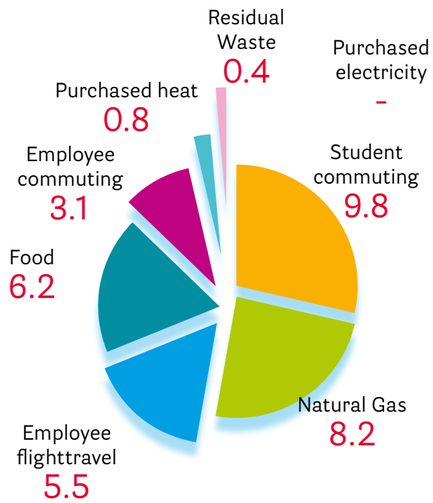
Energy consumption at the University of Groningen in 2018
The Environmental Performance Indicators for energy show that the amount of energy purchased has increased since 2010. However, from 2014 onwards, the total amount of energy purchased per student + staff member seems to have decreased slightly. In order to achieve the sustainability target of a 30% improvement in energy efficiency compared to 2005 (as laid down in the Roadmap), greater effort will have to be put into both technical and behavioural measures in the coming years.

CO_2 emission per category 2015



Totaal 69 ton

CO_2 emission per category 2018



Totaal 34 ton

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Sustainable energy

The Roadmap specifies the following targets for sustainable energy:

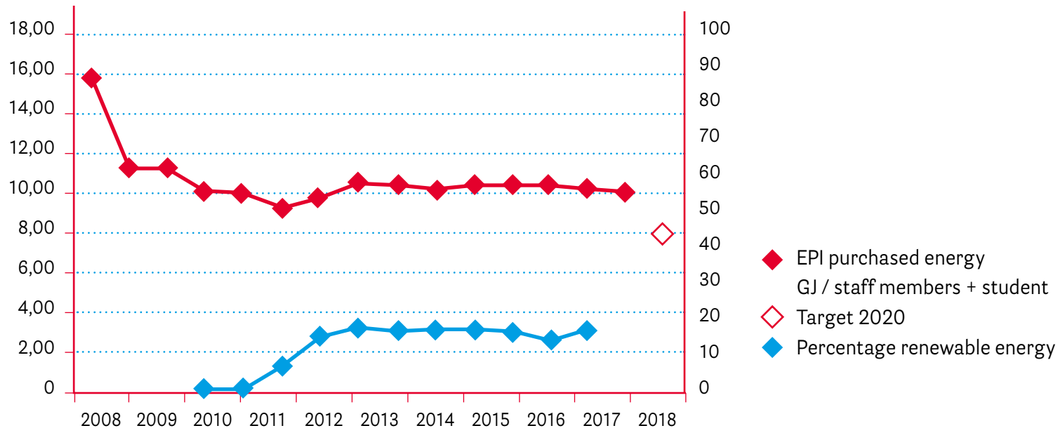
» AT LEAST 25% OF ENERGY PRODUCED BY OUR OWN RENEWABLE SOURCES BY 2020

The graph above also shows the percentage of renewable energy produced by the University (green line). This percentage represents the total amount of energy produced by the sun, wind and the University's energy storage system. The graph shows that this figure has been around 17% for some years now.

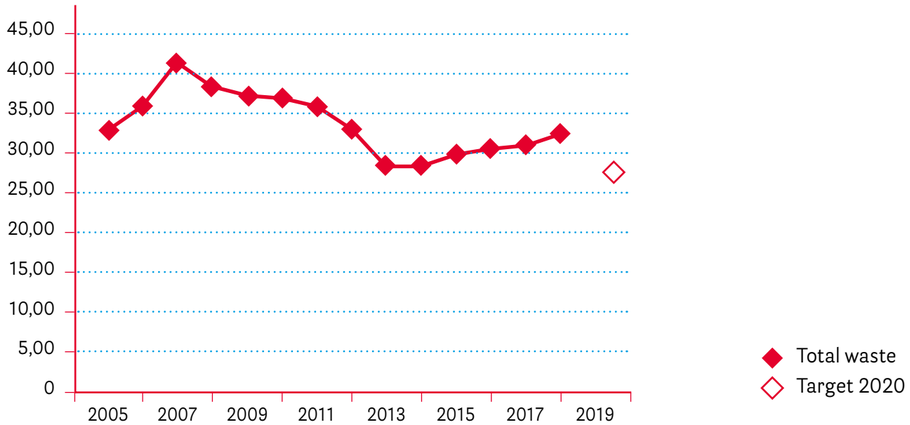
In cooperation with VGI and the University Services Department, we have started exploring the possibility of purchasing sustainable energy generated in the region. The current contract, under which fossil-generated energy is purchased and subsequently compensated by means of GO certificates, will be extended for an additional two years. In 2018, the total amount of electricity purchased was offset by GOs for wind power purchased in the Netherlands and in Europe. In this way, the University directly promotes the production of renewable energy in the Netherlands and Europe. The University is also installing solar panels on buildings in the city centre, and at Zernike, and on the premises of Campus Fryslân in Leeuwarden. In 2019, a total of 2,250 panels will be installed, corresponding to a



EPI purchased energy GJ/staff member + student



EPI waste in kg/staff member + student



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total capacity of 660 megawatts per year. This will achieve maximum savings of 207 tonnes of CO_2 per year.
By 2019, the total amount of power produced by solar panels will be about 1,290 megawatts. This corresponds to the amount of electricity needed by 430 households.

In 2019, the Green Office, the FB and VGI, in collaboration with an external party, will investigate the possibilities of upgrading the current wind turbine on the Zernike site. For the time being, it is assumed that, following the upgrade, it will generate ten times more energy.

Waste

The University's ambition is to separate at least 70% of its non-hazardous waste by 2020 and to reduce total waste production by 15% compared to 2005. The graph below shows that the total amount of waste seems to have slowly increased in recent years to around 32 kg per staff member/student. The University will need to redouble its efforts if it is to achieve its ambition of 27 kg of waste per staff member/student by 2020.

The improved separation of residual waste should result in a further reduction in the total amount of waste. The current separation percentage is 53%. The composition of residual waste was examined by an external party in 2017. This information is important when drawing up a feasibility plan for further waste separation (plastic, organic waste, cans, etc.). At the end of 2018, in consultation with University Services' Procurement department, a process was started for a new tender for waste collection at the University. This includes ambitions for the improved separation of residual waste and for reductions in the total volume of waste.

Performance

Ranking lists

UI GreenMetric World Universities Ranking 2015

In 2018, the University of Groningen rose four places in the international Green Metric Ranking and is now in seventh place. The UI Green Metric Ranking was launched by the Universitas Indonesia (UI) to generate awareness of sustainability issues in university policymaking.

The University of Groningen's position

Year	Ranking	Number of participating universities
2018	7	719
2017	11	619
2016	15	516
2015	12	407
2014	49	361

SustainaBul 2018

In 2018, the University of Groningen ranked eighth in the list of the most sustainable educational institutions in the Netherlands (in 2017 it ranked sixth). The ranking is based on sustainability in the broad sense of the word. Institutions can achieve a maximum score of 400 points. SustainaBul assesses sustainability and transparency within four themes: Teaching, research, business operations and an integral approach. The University of Groningen scored 354 points in 2018, beating its 2017 score.

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Sustainability in education

In 2017, at the instructions of the Sustainability Task Group, the number of sustainability-related courses at the University was appraised. This was done using a method developed by the State University of Arizona that was fine-tuned by the researchers. The study revealed that 40% of the entire curriculum was linked to sustainability in some way. The existing method was evaluated and renewed in late 2018.

6.3 Procurement

In 2018, 30 tendering procedures were completed: 13 European tenders (EA, two of which were new while 11 were repeat tenders) and 17 private tenders (multiple and single).

Socially responsible procurement

As a socially responsible institution, the University has set itself the goal of promoting sustainable development in all relevant areas. This also applies to socially responsible procurement. For each social theme, a description of the Procurement department's activities is provided.

Sustainability

Before each tendering procedure is initiated, the project/procurement team carries out a product and market analysis to find out whether any sustainable solutions are available on the market. The aim is to achieve to highest possible standards, based on the following criteria: Budget, Quality, Competition, Feasibility and Added Value. If this proves to be impracticable, the sustainability criteria as formulated by the government will suffice.

Successes in the field of sustainability include the European tender for University of Groningen/Hanze UAS security services. The winning supplier uses carbon-neutral means of transport. There was also a European call for tenders for sanitary facilities. Here, the winning supplier uses 100% electric transport for the supply and exchange of sanitary facilities, 100% organic towel rolls and a "cradle-to-cradle" range of dispensers.

The Procurement department hopes that, in 2019-20, the tendering process will enable it to focus on sustainability more than ever before. The Green Office plays a role in the start-up phase of a tender, to determine the maximum achievable benefit in terms of sustainability. This enables the Green Office to submit details of any policy changes resulting from sustainability choices to the Board of the University for approval, in good time. This method helps to determine the minimum requirements for sustainability, it also means that tendering processes (including European tendering processes) can be initiated on the basis of these principles.

Social return

Social return is an approach aimed at creating more employment opportunities for people with poor job prospects. In the product and market analysis that is carried out both internally and externally before each tendering procedure, the project team assesses the extent to which this principle can be incorporated.

The results achieved in these theme include:

- European tender for window cleaning: The winning supplier contributes at least 5% of the value of the contract (excl. VAT) for social return.
- European tender for security services at the University of Groningen/Hanze UAS: The winning supplier contributes at least 3% of the annual value of the contract (excl. VAT) for social return.
- European tender for operating systems: The winning bidder is obliged to contribute at least 1% of the value of the implementation of the contract (excl. VAT) for social return.

The University is also affiliated with Electronics Watch (EW). When the University purchases hardware products, a tendering party has to subscribe to EW's terms and conditions (in order to prevent labour abuses during the manufacturing process).
If possible, contractors in all sectors are asked to indicate in their tenders how many placements they can provide for University of Groningen students.

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In 2019-2020, the tendering process will continue to intensify its focus on social return. At the start of a tendering process, the Procurement department always contacts the Social Return Office at the Municipality of Groningen in order to determine the social return percentage that is to be included in the tender. In 2019, the minimum requirements for social return will be refined in the standard schedule of requirements, to enable the effective monitoring of subsequent efforts towards social return.

SMEs/regional businesses

In the product and market analysis that is carried out prior to any tendering procedure, the project/procurement team assesses how SMEs and businesses in the region can be given a realistic opportunity to compete for contracts.

In 2019, we will determine whether it is feasible for the Procurement department to sharpen its focus on SMEs and regional suppliers in tenders below the tender limit, using the long-list method.

6.4 Accommodation

The University's accommodation policy has long been based on three principles: strategy, quality improvement and spatial concentration. In 2014, a University-wide, long-term accommodation plan (LTHP) was drawn up for the period 2015-2024. This has been updated annually since 2016, most recently in November 2018. When drawing up the plan, it was stipulated that the real-estate stock must become increasingly flexible, to enable future growth and contractions to be more easily accommodated. To this end, the University adopted a set of standards in 2014, with the aim of focussing on "better m²" rather than "more m²" and to investigate the clustering of facilities, with a view to putting them to more general use. The plan also includes the task of replacing properties built in the 1970s, as well as ambitions and new opportunities. In 2019, the current LTHP will be five years old. The annual update will, therefore, focus on an evaluation of past goals and on a forecast of how the University's accommodation needs will develop in the coming years, also in relation to the new Strategic Plan.

Issues associated with earthquakes will continue to be an integral part of the University's accommodation policy and construction projects. The Gas Decree and the new NPR (a standard for taking measures), which has since been published, have prompted the University to reassess its policy and actions with regard to the earthquake resistance of buildings. This will be further developed in 2019.

The construction sector is still overheated. In addition to delays in tenders and the completion of projects, this has resulted in price increases. A calculation model was created in 2018, to determine the effect of real estate investments on the University's financial position. The project budgets are entered into this model and calculated using the applicable index (construction costs). The output includes a liquidity forecast that is used in the decision-making process. The overheated market is making it difficult to come up with reliable plans. Higher prices also lead to extra work internally, as the University pursues its search for potential savings. In 2019, we will have to take account of the fact that the available capacity sets the pace.

Construction projects

The accommodation and building activities are primarily concentrated in three areas – campuses – in Groningen. A building in Leeuwarden was purchased for Campus Fryslân. This will be renovated and ready to use in 2019. Preparations are also currently underway to replace the Herdershut research facility of the Faculty of Science and Engineering on Schiermonnikoog.

1. City Centre Campus

Flexibility plays a role in all projects. The focus is on the flexible use of space, so that future changes to the organization can be accommodated without needing to renovate. In addition, flexibility and multi-use also contribute to the reduction of the total use of space (footprint), which is an major consideration in light of the

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University's sustainability objectives. One particular project in this context is the adaptation of the offices in the Academy Building, which is home to the Office of the University. The renovation of the West Wing started in 2018. This phase will be completed in 2019.

In 2018, a master plan was drawn up to accommodate the Faculty of Law in the Public Library building. In this plan, the schedule of requirements was effectively translated into a design that was in keeping with the building's potential and limitations. The schedule is based on the assumption that, once the Faculty of Law has relocated to the building on Oude Boteringestraat, the renovation of the Harmonie Complex will commence, to create joint teaching facilities and accommodation for the Faculty of Arts.

Much of the Faculty of Behavioural and Social Sciences' teaching space was located outside its own building, in rented premises in the Hortus neighbourhood. In 2018, office space was reorganized and optimized to create more teaching areas. The old extension of the Heymans building has been redesigned and – if everything goes according to plan – a new restaurant, including study areas, will be built by the end of 2019.

2. Healthy Ageing Campus

The Healthy Ageing Campus (HAC) is an area development project on the north side of the UMCG complex. The University is working closely with the UMCG on this project. The urban master plan incorporates the University of Groningen's various accommodation programmes (USVA/sports facilities, University College Groningen, teaching and research facilities at the Faculty of Medical Sciences and the Faculty of Science and Engineering). On this basis, all legal, organizational and financial consequences were translated into a general agreement that was signed in 2018. The next step is to relocate a number of facilities in 2019, such as the Central Medical Library (with study areas) to a site near the University's teaching and research facilities on the north side of the complex.

3. Zernike Campus

In cooperation with the partners in the Groningen Agreement, the University is working on plans to improve the quality and accessibility of the campus (two major themes). In 2018, a new cycle route was opened across Penningsdijk and the design for Zernikelaan was also completed. The Start-up City project was also completed in 2018. This is the new central location on the Zernike Campus for the entrepreneurial activities of the University, UMCG and Hanze UAS Groningen.

The Feringa Building project is being developed for the Faculty of Science and Engineering to replace Nijenborgh 4, which has been written off. It will be the prime location for high-quality research and is the University's largest accommodation project, both currently and for the foreseeable future. An arduous tender process has since led to the commissioning of a construction contractor, and building work will start in 2019.

The Aletta Jacobs Hall will be extended to include two additional lecture halls and 590 examination desks, which will also improve the building's logistics. The tender process was completed successfully in 2018, following a series of negotiations. The expectation is that the new building will be completed in the spring of 2020, based on a construction process that is designed to minimize any disruption to activities in the existing building during the examination period.

Work is also underway on the construction of a new HPC data centre. A master plan being drawn up for the Zernike-West buildings will address the optimization of CIT's accommodation, the refurbishment of the computer rooms that will become available, and the FEB's need for teaching space. Based on a business case for the Sports Centre, it has since been concluded that a new building is the preferred option in the long term. The financial frameworks for this have yet to be defined. And finally, once the University Services Department has been reorganized, a project will be launched to find new accommodation for this department.

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6.5 Center for Information Technology

The Center for Information Technology (CIT) is one of the leading IT centres owned and managed by Dutch universities. It offers high-quality, innovative and reliable services to the University (and partners such as UMCG and ASTRON) in the field of IT and data for teaching and research. Last year, the emphasis was on improving customer focus and professionalization, and on strengthening the Centre's position within the national university IT/data landscape.

This has resulted in a new organizational structure, featuring teams that are capable of responding flexibly to customer requests; a first step towards certification for security, quality and architecture; and a manifest influence in national bodies such as SURF, VSNU, NFU and the ministries. A robust CIT will give the University excellent IT and data infrastructure, making the UG more attractive to both potential students and future academic staff.

Teaching and research

The CIT's mission is to provide and maintain an innovative and robust IT infrastructure for teaching and research. This consists of the campus network, two CIT data centres, the High Performance Cluster, University workstations, the website and intranet, all campus software and the helpdesk. The CIT also has specialists on hand to support teaching, research (including spatial data and visualization) and business management. Securing the University's network and IT systems is one of the highest priorities. Finally, the CIT also provides education based on available expertise: lecturer professionalization, courses on various applications (from Excel to advanced programming in Python) and, since 2018, it has also been involved in data science Bachelor's degree programmes.

Digital testing and research data management

In terms of innovative developments, the priorities are digital testing and research data management (RDM). Digital testing concerns both the training and support of lecturers with various forms of digital testing, and the infrastructure for setting and sitting digital exams and for processing large numbers of tests. In recent years, the number of digital tests at the University has increased sharply. The goal is to digitize 80% of tests by 2020.

Developments in RDM span the entire data cycle, starting with the provision of support for adequate data management plans (required by subsidy providers), through to facilities for supporting and performing data analyses and curating and archiving the data for future research. In 2018, a completely new Virtual Research Environment (VRE) was delivered, which will facilitate these developments. Support for researchers is handled by the RDO, a collaboration between the CIT and University Library. The CIT manages the Data Federation Hub (DFH), to coordinate research data support and facilities at the University's faculties and service units, and those of the UMCG.

The CIT also implements regular innovative updates to the IT infrastructure, including the network, server virtualization, data storage, and backup facilities. As such, the University continues to have an up-to-date IT/data infrastructure at its disposal, suitable for tomorrow's academic teaching and research.

The future

The CIT's ambition is to maintain its leading position among Dutch university IT centres. Aspects such as Big Data (construction of a High Performance Cluster data centre), sensitive data (medical data, business information with the use of virtualization technologies) and digital testing (expansion of the examination hall, testing with real-life applications) continue to be high on the national agenda. These ambitions will be achieved by investing in the knowledge and expertise of staff, and by continuing to evolve into a more customer-oriented and professional organization.

6.6 University Library

The University Library (UL) is an important information hub at the University and – with 2.5 million visitors in 2018 – it is the primary centre of study and knowledge in the city. At the University, the

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UL plays a key role in the field of compiling collections, research and educational support, and public outreach. In 2018, services for students, lecturers, researchers and the general public were expanded and further professionalized.

It achieved its objectives in the following three areas, thanks to a change in policy:

1. Free interlibrary loans

Since 2018 (following the introduction of a new library system two years ago), a cloud-based application has made interlibrary loans much easier and more transparent. The users have not experienced any inconvenience during the transition to the new system, and they can now easily submit free requests.

2. Spending on the compilation of collections

The General Literature Budget (GLB) is the mechanism for financing and accounting for spending on compiling collections. In 2018, collection expenditure increased to € 7.3 million. By doing so, the UL has achieved the task it was given during the library reorganization of 2010, which was to balance the ratio (1:1) between spending on the compilation of collections and personnel costs (which was 2:3 at the time). The year 2017 was the turning point, and the trend continued in 2018. Spending on collections increased from € 5.3 million in 2009 to € 7.3 million in 2018, and now exceeds personnel costs.

3. Reflection room

The Board of the University decided to set up a reflection room at the University Library, as a pilot project. The aim was to offer students and staff an opportunity to temporarily escape from the hustle and bustle of daily life, for a moment of reflection or meditation, for example. The UL was responsible both for preparing the policy and for its practical implementation (making a room available, layout and furnishing, communication, house rules). The process was coordinated with the student assessors on the Board of the University, the faculties and the University Council. The UL has developed criteria to evaluate the pilot in 2019.

On the following three points, the University Library has formulated its ambitions more clearly:

1. Professionalization of research and teaching support

Innovation in the provision of academic information is and remains a priority for the University Library. The UL uses teaching vacancies that arise as a result of staff retiring to attract highly qualified personnel. To support researchers, two crucial projects have been initiated and implemented in the field of open access publishing – one of the University's strategic focus areas – and in the field of research impact analysis.

In both projects, the UL works closely with the Education & Research Strategy department and the General Administrative and Legal Affairs department, as well as with the Central Medical Library of the UMCG. In the Research Data Office (RDO), the UL works closely with the Center for Information Technology to support researchers in the handling of research data.

In 2018, several improvements and additions to Pure's functionality and workflow were implemented, improving the coverage of research output and the quality of the data and reports. In addition to providing practical information and support for researchers, the system also provides managers with strategic advice.

The UL's education specialists have developed a new approach aimed at making teaching information skills more relevant to the needs of students and lecturers. The teaching of information skills is integrated into the curricula in close collaboration with the faculties. Training courses and presentations have been developed for PhD students and early career researchers on the various elements of the publication strategy, such as journal selection, author identification with ORCID and societal and academic impact.

2. University of Groningen Press

The University of Groningen Library is currently helping University researchers launch and publish approximately 20 digital academic journals. Last year, the University of Groningen Press (UGP) was

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further professionalized, for example by assigning Digital Object Identifiers (DOI) to journals. In 2018, important steps were taken towards being able to publish monographs online under this imprint in the future.

3. Public outreach

The appointment of the new curator gave fresh impetus to the Special Collections department. Within just a short period of time, the visibility of the collection has increased and, in collaboration with the faculties, an approach has been developed that better reflects the teaching and research activities. New lecture series also reach more target groups outside the University than ever before.

By being a location for regional events, the University Library has become increasingly visible in 2018. This strategy will be further developed and the services and collections of the UL will be made even more accessible to the general public.

The University Museum plays a key role in public education. In order to increase public outreach and visibility, policy preparations were made in 2018 to form a Centre for Public Engagement, housed at the Office of the University, of which the museum will be a part.

Finally, at the end of 2018, the University Library initiated a process to develop its vision, in preparation for the University's Strategic Plan for 2020-2025.

7. Corporate governance



7.1 Corporate Governance

As a public organization, the UG is committed to being accountable for and transparent about all its actions.

7.2 Transparency document

The UG complies with the government policy document on transparent funding of higher education (Notitie ‘Helderheid in de bekostiging van het hoger onderwijs’).

7.3 Treasury

The aim is to achieve an optimum return on outstanding investments.

7.4 Top incomes and remuneration

The members of the Board of the University are open and transparent about the expenses they declare.

7. Corporate governance

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7.1 Corporate Governance

The rules, guidelines and agreements for a straightforward and transparent management and reporting philosophy are set out in the University's Administrative Regulations and elsewhere. These are detailed regulations, complementing the statutory regulations, on aspects such as the official position of the Supervisory Board, the Board of the University and the Faculty Boards. They concern matters relating to governance and management. The members of both the Supervisory Board and the Board of the University are guided by the Code of Good Governance for Universities drawn up by the VSNU (Association of Universities in the Netherlands). The University complies with this principle-based Code. The way the Code is applied is explained under the various themes in this report.

The Supervisory Board and the Board of the University fulfil the statutory roles assigned to them in the planning and control cycle. The effects of policy implementation are reflected in the budget, reporting in the annual financial statements and the Management Report. The faculties and service units are responsible for their results and can operate autonomously within the frameworks and guidelines set out by the Board of the University.

One part of the Student Loan Act (Wet Studievoorschot) relates to the right of consent of consultative participation bodies with regard to the institutional budget. The institution, in cooperation with the University Council, has determined the planning and content of the right of consent. The right of consent relates to the way in which general income (the component controlled by the Board of the University) is allocated. It does not apply to indirect government funding or income from contract research, due to the nature of these allocations. General consent applies at University level, not at faculty level. For allocations in the field of education, research and business operations, the limit value is set at allocations greater than or equal to € 0.5 million; for real estate investments, this value is set at € 5 million. The right of consent also relates to changes to the internal allocation model.

In the Sector Agreement of 9 April 2018, agreements were made between the Ministry of Education, Culture and Science and the VSNU regarding quality agreements in higher education, the way in which universities profile themselves, and the shared priorities for the coming governmental term of office. This includes agreements on transparency and accountability. As such, it was agreed that the institutions will give consultative participation bodies the right of consent regarding the institution's plans for the use of funds from the student loan system.

Management and control

The University follows a transparent central planning and control cycle, in which the University budget is monitored periodically throughout the reporting year by means of updates and defined periods. For Finance and Real Estate, corporate-level quarterly reports are released which, in addition to overviews of actual spending levels compared to the budget, also include an analysis of developments, risks and possible measures. This enables the Board of the University to make timely adjustments when necessary.

The University's liquidity position is continuously monitored by means of detailed liquidity planning, which is updated every week.

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In principle, the University continues to fund investments in new buildings and IT from its own resources, to avoid incurring any external interest charges for which no national funding is received. As a result, the full amount of government funding can be used for the funded tasks of teaching and research. In recent years this has resulted in a long-term equilibrium and a prudent financial policy. Positive annual results are used to save for investments in accommodation, IT and any other policy intensifications the Board of the University deems necessary. The implementation of the substantial new building programme planned for 2019 means that the University will have to borrow capital in order to finance the investments.

For the University, stable funding from the Ministry and stable growth in student numbers are essential. A structural reduction in government funding, as a result of the Van Rijn Committee's proposals to redistribute government funds in favour of STEM teaching and research, for example, will have far-reaching consequences for the University of Groningen. Apart from this, the University is becoming increasingly dependent on indirect government funding and income from contract research. In order to minimize the related risks for the continuity of business operations, universities need to maintain reserves.

SODOLA

The University of Groningen is the coordinator of three national research schools, namely Medieval Studies, Behavioural and Cognitive Neurosciences (BCN), and the Inter-university Center for Social Science Theory and Methodology (ICS), to which the VSNU-SODOLA Guidelines for the Funding of Research Schools apply. In the case of Medieval Studies, sufficient funding was arranged through the DLG-LOGOS agreement. At the end of 2014, the parties involved concluded that current funding of the other two research schools (ICS and BCN) satisfied the Guidelines for the Funding of Research Schools. In 2018, nothing changed in this regard.

Code of good university governance

The VSNU has introduced a Code of Good Governance. The Supervisory Board and the Board of the University endorse the principles of the Code, which are applied by the UG. The Supervisory Board augmented its own organization with the appointment of a Finance Visitation Committee and a (Teaching) Quality Visitation Committee. The measures approved by the Board in late 2017 included the new Uniform Dutch reimbursement rules for members of boards of universities. The new Regulations, initiated by the VSNU, came into force on 1 January 2018. Every year, the VSNU monitors implementation of the Code by the universities, based on their annual reports and information on their websites.

General Data Protection Regulation

The General Data Protection Regulation (GDPR) came into force in the European Union on 25 May 2018. The GDPR sets new requirements for the handling of personal data, compared to the Personal Data Protection Act (WBP: Wet Bescherming Persoonsgegevens). In areas where the rights of data subjects have been increased to a certain extent, the University of Groningen will have to comply with a number of new obligations. These new obligations relate to accountability in particular, and include setting up a processing register and performing data protection impact assessments ("DPIA"). The conclusion of processing agreements with third parties also falls within this scope, but it was already mandatory under the WBP. In the fourth quarter of 2016, the University started the GDPR Compliance Project. The University has also set up an organization for managing and dealing with privacy-related issues. In order to assess our current privacy procedures, the maturity model as established by the Centre for Information Security and Privacy Protection is used. The maturity model provides insight into the level (0 to 5) at which an organization operates. In line with its privacy mission and vision, the University is endeavouring to achieve maturity level 3, at the very least. In principle, levels below this indicate shortcomings in compliance with the GDPR. At the end of 2018, the University's maturity level was assessed at level 1.3. This is a good result, given the efforts of the past year.

Discontinuation of preparations for the branch campus in Yantai
In 2015, the University of Groningen, in cooperation with Chinese

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partners, started preparatory activities for the establishment of a branch campus in the Chinese city of Yantai. When, in January 2018, it became apparent that there was insufficient support for this initiative among the consultative participation bodies, preparations were called to a halt. The faculties of the University were given the opportunity to set up regular forms of cooperation in the field of teaching and research on their own initiative.

As agreed with the Ministry of Education, Culture and Science, the University's start-up costs for the establishment of the branch campus in Yantai were financed entirely from private funds. For this purpose, dividend payments and donations from some of the University's private subsidiaries were used, including: UOCG Market B.V. (UOCG); RUG Houdstermaatschappij B.V. (RHM) and the Groningen Academic Education Foundation (AOG).

In the spring of 2018, the Education Inspectorate (hereafter: Inspectorate) received signals about the possible incompleteness of the Yantai timekeeping records, after which – in August and September 2018 – a number of media reports were published about the financing of the start-up costs.

This prompted the Inspectorate to launch an investigation into both the timekeeping records and the financing of the start-up costs (the raising of private funds). In close consultation with the Inspectorate, it was decided that the part of the investigation into the timekeeping records (commissioned by the University's Supervisory Board) would be carried out by an independent external investigator. At its own request, the Inspectorate was involved in the design of this investigation and in the approach used. Upon completion, the Inspectorate carried out a review of the investigation dossier and concluded that it could be relied upon. The part of the investigation concerning the origin of private funds was carried out by the Inspectorate itself.

On the basis of the investigations, it was found that some of the hours spent by University staff on preparatory activities for the Yantai branch campus were not justified. In particular, this involved activities carried out on staff members' own initiative and without authorization from the management of the Preparatory Programme. Since the University had not adopted a system to fully account for the use of time by all staff members, these hours were left out of the justification process. In addition, as a result of a mistake made when correcting a previous entry, a dividend payment was twice processed as private income and, in the opinion of the Inspectorate, an amount had been wrongly classified as private funds following the sale of one of the University's private subsidiaries.

Yantai Expenses (in 1,000 EUR)

	2015	2016	2017	2018	Total
Staff	772	696	1.023	714	3.205
Material	189	348	477	269	1.283
Total	961	1.044	1.500	983	4.488

The University accepts the Inspectorate's conclusions and has incorporated the findings in the 2018 financial statements. Since the investigation covered the period from 2015 to 2017, this means that there is a shift in University's balance sheet from private reserve to public reserve.

A total of € 1,064 k of the private special-purpose reserve in the separate financial statement has been corrected and consolidated for € 792 k. The difference concerns € 272 k from the sale of UOCG Market B.V., which was not included in the 2017 consolidated financial statements and, therefore, does not need to be corrected in the consolidated financial statements.

In addition, the 2018 financial statements include the costs incurred in 2018 up to the moment at which preparations for the Yantai branch campus were discontinued, plus the cost of phasing out the preparation teams. The total costs as from 2015 for the preparation

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and phasing out of the programme, including the corrections following the investigation into the timekeeping records, are shown in the table below. The University opted for a 'peak exposure' approach, whereby personnel costs were calculated in the same way as in Ecorys' external investigation into timekeeping, i.e. including surcharges for "additional activities" and "indirect short-term activities".

Representation

The Board of the University submitted a Letter of Representation to the University visitationor at the time the unqualified report was issued. This provides a check for the external visitationor and is, therefore, documented in the visitationor's visitation files.

7.2 Transparency document

The University of Groningen complies with the government policy document on the transparent funding of higher education ("Helderheid in de bekostiging van het hoger onderwijs"), the purpose of which is to provide funded higher education institutions with clear information on the interpretation and application of current rules for the calculation of funding parameters.

THEME 1

Outsourcing of degree programmes

The University of Groningen does not outsource to private organizations any teaching in degree programmes registered with the Central Register of Higher Education Programmes (CROHO).

THEME 2

Investment of public funding in private sector activities

The University does not spend any government funding on private sector activities, other than that relating to the transfer of knowledge to society. In so doing, care is taken to ensure that competition does not become distorted.

In total, the University of Groningen contributed € 5,936 k to its affiliated parties. This concerns RUG Houdstermaatschappij B.V., ANS B.V. and UOCG Market B.V. There were no additional capital injections in 2018. In the financial statements, the increase with respect to this initial injection of equity has been accounted for in the private special-purpose fund. The balance of this fund at the end of 2018 amounted to € 4,631 k. The change in 2018 is € 500,000, which is the balance of the result of the affiliated parties. In 2018, no returns were attributed to this initial contribution.

In 2018, the Education Inspectorate carried out an investigation into the financing of the start-up costs for the Yantai branch campus, focusing in particular on whether the University of Groningen had adhered to the legal framework. The Inspectorate concluded that no unlawful action had been taken, but it did state that a number of corrections for previous years had to be included in the 2018 financial statements. The University accepted the findings of the investigation and made the relevant corrections.

THEME 3

Granting of exemptions

Exemptions from parts of examinations are granted by the Boards of Examiners. Clearly, the reason for granting an exemption must be that the candidate has already acquired the relevant knowledge and experience, either at the University or elsewhere. As far as possible, the Boards of Examiners set out their exemptions policy in advance. It is not possible to obtain exemption from an entire degree programme. The Teaching and Examination Regulations contain a provision to this effect, whereby the maximum is set at 50%.

THEME 4

Funding of international students

In the context of internationalization, the University participates in exchange programmes with various European universities. The University complies fully with the principles of funding regulations in the teaching it provides to both Dutch and international students. Exchanges are based on an agreement and the institutions that participate in – and facilitate – student exchanges do not charge

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each other any costs. Dutch students continue to count towards the funding, but international students do not.

In 2018 the University awarded funding from the Graduation Fund to four non-EU students, within the meaning of Article 7.51 of the Higher Education and Scientific Research Act (WHW), to one non-EEA student through Committee Grants, and to one non-EU student through participation in consultative bodies. In total, € 9,906.30 was disbursed to the six non-EU students from the Graduation Fund.

Graduation Fund

A complete overview, as referred to in Article 7.51 of the Higher Education and Scientific Research Act (WHW), of the number of students who have received financial support from the graduation fund and of the amounts paid out is shown in the table below. For committee grants and grants for special achievements (the latter are included in the category "other"), the duration of the payment corresponds to an academic year; for grants awarded due to situations of force majeure, this is specifically determined for each individual grant allocation.

THEME 5

Tuition fees not paid by the student

Students are required to pay tuition fees to demonstrate that they have the intention of following the degree programme. In a number of cases, students failed to pay their own tuition fees. There may be various reasons for this, for instance because the student is in a dire financial position. Legislation allows for the possibility that, in some cases, the tuition fees may consequently be paid by the educational institution itself, via a special fund or emergency fund. In 2018, the University paid out a total of € 3,135 to seven students from its Emergency Fund. The maximum allowance in the form of a gift or a loan is € 1,250 per student per year.

Graduation Fund

	Number of applications	Number of grants awarded	Total awarded	Amount per student
Force majeure situation	531	224	€ 482,741	€ 2,155
Committee grants	541	494	€ 970,738	€ 1,965
Other	22	20	€ 40,000	€ 2,000
Total	1,094	738	€ 1,493,479	€ 2,024

THEME 6

Students following degree programme modules

The University does not offer course units in the form of pre-structured learning routes with separate certificates as part of a CROHO-accredited degree programme.

THEME 7

Students following a degree programme other than the one for which they are registered

The policy of the University of Groningen is to ensure that students are able to find the degree programme that is right for them as soon as possible. Aside from the option of studying course units offered by another degree programme as electives, it is not possible for students to sit examinations that are part of degree programmes for which they are not registered.

THEME 8

Funding of tailor-made programmes

At the request of the Saudi Ministry of Higher Education, since the spring of 2007 the University of Groningen and the UMCG have offered students from Saudi Arabia a special training programme for local medical care. The programme starts with a preparatory year. In the 2018/2019 academic year, 27 students participated in it. This programme is not registered with the CROHO. Students who successfully complete the preparatory year may begin the regular

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CROHO-accredited programme to qualify as physicians or dentists. In September 2018, 22 students transitioned to the second year of the regular Medicine degree programme.

As this concern non-EU students, their training is not eligible for funding by the Dutch government. In order to finance these programmes, the Saudi participants pay the annual tuition fee that is established by the University, which is € 32,000 per year. These students also pay € 32,000 per year for the preparatory year. The students in question receive King Abdullah Scholarships from the Saudi government.

The University does not offer any other tailor-made programmes in which a third party – an external organization or company – pays to have an existing programme customized.

7.3 Treasury

The Ministry of Education, Culture and Science (OCW) prepared a new investments, loans and derivatives scheme for educational and research institutes (Regeling beleggen, lenen en derivaten OCW 2016). This Order in Council came into force on 1 July 2016. The new scheme covers management aspects such as the required minimum rating for investments (single A), the way governance of the distribution of powers (tasks, decision-making and supervision) is laid down, and elements with regard to the structure of administrative organization and internal control.

The University has updated its existing Treasury Rules on the basis of these new Regulations. The new Treasury Rules were established by the Board of the University in July 2016 and approved by the Supervisory Board in September 2016.

The Rules set out the treasury management processes and the financing policy for the Board of the University. They are based on the University's strategic planning for teaching and research, as well as the future investments in property. This will help to facilitate the process of managing, controlling and monitoring current and future funding streams. The aim is to achieve an optimum return on outstanding investments within the given limits of the risk policy, as specified in the Treasury Rules.

Incidentally, the University has not yet been faced with interest charges on outstanding funds. The University sets out its policy and principles in the Treasury Rules in the form of standard guidelines for investment policy, financing policy, participation in legal entities, and loans to legal entities affiliated to the University of Groningen. Such loans are only allowed in the context of the legal (funded) duty of knowledge valorization that Dutch universities are tasked with.

In 2018, the Ministry of Education, Culture and Science published two amendments to the Regulations in the Staatscourant (Government Gazette). Article 6.3 of the Regulations was amended on 5 April 2018. Price fluctuations on the principal sum of an investment (bonds) are permitted, subject to the internal regulator's approval. This amendment entered into force on 1 July 2018. The University does not have any bonds in its portfolio.

In addition, major amendments to several articles of the Regulations were published on 5 December 2018. The most important amendment is that funds can now be borrowed (with retroactive effect from 1 July 2016) from sources other than financial institutions, these include organizations, funds, insurers and governments, provided that such borrowing is risk-free.

As a result of the aforementioned two amendments to the Regulations in 2018, the Board approved an updated version of the University's Treasury Rules on 28 January 2019, which incorporates all the amendments to the Regulations. The updated Rules were adopted by the Supervisory Board in March 2019.

At the end of 2017, the University had € 274 million in liquid assets: € 185.0 million as a transaction account held with the State of the Netherlands, and € 66 million in the form of a deposit.

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At the end of 2018, the University had a total of € 303 million in liquid assets (excluding participating parties), of which approximately € 15 million was held in bank accounts, approximately € 222 million in current accounts and € 66 million in deposits. Securities amount to € 21.5 million; the € 2.5 million increase in 2018 is the result of a new deposit agreed with the Ministry of Finance.

Liquidity development

At the end of 2018, the University still had a relatively high level of liquid assets. This can be explained by the fact that the University has saved up to make very substantial investments in its real-estate stock in the form of new buildings, which are now in the decision-making phase or in a tender phase (which is either yet to commence or has already been completed). Spending hundreds of millions of euros over the coming financial years will put a significant strain on liquidity and will force the University to borrow substantially from external financiers. This is a new situation for the University. However, at the time of drafting this Management Report for 2018, commitments have already been made, in particular the contract for the construction of the Feringa Building (signed on 6 March 2019), and expenditure has been fixed in accordance with a contractual payment schedule. In the short term, the University needs all of its current liquid buffers if it is to be able to meet its obligations with regard to the construction of new buildings.

7.4 Top incomes and remuneration

The VSNU negotiates with employer organizations on the conditions of employment for Dutch university staff. Conditions of employment relate to matters such as salary, holidays/leave, pensions and social security. The working conditions agreed with employer organizations are set out in the Collective Labour Agreement for Dutch Universities. Members of the Board of the University and the Supervisory Board (as well as non-senior officials) are also subject to legal assessment under the Dutch Senior Officials in the Public and Semi-Public Sector (Standards for Remuneration) Act (Wet Normering bezoldiging Topfunctionarissen publieke en semipublieke sector – WNT).

In relation to the WNT Act, the University has the following to report for 2018. For the research universities sector (WO), the WNT-2 came into effect for all newly appointed senior officials on 1 January 2016, a year later than in the other education sectors. In the year under review, the maximum salary threshold for senior and non-senior officials employed by the government, independent governing bodies, other public bodies and semi-public institutions was € 187,000.

In addition, in September the Minister of the Interior and Kingdom Relations raised the maximum salary for 2018 to € 189,000. In 2018, a statutory transitional arrangement applied for senior officials appointed or reappointed under the WNT-1 Act: for a period not exceeding four reporting years, the ‘old’ maximum reference salary of € 230,474 applies, after which it is scaled down to the maximum WNT-2 salary threshold within three years.

In 2018 the maximum salary threshold of € 189,000 was exceeded among the senior officials of the University, in the case of the President of the Board of the University (who resigned on 1 October 2018), the Rector Magnificus and the Vice-President of the Board of the University. The WNT transitional agreement applies to all three members of the Board of the University. The excess, which is explainable by law and permitted within the WNT, is explained in detail in the 2018 financial statements.

For senior officials with supervisory duties (i.e. members of the Supervisory Board), there is no transitional arrangement, but a maximum salary threshold of 10% of the maximum WNT-2 reference salary for 2018 of € 189,000 applies for members of the Supervisory Board (15% for the Chair). During the year under review, the University had no senior officials with supervisory duties whose salary exceeded this sum.

In 2018, the University had four staff members (non-senior officials) whose remuneration exceeded the WNT-2 threshold (€ 189,000). In one case, the maximum was exceeded due to royalties. The other three cases involved excesses for non-senior officials who received a higher gross salary in connection with compensation for the capping of the maximum pensionable salary.

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The table comparing the salaries of the members of the Board of the University and the Supervisory Board in 2017 and 2018 can be found in the financial statements appended to this Management Report.

Reimbursement of costs for Board members

In 2018, the VSNU introduced new Declaration Regulations for Executive Board members at Dutch universities. This was approved nationally by the Chairs of the Supervisory Boards of universities in the Netherlands in a joint meeting in November 2017. The new Declaration Regulations came into effect on 1 January 2018.

Reports on the 2018 financial year are based on the new Declaration Regulations for Executive Board members. The expense claims below are in accordance with these Regulations.

Expenses for members of the Board 2018

	Poppema	De Vries	Sterken	De Jeu	Total
Representation costs	1,060	913	1,933	1,474	5,380
Domestic travel costs	30,123	4,949	-	19,311	54,383
NS travel pass, 1st class	-	-	6,720	-	6,720
Foreign travel costs	8,123	190	14,499	3,408	26,219
Other	2,614	-	-	656	3,270
Total	41,920	6,052	23,152	24,849	95,973

“Domestic travel expenses” relate to the professional use of the University of Groningen’s official car available for this purpose, in accordance with the applicable regulations.

8. Continuity section

8.1 Explanatory notes on student numbers and staffing

It is very important to maintain the number of registered students.

8.2 Explanatory notes on operating and balance-sheet figures

The government grant to the UG depends on three funding variables and the market share.

8.3 Internal risk management and control system

The UG is reluctant to take risks in business operations.

8.4 Risks and uncertainties

The most important current and structural themes that involve risks as well as measures to limit these risks.

8.5 Reporting by the supervisory body

The approval of the Supervisory Board is legally required for the Strategic Plan and the Management Report, among others.

8. Continuity section

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The purpose of the continuity section is to provide additional information on the projected effects that the policy being proposed by the governing body of the institution concerned will have on that institution's financial position. It provides the Board of the University with an additional instrument for business operations that can serve as the basis for a discussion within the University about the projected effects of external developments combined with the policy pursued in the coming years.

8.1 Explanatory notes on student numbers and staffing

The expectation is that, as of 2019, there will be a slight drop in the number of Dutch students at the University, as a result of demographic trends. In order to continue offering a high-standard and feasible curriculum and first-class facilities, it is important to maintain the number of registered students. Therefore, the University of Groningen is opting for further internationalization, in an effort to boost the number of students from outside the Netherlands and thereby compensate for the smaller number of Dutch students. In the University's view, internationalization is also important for both teaching and research, in order to address modern-day issues and challenges from a wide range of perspectives and approaches. The internationalization of higher education is also reflected in the reference framework of the Ministry of Education, Culture and Science for 2018, which, partly due to the considerable rise in the number of international students, shows a projected overall annual growth in student numbers of approx. 2% for the research universities sector in the long term. The University of Groningen assumes that the total number of registered students will be maintained.

Students (on 30 September 2018)	2018	2019	2020	2021	2022	2023
International	7,040	7,533	8,060	8,624	9,228	9,874
From the Netherlands	24,475	24,075	23,675	23,275	22,875	22,475
Total	31,515	31,608	31,735	31,899	32,103	32,349

Staff	2018	2019	2020	2021	2022	2023
Management/Board	681	681	681	681	681	681
O&O support staff	2,887	2,902	2,936	2,971	3,005	3,040
Other support staff	2,537	2,646	2,661	2,677	2,692	2,708
Total	6,150	6,228	6,278	6,329	6,379	6,429

In order to guarantee and improve the quality of education, the University is committed to increasing the number of staff. The Board has made extra resources available to the faculties for this purpose, and this intensification is also a priority in the Quality Agreements for 2019-2024 (see also 3.7). The University is also aiming to further boost external research funding, in response to the increase in available resources from indirect government funding and funding

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from contract research. An increase in the number of staff is needed to facilitate this growth. While it primarily involves academic staff, this increase will also require a partial increase in support and administrative staff.

8.2 Explanatory notes on operating and balance-sheet figures

Government funding is divided among the universities, based on the scope of three funding variables: the number of registrations, the number of degrees and (in the case of research) the number of PhDs awarded. An increase in the funding variables does not always result in an increase in government funding. In fact, a national distribution model is used, rather than a funding model. The only way for a university to increase the amount of government funding it receives is for it to increase its market share. In addition to the funding variables, each university receives a number of specific contributions and has a fixed formula for funding.

In past years, the University of Groningen has seen a number of general increases in government funding, such as salary and price adjustments and student volume resources. These increases have been included in the long-term perspective and, as a result, extra funds will become available for faculties to invest in additional academic staff. The projected additional resources for the implementation of the Quality Agreements for 2019-2024 have already been included in the long-term perspective. In addition to more government funding, the University's total revenues will also increase as tuition fee revenue increase in line with the growth in the number of international students, and as a result of additional external revenues acquired (see section 9.1 – Explanatory notes on student numbers and staffing).

Staffing costs already began to rise in 2018, as a result of the University intensifying its policy on teaching and research. For research, this means strengthening the profile of interdisciplinary and other research programmes and encouraging the research institutes to become more entrepreneurial. In terms of teaching, the University is investing in reinforcing the connections between lecturers and students and in helping students to play an active role in their learning process. Additional academic staff will be appointed in order to realize these aims, along with the required support and administrative staff. These investments prior to the allocation of resources for the Quality Agreements are in line with the agreements made at national level on the introduction of the Student Loan Act. Expenditure on staffing will also rise in order to accommodate the projected growth in externally acquired funding.

	Realization	Long-term perspective				
	2018	2019	2020	2021	2022	2023
INCOME						
Government funding	398,308	418,178	425,686	438,417	447,457	456,957
Other funding		-	-	-	-	-
Tuition fees	68,202	68,300	69,700	71,100	72,500	73,000
Third-party assignments	143,504	155,801	162,033	168,515	175,255	182,266
Other income	59,996	69,408	70,908	72,908	73,408	75,408
	670,010	711,687	728,327	750,939	768,620	787,630
EXPENDITURE						
Staff	457,432	479,930	484,472	503,039	515,115	521,218
Accommodation	41,366	43,850	40,000	40,000	40,000	40,000
Debits	36,248	37,619	37,628	37,711	39,930	51,453
Other	136,526	156,763	158,277	162,400	165,192	166,893
	671,572	718,163	720,377	743,149	760,236	779,564
Balance of income and expenditure	-1,562	-6,476	7,591	7,790	8,384	8,067
Balance of financial operations	752	-	-	-	-2,059	-4,778
RESULT	-810	-6,476	7,591	7,790	6,325	3,289
of which incidental costs	-	-	-	-	-	-

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Accommodation costs are expected to remain unchanged during the planning period. Depreciation costs will increase as a result of investments in accommodation and IT infrastructure. The University's existing IT facilities are of a high standard. This is essential if we are to achieve our ambitions to excel in research, teaching and valorization. The coming years will see ongoing investment in order to implement new IT developments and to assure the high quality of IT services, obviously with the provision of support for staff and students in acquiring the relevant skills.
In the years to come, the University will also invest in sustainable and future-proof accommodation in order to ensure an optimum work and study environment. A long-term accommodation plan (LTHP, Lange Termijn Huisvestingsplan) was drawn up for this purpose in 2014, along with the related investment and liquidity plans. This document is updated every year. The financial implications of the LTHP are incorporated in the long-term projection. The main project is the realization of the Feringa Building, which will replace the Nijenborgh 4 facility that is now over 50 years old and no longer meets current standards. With the new Feringa Building, the Faculty of Science & Engineering (FSE) will once again be able to provide its staff and students with sustainable, high-tech facilities.
Other expenses will increase as a result of rising personnel costs.

Investment in the quality of teaching and research will result in a negative consolidated operating result for the University in 2019. When, from 2020 onwards, government funding is supplemented with funding under the Student Loan Act, a positive operating result will be realized again. For the long-term budget, the recommendations of the Van Rijn Committee – appointed by the Ministry of Education, Culture and Science – regarding the financing of higher education, is a major source of uncertainty.

Balance sheet

Due to the settlement of the Yantai file, at the end of 2018 the balance of the private special-purpose reserve was negative. This negative position will be corrected in the coming years by payments from parties affiliated with the University. The intention is to achieve this within three years.

	Realization	Long-term perspective				
	2018	2019	2020	2021	2022	2023
ASSETS						
Fixed assets						
immaterial assets	-	-	-	-	-	-
material assets	444,126	570,354	667,372	781,996	877,766	898,123
financial assets	32,626	29,570	29,570	29,570	29,570	29,570
Current assets						
supplies	529	364	364	364	364	364
receivables	126,631	183,928	183,928	183,928	183,928	183,928
liquid assets	304,133	135,935	45,988	36,063	36,784	37,520
total	**908,045**	**920,151**	**927,222**	**1,031,922**	**1,128,413**	**1,149,506**
LIABILITIES						
Capital & reserves						
general reserve	562,909	570,491	585,407	610,924	631,911	637,252
special-purpose reserve (public)	38,111	44,453	36,609	18,304	2,615	-
special-purpose reserve (private)	-1,525	200	200	200	200	200
special-purpose funds (public)	983	1,000	1,000	1,000	1,000	1,000
special-purpose funds (private)	4,631	4,131	4,131	4,131	4,131	4,131
Provisions	59,815	49,876	49,876	49,876	49,876	49,876
Debts						
long-term	-	-	-	97,487	188,680	207,047
short-term	243,121	205,000	250,000	250,000	250,000	250,000
	908,045	**920,151**	**927,222**	**1,031,922**	**1,128,413**	**1,149,506**

The long-term project for fixed assets is based on the aforementioned LTHP. The University's policy is that, in principle, investment in tangible fixed assets is financed from internal resources, and that short-term capital borrowing is acceptable for this purpose. In the long term, the investment in tangible assets is, therefore, expected to lead to a reduction in liquid assets.

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In the long-term projection, operating results are added to the general reserve. The public special-purpose reserve has been created in connection with the University's PhD Scholarship Programme Experiment. The participating students have been given the guarantee that – should the experiment end prematurely – they will be employed by the University for the remainder of their PhD programme. Special-purpose funds and provisions are expected to remain at more or less the same level overall.

From 2021, the level of liquid assets will no longer be sufficient to finance investments in the LTHP, and the University will make use of external financing capacity. This is reflected in the long-term debts in the above balance sheet.

The total investment for the LTHP up to 2027 is approx. € 600 million. Most of this investment will take place between 2019 and 2022 (see table below). Investment estimates are based on the projected price level for the year in question. Since the University will borrow from 2021 onwards, interest charges are also included from 2022 onwards.

The institution's financial position is assessed on the basis of five key figures. In this regard, it is important that developments in the target values are considered over an extended period and that they are compared to the average figures for Dutch universities.

1. Solvability

The University's solvability (equity/total equity) is currently relatively high. This is due to the fact that it is preferable to finance investments in accommodation using the University's own resources. This is in line with the recommendation issued by the Koopmans Committee on the capital position of Dutch universities (June 1999). The Committee identified two functions of a university's equity – a buffer function (due to financial risks) and a financing function. The Committee concluded that universities should ideally finance their assets from their own resources, wherever possible.

Implementation of the long-term accommodation plan will necessitate capital borrowing from 2021 onwards. This will result in a sharp fall in the solvability ratio. The minimum ratio is based on the current average for the higher education sector.

	Dutch	UG						
	2017	2017	2018	2019	2020	2021	2022	2023	Target
solvability	0.49	0.64	0.67	0.67	0.68	0.61	0.57	0.56	>0.50
liquidity	1.00	1.66	1.78	1.28	0.92	0.88	0.88	0.89	>0.50
profitability	1.1%	2.1%	-0.2%	-0.9%	1.1%	1.0%	1.1%	1.0%	0%<>3%
resilience	53.1%	90.9%	90.3%	87.2%	86.1%	84.5%	83.2%	81.6%	>50%
contract income	26.9%	24.0%	21.4%	21.9%	22.2%	22.4%	22.8%	23.1%	>30%
accomodation costs	13.2%	11.6%	11.6%	11.3%	10.8%	10.5%	10.5%	11.7%	<14%

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2. Liquidity

The University's liquidity ratio (current assets/short-term capital borrowing) is also relatively high. The University will fund a substantial proportion of the activities listed in the aforementioned accommodation plan from its own resources. The lower liquidity limit is € 30 million (approximately equivalent to one month's salary payments). As a result of the investments in accommodation, the liquidity ratio will fall to around 0.9 in the period and then increase again. This will not be a problem, given the funding options available to the University.

3. Profitability

Profitability is defined here as the result from ordinary activities/total income from ordinary activities * 100%. A – small – positive operating result (between 0% and 3%) is necessary to ensure the continuity of the organization. Any incidental high operating results require explanation, and a structurally high operating surplus is undesirable from a societal point of view. Profitability in 2018 was -0.2%, which is slightly below the norm.

4. Resilience

The University's resilience ratio (equity/total income * 100%) is currently relatively high. This key figure indicates that there is scope for investing in new developments. The ratio was set at 15% for the faculties and service units, based on their risk profile. The minimum ratio for the University as a whole is 50% (the sector average).

5. Contract income

The long-term budget is based on an estimated growth of 4% per year in contract revenue. On that basis, the target for contract revenue has been set at a minimum of 30% of the University's total revenues. In 2018, contract income from research financed by indirect government funding and contract funding will be € 16.4 million lower than in 2017. This brings the total revenue to € 143.5 million. The share of contract income in 2018 dropped from 24% to 21%, which was below the target the University had set for itself. This is a point for special attention. The decrease in 2018 is primarily the result of lower project revenues at the UMCG/O&O. This is partly due to the stricter internal guidelines that were introduced in 2017 (regarding the rounding off and management of projects) and partly to the fact that fewer third-party-funded projects were won. In addition to the revenue from contract teaching, the University has – for several years – been in a partnership with Freia/AOG, which is also responsible for providing some of the contract teaching. This partnership is formalized at executive and management level through the AOG Foundation.

6. Accommodation costs

This ratio includes accommodation costs as well as depreciation costs. The depreciation costs relate to investments in buildings, fitting-out and equipment. The University's accommodation costs are currently relatively low. As a result of the qualitative improvements that will be realized with the implementation of the long-term accommodation plan, accommodation costs are expected to remain below 14% (the sector average).

8.3 Internal risk management and control system

The University of Groningen has an ambitious Strategic Plan, investing significantly in the quality of teaching and research and in creating the appropriate conditions. The latter means investing in areas such as staff, accommodation and business operations systems. This is unavoidable in a competitive environment, but it also entails new risks. However, the University is risk-averse when it comes to business operations. In terms of its research strategy, however, it has a greater appetite for risk, as evidenced by a number of large-scale projects such as the Rosalind Franklin Fellows and the Endowed Chairs. The main building blocks of the University's internal risk management and control system are the governance structure, the Strategic Plan for 2015-2020, and the annual planning and control cycle, in combination with the financial Strategic Key Figures as established by the Supervisory Board (see Section 9.2).

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Risk management at institutional level was fleshed out further in 2018. The internal budget and accounting guidelines already required faculties and service units to report periodically on risks and risk management. Following on from this, in 2018 a project was launched at institutional level to carry out a structured inventory of all organization-wide risks. The aim is to develop a UG-specific model for risk identification and risk classification. An external agency is supervising this project. In the course of 2019, the project should lead to a risk profile for the University, including management choices regarding risk appetite and a University-wide risk management tool.

The University's governance structure is described in detail in the Administrative Regulations. The University's governance model involves decentralized comprehensive management. The Faculty Boards are mandated with duties and powers relating to teaching, research and operations. The University's strategic course is laid down in its Strategic Plan for 2015-2020. In order to ensure that the strategic goals are achieved in cohesion, a central fact sheet has been prepared in consultation with the Faculty Boards, supplemented with faculty-specific Quality Indicators (QIs). The QIs that have been formulated are derived as directly as possible from the University's strategic course. The Board of the University discusses their development with the Faculty Boards twice a year.

Planning & control cycle

The University links its strategy and activities in research, teaching and valorization to the deployment of resources by means of a planning and control cycle. The Board determines the financial planning and control cycle on an annual basis. This is part of the University's PDCA cycle. The planning and control cycle specifies how, and according to which principles, frameworks and formats, the budget will be drawn up and adopted in a multi-year context.

The cycle also specifies how, and in what format, the faculties and service units will provide quarterly information to the Board of the University on results and changes to the outlook. This information includes any notable developments that may have occurred, the risks they foresee, and any related measures or activities that have been planned or implemented. These reports are discussed twice a year (or more often if necessary) by the Board of the University, the Faculty Boards and the management of the service units, in the context of fulfilling the agreements and realizing the ambitions with regard to research, teaching and societal impact.

Organizational structure

In managing the risks, the University of Groningen relies on a chain of four organizational links. Operational line management is the first link. The second link is formed by both central and decentral controllers setting up and monitoring internal controls. The third link relates to the – independent – internal visitation department, which assesses the role of the first and second links. The fourth and final link is formed by the external accountant. In addition to governance and the planning and control cycle, the University has rules and procedures in place aimed at identifying and mitigating the risks, and at achieving its strategic goals – naturally with due observance of the applicable laws and regulations. Structured spend analyses for the purpose of legitimate procurement are an example of such a procedure. The University has an Visitation Charter as well as Treasury Rules that comply with the investments, loans and derivatives scheme for educational and research institutes (Regeling beleggen, lenen en derivaten OCW 2016).

In 2016, a programme was prepared to improve the business operations systems in the HR, Finances and Facilities domains ("Optimale Bedrijfsvoering 2020" [Optimum Operations – 2020]). The crux of this programme is the rationalization and further development of the application landscape of business operations systems. Its aim is for the University to support the business operations systems and the information facilities related to them with integrated applications by 2020. This should tie in with the University's principles and the frameworks for operations and social and technological trends and developments. At the end of 2018, a tender process resulted in the choice of a new integrated management system for HR and Finance. Preparations for the implementation of this system are scheduled for 2019. The new system will go live on 1 January 2020.

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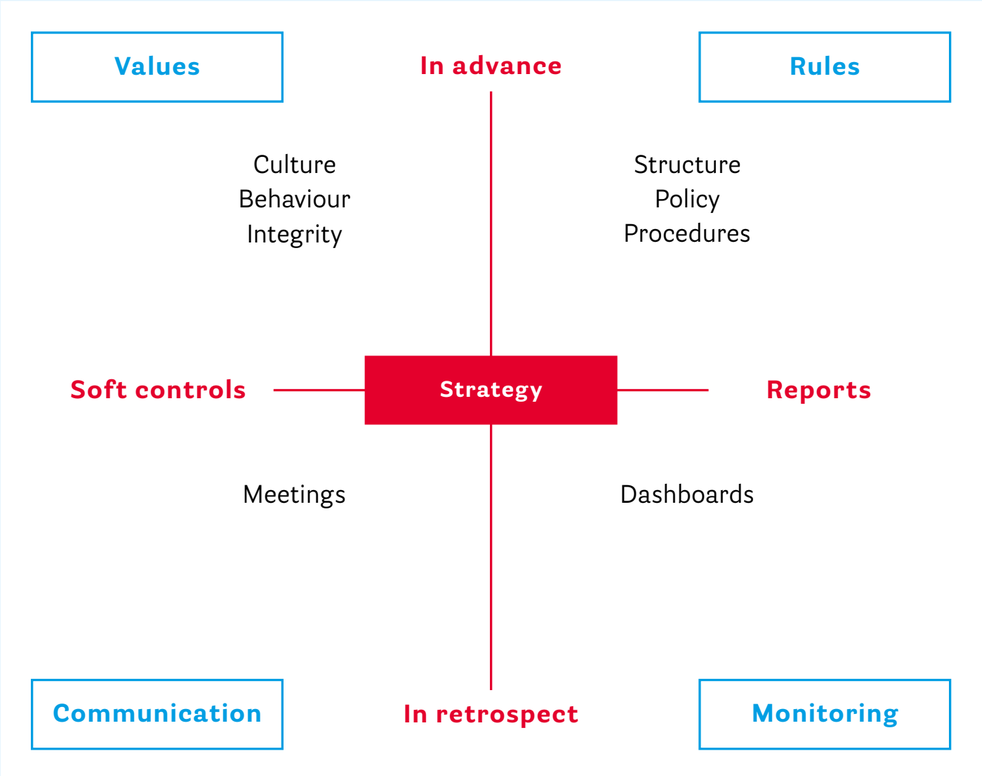
Integrity programme

There is more to risk management than complying with regulations and implementing hard controls. People's behaviour is a crucial element in effective risk management. Therefore, the University of Groningen wants to foster a culture in which integrity underlies all actions, mistakes are admitted and discussed, and employees hold one another accountable. To this end, in 2016 the University launched an integrity programme targeted at all academic and support staff, board members and managers. This programme led to the adoption of a Code of Conduct in 2017, and in 2018 a start was made on embedding the programme in regular processes.

The procedure for issuing the Letter of Representation (LOR) was also expanded in 2018. Each unit has already issued an Internal Management Statement (IBV, Interne Bedrijfsvoeringsverklaring) in support of the Board. The Board issues the letter of representation (LOR), partly on the basis of the IBVs received. In 2018, for the various units, further specifications were issued concerning steps the Board or management can take in order to be able to declare that the financial statements have been prepared correctly and that these give a true and fair account of the unit's position.

The internal risk management and control framework described above is shown in the diagram below, which distinguishes between hard and soft controls, and between ex-ante and ex-post controls.



8.4 Risks and uncertainties

The following is an overview of the most important current and structural themes being considered by the UG Board in connection with potential risks, including the measures being taken to limit these risks. The risks involved are quantified as much as possible.

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	Themes	Label	Uncertainty and risks	Measures
1	Renewal of business operations systems	Current	At the UG, there has always been a clear separation between Facilities, HR and Finance. This is reflected in the way operational management systems are structured within the University. Today's issues, however, require a cross-domain approach. As such, the University aims to improve cooperation between the domains, supported by the implementation of a cross-domain management system. A Steering Committee has been appointed for this task. The transition period to a new system is not without risks.	Intensive administrative involvement by the Board of the University during the transition period and when making decisions regarding the cross-domain approach. Monitoring and decision-making by the Board of the University.
2	Long-term Accommodation Plan (LTHP)	Current	The University has drawn up an ambitious long-term Accommodation Plan (LTHP). The total estimated investment for the period up to 2027 is € 533 million. This entails risks for the size of the investments, the liquidity position, and future operating costs.	The investment plan is a guiding framework that is updated annually, whereby the link with the liquidity position and future operating costs is established. The implementation of each aspect of the plan is subject to individual scrutiny by the Board of the University. The projects are monitored in terms of their cost, lead time, scope and quality. The Board of the University will be informed every three months (or more often if necessary) about the progress.
3	Research funding	Current	Factors include ad hoc cutbacks by the government, but also a shift in the allocation of research funding in favour of the Top Sectors, the development in research funding by the EU and the number of organizations that can apply for this. These factors have an impact on higher education and academic research. The University's reduced ability to attract contract-research activities also poses a risk. The impact of all these factors could mean that the projected annual growth of 4% (+/- € 7 million) in external revenues (teaching/research for third parties) will not be realized.	The developments in external revenues and the contract portfolio are monitored and reported to the Board every quarter, or as often as necessary. The financial risk in the short term is limited, as lower research revenues are proportionally offset by lower research expenses. The long-term risks are greater because this could affect the position of the University, nationally as well as internationally. If developments are identified promptly, timely measures can be taken.

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4	Offer, quality and sustainable employability of employees	Current	Sufficient numbers of high-quality personnel are essential for the continued success of the UG and for the achievement of its strategic objectives. However, there is a lot of competition on the labour market. The inability to attract or retain talented academic staff entails major risks for the UG's market position in both education and research. This theme also touches upon the risk of excessive work pressure, which could lead to long-term absenteeism.	The UG invests in a number of programmes to attract and retain talented academic staff (WP). These include the Dual Career Support for partners of talented WP, the Rosalind Franklin programme for talented female WP and the Young Academy Groningen for talented young WP. With regard to the workload, the UG will be investing heavily in extra WP in the coming years, from its own reserves and through the use of funds from the student loan system.
5	Finance & Control	Current	As a result of trends in society, the frequency and thoroughness of financial accountability are being intensified. In order to improve quality and reduce vulnerability, in 2015 the University's administrative processes were combined and aligned in a Financial Shared Service Centre (FSSC). Improving quality is a gradual process, and reorganization comes with a risk that knowledge and experience may be lost (or temporarily lost), which in turn may affect the quality of information provision regarding planning and control.	The new organization is continuously monitored by management. Where necessary, measures are being taken in the supervision and facilitation of support staff in their new roles. Functional guidelines for work processes, supported and assured with digital tools, are being refined. Additional temporary staff are deployed as necessary.
6	Earthquakes	Current	Seismological activity in the Groningen region entails several risks. The first aspect is the safety of staff and students in the University's buildings. The second aspect concerns the financial implications of alterations that might have to be made to existing buildings, and of the additional investments required for new buildings as a result of stricter construction standards. If earthquakes in the region also become a structural problem in the city of Groningen, the continuity of operations would be at risk, and the image of the University could also suffer.	The University has appointed a project manager to coordinate the various matters relating to the risk of earthquakes. These efforts are geared towards limiting the risk to an acceptable level. So far, the first projects have been completed successfully, with NAM reimbursing a proportion of the costs. The government has adopted a new gas production plan which contains measures to structurally reduce the seismic threat.
7	Branch campuses	Current	At the moment, the University is building a branch campus in Friesland. For Campus Fryslân, the subsidy period will end in 2024. If there is a shortfall in the anticipated inflow of students (around 1,000) in the period from 2025 to 2030, the University will run a financial risk of approx. € 6 million on the projected annual operating costs. At the beginning of 2018, it became clear that the University Council would not agree to the proposal, to be submitted to the Minister, for a branch campus in Yantai, China. For this reason, the Board decided not to submit this proposal.	By investing in a strong curriculum and profile for Campus Fryslân, the University is making it more attractive to students. In addition, the front end of the registration process will be properly monitored, enabling the timely detection and adjustment of any setbacks.
8	Integrity	Current	Integrity is essential for confidence in the University and the academic work it conducts. Integrity violations entail a risk of financial damage and of long-term reputational damage.	The UG has an integrity programme, aimed at both the support staff and academic staff. The programme focuses on cultural aspects as well as on procedures and the way the organization is set up. It contains interactive elements, such as workshops and training sessions.

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9	Privacy legislation	Current	In May 2018, the new Data Protection Act came into force, which places a heavy administrative burden on administrative processes within the UG. Failure to comply with the new legislation can result in financial penalties, and could also damage the UG's image as an employer and public party.	As long ago as 2016, the UG appointed a central Data Protection Officer, who coordinates the activities across the units. Each unit has a privacy and security coordinator, who is responsible for raising awareness and creating a register for the processing of personal data. In 2018, active internal visitations were carried out.
10	Reputational damage	Current	Due to the rise of social media and other modern means of communication, news can spread quickly and uncontrollably. Novel phenomena such as fake news and sensational journalism make a public organization such as the UG vulnerable to reputational damage. Such reports may be based on substantive issues, as described above for other themes, but also on misconceptions.	In addition to the University's own active communication policy, the UG's Communications department monitors reports about the University in the media (and social media) and responds if necessary.
11	Government policy and funding	Structural	Government policy on higher education is changeable. These changes outpace the lead time for the measures required to realize new ambitions, such as new performance agreements. This may frustrate the University's own plans. Apart from that, for a number of strategic choices the University is dependent upon the government in its capacity as legislator. Delays in – or changes to – issues such as the laws that enable transnational education or the PhD Scholarship Programme entail risks for the University. As regards government funding, the University has identified risks in the Van Rijn Committee's recommendation to adjust the distribution model for universities in favour of technical universities (+/- € 15 million), the possible cancellation of the resources for Sustainable Humanities (DGW; € 1.9 million) and the dropping rates in the parameter compartment (+/- € 13 million). There is also a risk that current and future resources will be specifically earmarked so they can no longer be freely allocated.	Against the background of continuously shifting government policy, the University – and with it the faculties – has laid down its own ambitions in the Strategic Plan for 2015-2020. In close consultation with consultative participation bodies, a new balance will be sought between the goal of pluralism and the required positioning of the University as a whole. Information regarding issues whose developments in legislation are relevant to the University is regularly exchanged with the government. If developments are identified promptly, timely measures can be taken. Insidious cutbacks, the increasing cost of meeting statutory obligations and the fact that wage and price developments are only partly compensated (or not at all) are being offset by more efficient and effective organization of the activities that support the primary process in particular. The University is sufficiently resilient to temporarily accommodate any financial setbacks.
12	Student numbers	Structural	The University of Groningen is – and will remain – an attractive university for students because it offers a range of high-standard, feasible degree programmes and excellent facilities. In order to continue offering these programmes and facilities, it is important to maintain the number of registered students. As a result of demographic trends, the number of first-year students in the Netherlands will decrease in the coming years. It is also noted that the universities in the Randstad conurbation are attracting students in the Master's phase, mainly because of assumptions regarding career prospects in that region.	As well as investing in improving the profile of its Master's programmes, the University is seeking to become a global university. In order to achieve this aim, the University is actively recruiting international students and staff.
13	Institutional accreditation	Structural	For universities, accreditation is a prerequisite for obtaining public funding and being able to provide a government-recognized diploma and associated degree. Obtaining accreditation is therefore essential for the continued existence of the University at its current capacity.	At the University, quality assurance is organized both centrally and decentrally in close collaboration with all stakeholders. The PDCA cycle is administratively embedded in the semi-annual Administrative Meetings between the Board of the University and faculty boards, ensuring that monitoring and quality assurance are structural activities.

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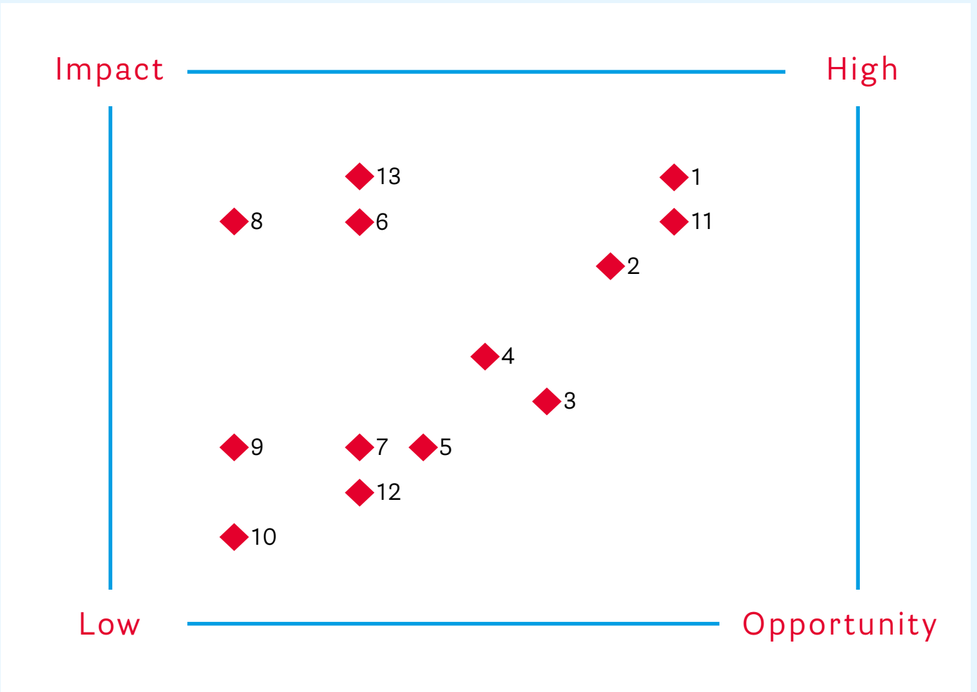
The degree to which control measures are taken is based on a risk assessment to determine the likelihood that a given risk will occur and the resultant impact if it did.
The outcome of this risk assessment is represented visually in the diagram below.



Current major developments

In 2018, the planned real estate investment projects had a major financial impact (actual or potential) on the University. The University has an ambitious long-term accommodation plan and is about to take a number of major investment decisions. In particular, these involve the tender process for the Feringa Building and the development of the Healthy Ageing campus. The tenders for the Feringa building project are taking place at a time when there is a squeeze on the construction market. As a result, the University, as a client, is confronted with a difficult procurement market that is practically devoid of market forces, resulting in disappointing procurement results. For example, the University launched a tender process for the construction of the Feringa Building in 2016. This procedure was terminated prematurely by the University in mid-2017, since the expected bids would far exceed the University's budget for the project. In 2018, the University launched a new tender process. The project was divided into four lots: lot 1 concerns the constructional implementation activities; lot 2 the installation and technical advice and implementation activities (mechanical and electrical); lot 3 the supply and installation of laboratory equipment; and lot 4 activities in relation to the cleanrooms. The University has already successfully completed the tender for the construction lot (lot 1), and it concluded a building contract with the building contractor in March 2019. The tendering of lot 2 previously resulted in only one bidder, with a bid that was much higher than the available budget. After exploring various avenues, including a market consultation, the University dismissed this bid as unacceptable. Subsequently, once the lack of market forces or of any competition had become apparent and after seeking external legal advice, the University launched a private tender process in which the contract was awarded to a third party. The building contract with this third party contains a resolutive condition that, if the court were to declare the awarding of this contract invalid, the contract could then be dissolved by the University. The original bidder initiated preliminary relief proceedings against this procedure. At the end of June 2019, a judgment of the court in the preliminary relief proceedings ruled that the University had insufficiently demonstrated that the bid was actually unacceptable. The court decided that the University must revoke its decision to discard the bid. However, the University does not have to award the contract to the original bidder or pay any financial compensation. The University is, therefore, prohibited from executing the contract that was concluded with a third party via a private tender process. The University subsequently decided to revoke the aforementioned decision, to terminate the original tender process, to invoke the resolutive condition in the contract with the third party and to re-tender the contract within Europe with a substantially amended

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contract. It is not yet clear whether and to what extent the current developments surrounding the tender for the Feringa Building will influence the execution of the real estate planning and the related financing needs of the institution.

Due to the impact of future real estate investments, of developments in the construction market and of the associated risks, management of the real estate process has been strengthened.

Another important development is the intention of the Minister of Education, Culture and Science to adjust the distribution of government funding in favour of STEM degree programmes. If the financial macro framework is not broadened, this will mean cuts for medical degree programmes and degree programmes in the arts and social sciences. The expectation is that by mid-2019 we will have more clarity about whether these plans will be implemented and at what speed. The Board of the University has decided not to make any changes to internal funding for 2020, but to postpone this decision until there is more clarity about the scope of the cuts and the University's Strategic Plan for the period 2020-2025 has been established. The preparations for developing the new Strategic Plan have already begun; the plan is scheduled to be completed in the spring of 2020.

8.5 Reporting by the supervisory body (B3)

In accordance with statutory requirements, the Supervisory Board serves as the supervisory body of the University. The Board of the University requires approval from the Supervisory Board for its Strategic Plan, the Annual Report and the Annual Financial Statements. The Board of the University keeps the Supervisory Board informed of the most important developments and matters at the University. The members of the Supervisory Board are independent and are appointed by the Minister of Education, Culture and Science. The Board met eight times in 2018. The most important subjects discussed were: the Preparation programme for the branch campus in Yantai; the selection and appointment of the new President of the Board of the University; real estate investments, and the preparations for the Institutional Quality Assurance Assessment, including the educational quality agreements. Both the Finance and Education visitation committees were involved in the Board's preparatory work. The University's Annual Financial Statement for 2017 and the Management Report for 2017 were approved by the Supervisory Board on 25 June 2018. On 17 December 2018, the Board approved the University Budget for 2019 (long-term perspective). For details of the other subjects discussed by the Supervisory Board in 2018, please see the Supervisory Board's report, which is included at the beginning of the Management Report for 2018. The Supervisory Board feels that it adhered to the principle of independence in the performance of its duties during the year under review.

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9.1 Analysis of 2018 annual results

For 2018, there was a negative consolidated result of € 0.8 million. The result in relation to the turnover is -0.2%. This falls just outside the margin that was formulated as a target figure for the result at institutional level (between 0% and 3% of the turnover).
The 2018 budget listed a result of -€ 4.6 million. This means a positive deviation of € 3.8 million.

The faculties and service units together posted an operating result that was € 3.8 million higher than budgeted. UMCG/O&O accounts for the vast majority of this through various corrections from previous years and a higher project result than anticipated in the original budget. In the interim forecast issued at the beginning of 2018, the faculty had already allowed for a higher result, particularly in terms of the projects. The results at FSE, the Faculty of Arts, the Faculty of Law and the Center for Information Technology were also higher. At the Faculty of Behavioural and Social Sciences, the Office of the University and the Real Estate department, actual results in 2018 were disappointing.

With regard to the future dismantling of the AGOR facility (which is not expected to take place in the short term), the University prepared a cost estimate which was verified by an external expert. Based on this, a provision of € 11.6 million was created from the 2018 operating budget.

In 2018, a total of € 7.7 million in funds from the student loan system was allocated to the faculties; € 4.8 million for additional teaching staff and € 2.9 million for project proposals relating to educational improvement. The decision to use the 2018 funds from the student loan system for additional teaching staff had already been made in 2017. This enabled the faculties to start the recruitment process at an early stage, and it was possible to implement all of the plans in 2018. The project proposals for educational improvement were preceded by an intensive planning process, which means that the projects will only be carried out in the 2018-2019 academic year. This means that the majority of these 2018 funds from the student loan system will not be spent until 2019 (€ 2.6 million).

Taking into account each of the income and expense categories, the main reasons for the higher result are as follows.

Income

Government funding was € 17.5 million higher than budgeted and amounted to € 400.4 million (excluding the contribution for the UMCG as a place of work). The increase was mainly the result of student volume resources received in 2018 (€ 6.4 million), wage adjustment (€ 6.7 million) and price adjustments (€ 1.9 million). Furthermore, the halving of first-year tuition fees in the 2018-19 academic year was compensated by government funding to the tune of € 2.3 million, and the generic 'efficiency-cut' (doelmatigheidskorting) for education in the Rutte III Cabinet Agreement was not abandoned after all. As a result, in 2018 the University of Groningen was still confronted with a € 0.3 million shortfall that will gradually rise to € 2.9 million from 2021 onwards. Finally, € 0.8 million in grants for a specific purpose was received from the Ministry of Education, Culture and Science in connection with the PleitVrij project and for two national teacher training projects.

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The University received € 5.3 million more in non-statutory tuition fees than budgeted. It had been estimated that € 62.9 million would be received in tuition fees, whereas the actual figure was € 68.2 million. The higher amount is explained by the increase in the number of enrolled students in 2018, which also led to an increase in tuition fees.

In view of the projected interest rate developments in 2018, no revenues were budgeted. The result in 2018 amounted to € 0.2 million.

The income arising from work for third parties was € 5.3 million lower than budgeted, at € 143.5 million. The lower income is partly due to the new, stricter internal guidelines for rounding off and managing projects, which were introduced in 2017. However, the University also won fewer third-party-funded projects. The turnover from projects financed by companies, international organizations, national governments, other non-profit organizations and the NWO fell by more than was budgeted. This despite the fact that the budget for 2018 had already taken a drop in turnover into account. In comparison with the 2017 results, the drop in turnover from projects financed by national government bodies (-€ 12.1 million) and companies (-€ 6.2 million) is particularly striking. The turnover from projects financed by other non-profit organizations did increase, as did the turnover from the European Union. Faculty turnover on contract teaching was higher than budgeted. The same applied to other income arising from projects for third parties, which mainly related to the transactions between UMCG/O&O and the top technological institutes.

Other income amounted to € 60 million, virtually in line with the budget. Income from conferences, courses and symposia was higher, as was income from business services and rental proceeds. On the other hand, transactions and settlements between UMCG/O&O and third parties and/or contract partners (including UMCG-Zorg) were lower.

Expenses

In 2018, the staffing level was at 6113.4 FTE, 70.6 FTEs more than budgeted. As a result, the wages and salaries, pension premiums and social security charges were also higher (+ € 17.1 million). This rise is also the result of the salary increase and the one-off payment in September 2018, in accordance with the Collective Labour Agreement for Dutch Universities (CAO NU), the rising pension contributions, and periodic increases and promotions.

The number of PhD students employed by the University was 16.4 FTE lower than budgeted. This is also a decrease compared to 2017, which is the result of the PhD Scholarship Programme Experiment. The number of PhD scholarship students (including those who brought their own funding) rose to 798 in 2018 (2017: 494). Despite the lower number of PhD students employed by the University, the number of academic staff rose by 44.2 FTE in 2018 compared to 2017; there was also an increase in the number of support staff.

Other personnel costs were lower than budgeted, at € 16.5 million. The decline that started in 2017 continued in 2018. This was due to factors such as smaller changes in the various personnel provisions and the smaller number of staff hired.

Other expenses came to € 6.2 million more than budgeted. On balance, the increase was caused by lower accommodation costs (-€ 0.9 million), higher depreciation costs (+€ 1 million) and higher other material costs (+€ 6.1 million).

9.2 Major developments

In 2018, the planned real estate investment projects potentially involved a major financial impact on the University. The University has an ambitious long-term accommodation plan and is about to take a number of major investment decisions. In particular, this concerns the tender process for the Feringa Building and the development of the Healthy Ageing campus. The tenders for the various lots of the Feringa building project are taking place at a time when there

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is a squeeze on the construction market. As a result, the University, as a client, is confronted with a difficult procurement market and disappointing procurement results. Due to the impact of these investments, to developments in the construction market and to the associated risks, management of the real estate process was also strengthened in 2018.
Another important development is the intention of the Minister of Education, Culture and Science to adjust the distribution of government funding in favour of STEM degree programmes. If the financial macro framework is not broadened, this will mean cuts for medical degree programmes and degree programmes in the arts and social sciences. The expectation is that by mid-2019 we will have more clarity about whether these plans will be implemented and at what speed. The Board of the University has decided not to make any changes to internal funding for 2020, but to postpone this decision until there is clarity about the scope of the cuts and the University's Strategic Plan for the period 2020-2025 has been established. The preparations for developing the new Strategic Plan have already begun. The plan is scheduled to be completed in the spring of 2020.

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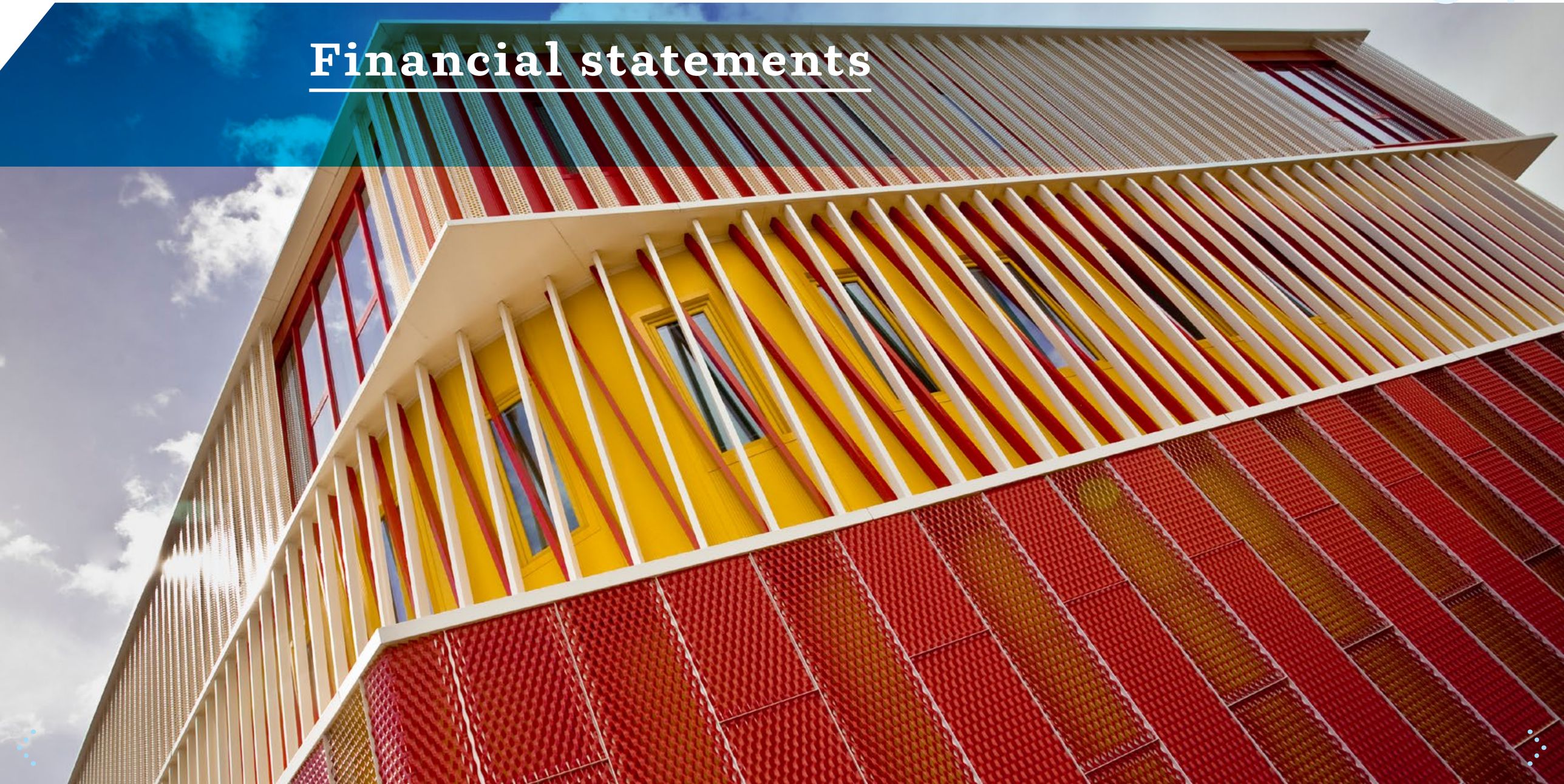

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Consolidated financial statements 2018

Amounts x €1,000

Consolidated balance sheet as at 31 december 2018

(After allocation of result)

ASSETS

		31/12/2018	31/12/2017
Fixed assets			
	Tangible fixed assets		
1.1.2.1	Buildings	342,929.3	358,842.8
1.1.2.2	Premises	6,271.8	5,838.4
1.1.2.3	Inventories and equipment	49,061.5	41,857.0
1.1.2.5	In progress and prepayments	45,863.4	29,268.8
		444,126.1	435,807.0
Financial fixed assets			
1.1.3.2	Other participating interests	7,390.8	6,655.8
1.1.3.3	Receivables from group companies	0.0	0.0
1.1.3.7	Securities	21,500.0	19,000.0
1.1.3.8	Other receivables	3,735.4	3,914.4
		32,626.2	29,570.2
	Total fixed assets	476,752.2	465,377.2
Current assets			
1.2.1	Inventories	528.7	363.5
1.2.2	Receivables	126,631.5	156,010.9
1.2.4	Liquid assets	304,133.0	276,093.4
	Current assets – total	431,293.2	432,467.8
		908,045.4	897,845.0

LIABILITIES

		31/12/2018	31/12/2017
Equity			
2.1.1.1	General reserve	562,908.9	574,387.3
2.1.1.2	Allocated reserves (public)	38,111.2	26,149.0
2.1.1.3	Allocated reserves (private)	-1,524.9	186.6
2.1.1.4	Allocated funding (public)	983.2	1,065.4
2.1.1.5	Allocated funding (private)	4,630.8	4,131.1
	Total equity	605,109.2	605,919.4
Borrowed capital			
2.2	Provisions	59,815.4	49,808.2
2.4	Short-term liabilities	243,120.9	242,117.4
	Borrowed capital – total	302,936.2	291,925.6
		908,045.4	897,845.0

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Consolidated statement of income and expenditure for 2018

		Account 2018		Budget 2018		Account 2017	
3	**Income**						
3.1	Government funding	398,308.2		383,555.6		377,811.7	
3.2	Other government funding and grants	0.0		0.0		0.0	
3.3	Tuition, course, class and exam fees	68,201.5		62,900.0		65,559.0	
3.4	Income from work commissioned by third parties	143,503.6		148,758.7		159,868.5	
3.5	Other income	59,996.4		59,495.2		63,214.1	
		670,009.8		654,709.5		666,453.3	
4	**Expenditure**						
4.1	Staffing costs	457,431.6		451,332.8		441,819.7	
4.2	Depreciation	36,247.8		35,286.8		35,237.1	
4.3	Accommodation expenses	41,366.2		42,262.3		40,899.1	
4.4	Other expenditure	136,526.2		130,396.3		134,664.8	
		671,571.9		659,278.2		652,620.7	
	Net income and expenditure		-1,562.1		-4,568.7		13,832.6
6	**Financial income and expenditure**						
6.1	Interest income	185.7		0.0		631.6	
6.2	Interest expenses	0.0		0.0		0.0	
	Net financial income and expenditure		185.7		0.0		631.6
8	**Income from participations**		566.2		0.0		1,096.8
	Result		-810.2		-4,568.7		15,561.0

The consolidated result for 2018 amounted to -€0.8 million. When related to the result, the margin on turnover is -0.2%. This falls just outside the margins that were set as target figures for the result at institutional level (between 0 and 3% of turnover). A result of -€4.6 million was budgeted for 2018. This means that there was a positive discrepancy of €3.8 million. The UMCG R&D makes up the largest part of this discrepancy due to various corrections from previous years and a higher project result than envisaged in the original budget. Further causes for the higher result include higher government funding and higher tuition fee income. The income from work commissioned by third parties was lower than budgeted: on the one hand, this was due to the tighter internal guidelines for project completion and project management implemented since 2017; and on the other hand, it was because the UG saw fewer approved projects funded by third parties. On balance, the expenditures in 2018 did not rise very much.
In connection with the increase in FTEs, the direct staffing costs were higher. The salary increase and the one-off payment in September 2018 in accordance with the Collective Labour Agreement of Dutch Universities (CAO NU), rising pension premiums, and

periodic increases and promotions led to a further increase. Other staffing costs were lower due to, for example, the lower change in the various personnel provisions and the decrease in hiring of staff. On balance, there was also an increase in other expenditure. Accommodation expenses were lower, but depreciation costs and other material costs increased. A provision has been created, charged to operations 2018, in connection with the future dismantling of the AGOR facility (which is not foreseen in the near future).

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Consolidated cash flow statement for 2018

		2018			2017		
	Cash flows from operating activities						
	Net income and expenditure		-1,562.1			13,832.6	
	Adjustments for:						
1.1.2	- Depreciation	36,247.8			35,236.7		
2.2	- Mutations in provisions	10,007.2			4,424.8		
			46,255.0			39,661.5	
	Mutations in current assets:						
1.2.1	- Inventories	-165.2			3.3		
	- Income from work commissioned by third parties	0.0			0.0		
1.2.2	- Receivables	29,007.6			5,792.6		
1.2.2.2	- Receivables from OCW/EZ	371.8			1,205.1		
2.4	- Short-term debt	-438.6			-13,914.7		
			28,775.6		0.0	-6,913.7	
			73,468.5			46,580.4	
	Cash flow from business operations						
6.1	Interest received	185.7			631.6		
6.2	Interest paid	0.0			0.0		
			185.7			631.6	
	Total cash flow from operating activities			73,654.2			47,212.0
	Cash flow from investment activities						
1.1.2	Investments in tangible fixed assets*		-43,124.9			-18,318.3	
1.1.2	Disinvestments in tangible fixed assets		0.0			0.0	
1.1.3.1	(Dis)investments in participations and group companies		-168.8			409.6	
1.1.3.8	Loan mutations		179.0			-162.4	
1.1.3.7	Other investments in fixed financial assets		-2,500.0			-14,107.1	
	Total cash flow from investment activities			-45,614.6			-32,178.2
	Cash flow from financing activities						
2.3	New loans		0.0			0.0	
2.3	Repayment of long-term debts		0.0			0.0	
	Total cash flow from financing activities			0.0			0.0
	Mutatie liquide middele Mutation in liquid assets			28,039.6			15,033.8
	Mutation in liquid assets						
	The changes in cash funds are as follows:						
1.2.4	Balance as at 1 January			276,093.4			261,059.6
	Mutation financial year			28,039.6			15,033.8
1.2.4	Balance as at 31 December			304,133.0			276,093.4

* Gross investments amounted to €44.6 million in 2018, after the deduction of investment creditors to the amount of €1.4 million.

* In 2017, gross investments amounted to €32 million, after the deduction of received investment grants to the amount of €14.2 million.

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Explanatory notes to the consolidated balance sheet

General notes

General
The explanatory notes and accounting principles below apply to both the consolidated and non-consolidated financial statements.

Activities
The statutory tasks of the University of Groningen (UG) consist of providing initial education, conducting basic research and knowledge valorization. The UG is a legal entity under Public Law ensuing from the Dutch Higher Education and Research Act (Wet op het Hoger onderwijs en Wetenschappelijk onderzoek, or WhW). The UG's address (registered office) is Broerstraat 5, NL-9712 CP Groningen, and the UG is listed in the Dutch Trade Register under Chamber of Commerce number 01179037.

Reporting period
These financial statements were drawn up on 27 June 2019 and are based on a reporting period of one calendar year.

Continuity
These financial statements were prepared on the assumption of continuity of operations.

Error corrections
UMCG R&D reported a result for 2017 that is €4 million too low. This was due to the incorrect recognition of a prior-year correction in 2016, which was corrected outside the accounts. Since it is a non-material error, it has been corrected in the 2018 figures.

Various reclassifications have also been made to the comparative figures on the balance sheet and the statement of income and expenditure. Because of progressively increasing understanding, other entries were made in 2018. It also turned out that certain elimination entries were recognized under incorrect headings, which was corrected in 2018. For comparison's sake, the comparative figures must therefore be adjusted.

Currency
The financial statements have been prepared in euros; the amounts in the financial statements are presented in thousands of euros, unless stated otherwise. Additions in these financial statements may concern (optical) rounding differences up to 1 decimal place before or after the decimal point, which arise from the fact that numbers are often presented in thousands.
Expenditure and income in foreign currencies are converted at the exchange rate on the transaction date.

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Administrative cooperation with UMCG

On 1 January 2007, the Faculty of Medical Sciences and the Academic Hospital Groningen merged to become the University Medical Center Groningen (UMCG). The administrative cooperation and coordination between the Board of Directors of the UMCG and the Executive Board of the University of Groningen takes place in the Joint Policy Body (Gemeenschappelijk Beleidsorgaan, or GBO), consisting of the chair of the Executive Board, the dean of the faculty and the chair of the Board of Directors. The final responsibility for academic education and research lies with the Executive Board of the University of Groningen. In accordance with RJ 660.603, the operating balance figures relating to the Education & Research sector are included in full in the statement of income and expenditure. The balance sheet includes the items: fixed assets, equity, provisions and work in progress. The current account counterpart is under the item: receivables or short-term debts.

Consolidation

The consolidation includes the financial data of the institution, its group companies and other institutions in which it has a controlling interest (on the basis of the actual situation) or conducts central management. Group companies are legal entities in which the institution has a controlling interest, directly or indirectly, by having the majority of the voting rights or by being able to control the financial and operating activities.

Intercompany transactions, intercompany profits and mutual receivables and debts between the legal entities included in the consolidation are eliminated to the extent that the results have not been realized through transactions with third parties outside the UG. Unrealized losses on intercompany transactions are also eliminated unless there is an impairment. The accounting principles of legal entities included in the consolidation have been amended where necessary in order to comply with accounting principles applied to the UG.

The share of third parties in the group result is shown separately in the non-consolidated financial statements.

Since the statement of income and expenditure of the institution has been included in the consolidated financial statements, the non-consolidated financial statements are accompanied by a summary of the statement of income and expenditure in accordance with Section 402, Book 2, of the Netherlands Civil Code.

Group relationships

The UG is at the head of the group of companies/institutions listed below. The following companies/institutions are included in the consolidation:

- Applied NanoSystems B.V. in Groningen (100%)
- RUG Houdstermaatschappij B.V. in Groningen (100%)
- Stichting Academische Opleidingen Groningen in Groningen (100%)
- Stichting University Guesthouse Groningen in Groningen (100%)

A copy of the financial statements of the above companies/institutions may be obtained from the companies/institutions themselves..

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A number of participations have not been consolidated because they are individually and collectively of negligible significance.

At the time of drawing up the financial statements, it was already known that the University Guesthouse Foundation, having reached an agreement with creditors, would dissolve as per 1 May 2019. In the consolidated financial statements, the book value of the tangible fixed assets has been written down to €0. The UG is not liable for the current rental agreement.

Related parties

All legal entities over which dominant control, joint control or significant influence can be exercised, are designated as related parties. Legal entities that have a controlling interest are also considered to be related parties.

Significant transactions with related parties are explained to the extent that they have not been entered into under normal market conditions. In such case, the nature and scope of the transaction will be explained, as well as other information required to gain insight.

Explanatory notes on the cash flow statement

The cash flow statement has been prepared using the indirect method. The cash funds in the cash flow statement consist of the liquid assets, with the exception of deposits not available on demand (> 3 months). Receipts and expenditure of interest and received dividends are included in the cash flow from operating activities. These (dis)investments in tangible fixed assets and in financial fixed assets have been recognized as receipts and cash outflows from investment activities. For the part relating to redemption, payments of long-term liabilities have been recognized as cash outflows from financing activities. For the part relating to the interest, they are recognized as cash outflows from operating activities.

Estimates

The preparation of the financial statements requires the Executive Board to make judgements, estimates and assumptions that influence the application of accounting principles and the reported value of assets and liabilities, and of income and expenditure. The actual results may differ from these estimates. The estimates and underlying assumptions are constantly reviewed. Revisions to estimates are recognized in the period in which the estimate is revised and in future periods for which the revision has consequences.

2. Accounting policies for the valuation of assets and liabilities

The consolidated financial statements have been prepared in accordance with the statutory provisions of Part 9 of Book 2 of the Netherlands Civil Code and the authoritative statements in the financial reporting guidelines issued by the Dutch Accounting Standards Board (in particular, RJ 660 Educational Institutions). The provisions and guidelines are applicable pursuant to the Annual Reporting Regulations for the Education Sector.

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Assets and liabilities are generally valued at the acquisition price or manufacturing price, or the market value. If no specific valuation principle is specified, valuation takes place at nominal value.

An asset is recognized in the balance sheet when it is probable that future economic benefits will accrue to the UG and the value of the asset can be reliably determined.
A liability is recognized in the balance sheet when it is probable that the settlement thereof will be accompanied by an outflow of resources that entail economic benefits, the monetary equivalent of which can be reliably determined.

An asset or liability recognized in the balance sheet will remain on the balance sheet if a transaction (in respect of the asset or liability) does not lead to a significant change in the economic reality with respect to the asset or liability.

If a transaction results in the transfer to a third party of virtually all, or all, future economic benefits and virtually all, or all, risks relating to an asset or liability, the asset or liability will no longer be recognized in the balance sheet. Furthermore, assets and liabilities are no longer included in the balance sheet from the date on which the conditions of probability of the future economic benefits and/or reliability of the determination of the value are no longer met.

Comparison with preceding year
The accounting policies have not changed compared to the preceding year. For the purpose of clarity of the financial statements, some reclassifications have been implemented.

Tangible non-current assets
Buildings, premises, tangible fixed assets under construction and inventory & equipment are valued at the acquisition price or manufacturing price after deduction of straight-line depreciation over the estimated future useful life. Premises are not depreciated. Account is taken of an impairment or residual value that is expected on the balance sheet date. If there is an impairment in any financial year, this will be explained in the context of the balance sheet item concerned. If there are indications of such an impairment, the recoverable value of the asset will be determined.
If it is not possible to determine the recoverable value for the individual asset, the recoverable amount for the cash-generating unit to which the asset belongs will be determined. An impairment loss is recognized directly as an expenditure in the statement of income and expenditure through a simultaneous reduction of the book value of the asset concerned.

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Depreciation has been calculated on the basis of the following principles:

Buildings
> Shell: depreciation in 60 years
> Front/interior finishing/installations: depreciation in 30 years
> Electronics/technical installations: depreciation in 15 years
> Specific investments: depreciation on the basis of useful life

Premises: nil
> Construction costs sports grounds: depreciation in 10 years
> Other facilities on premises: depreciation in 30 years

Inventory
> Inventory and equipment: depreciation in 3 to 10 years

The first depreciation will take place in the month following the purchase of the property. In the case of new buildings or renovations, the first depreciation will take place after completion.

The buildings and premises are valued at acquisition price less depreciation.
The inventory and equipment are valued at the acquisition price less depreciation. Depreciation is taken on the basis of the following method:
inventory etc. with an acquisition value of less than k€5 per piece is fully recorded in the statement of income and expenditure.
inventory etc. with an acquisition value of more than k€5 per piece is depreciated over the expected useful life, with a maximum of 10 years.
Depreciation is taken in monthly instalments, which start in the month following the month of purchase.

Operating lease

The UG may have lease contracts whereby the full or a large part of the advantages and disadvantages associated with ownership are not enjoyed or suffered by the UG. These lease contracts are recognized as operating leases. Lease payments are recognized on a straight-line basis in the statement of income and expenditure over the term of the contract, taking into account payments received from the lessor.

Financial fixed assets

Participations

The net asset value is calculated according to the accounting principles that apply to these financial statements; for participations with regard to which insufficient information is available for adjustment to these accounting principles, the accounting principles of the relevant participation is taken as a basis.

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Participations in which significant influence can be exercised on business and financial policy are valued according to the equity method on the basis of the net asset value. If the valuation of a participation is negative according to the net asset value, it is valued at nil.
If and insofar as the UG fully or partially guarantees the debts of the participation, or has the firm intention to enable the participation to pay its debts, a provision will be made.
Participations in which no significant influence is exercised are valued at purchase price. If there is an impairment loss, valuation will take place at the recoverable value.

Significant transactions with related parties are explained to the extent that they have not been entered into under normal market conditions. In such case, the nature and scope of the transaction will be explained, as well as other information required to gain insight.

Other receivables (loans to third parties)

The other receivables included under financial fixed assets comprise loans granted to third parties. They are initially valued at their fair value and are subsequently valued at amortised cost minus the required provision for doubtful debts.

Provisions for the risk of non-collectability are deducted from the book value of the other receivable.

Securities

The receivables belonging to financial fixed assets, whether or not in respect of loans, are initially recognized at amortized cost after the first valuation. If there are no premiums or discounts and transaction costs, the amortized cost price is equal to the redemption value of the receivables.
With regard to possible downward value adjustments, Section 387, Book 2, paragraph 4 of the Netherlands Civil Code applies.
This write-off of receivables is charged to the profit and loss account. The write-off is reversed as soon as the downward value adjustment has ceased to exist. Write-offs and write-backs are included separately in the profit and loss account or in the explanatory notes (Section 387, Book 2, paragraph 5 of the Netherlands Civil Code).

Inventories

The inventories are valued at acquisition price using the FIFO method or the lower realizable value. The realizable value is the estimated selling price less directly attributable selling costs. Valuations will take into account any obsolescence of inventories.

Work in progress

Work in progress pertains to projects executed on behalf of third parties that were not completed on the balance sheet date.
The amount for projects in progress has been valued at the directly allocated costs for labour and materials, with a surcharge for indirect personnel costs.

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Any declared instalments/advances received are deducted from the balance of work in progress. Realization of profit on projects financed by third parties is determined according to the 'percentage of completion method' or PoC method. Expected losses are recognized in the statement of income and expenditure as soon as they are known.

In practice, it was not feasible for UMCG R&D to determine the result for each individual project. As a result, UMCG R&D has opted for an approach that takes into account the historical returns per flow of funds/financier. These returns were the starting point for the realized result on work in progress for 2018.

Receivables
The receivables are stated initially at the fair value of the consideration. After initial recognition, receivables are valued at nominal value. The difference with the valuation at amortized cost is explained in the explanatory notes.
Provisions for non-collectability are deducted from the book value of the receivable.

Liquid assets
The liquid assets consist of cash, bank balances and call deposits (< 3 months). Liquid assets are valued at nominal value.

Impairment
On each balance sheet date, the institution assesses whether there are indications that a fixed asset may be subject to an impairment. If there are indications of such an impairment, the recoverable value of the asset will be determined. If it is not possible to determine the recoverable value for the individual asset, the recoverable amount for the cash-generating unit to which the asset belongs will be determined. An impairment exists if the book value of an asset is higher than the recoverable value: the recoverable value is the higher of the net selling price of an asset or its value in use.

Equity capital
The equity capital consists of general reserves and allocated reserves and funds. This includes a breakdown into public and private resources. Allocated reserves are reserves with a more limited spending option, with the restriction imposed by the Executive Board. Allocated funds are reserves with a more limited spending option, with the restriction imposed by third parties.

Allocated reserves (public)
The allocated public reserve has been formed for the ongoing experiment with the PhD scholarship programme.

Allocated reserves (private)
The private reserves are shown under the private allocated reserve.

Allocated funds (public)
The funds under management are shown under the public allocated funds. These resources were made available to the UG with the intention of spending them within the framework of a specific objective.

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Allocated funds (private)

The cumulative growth of the equity of the group companies is shown under the private allocated funds. An overview of this has been included under Model E. The non-consolidated financial statements do not include the cumulative growth of the equity of the two foundations that qualify as group companies.

Provisions

Provisions are valued at the nominal value of the expenditure that is expected to be necessary to settle the liabilities as at the balance sheet date. A provision is recognized in the balance sheet when there is a legally enforceable or constructive obligation as a result of past events, where the amount can be reliably estimated and where it is likely that the settlement of this obligation will require an outflow of resources.

Unemployment contributions

The UG bears the risk of redundancy pay liabilities. The provision for unemployment benefits is formed at the individual level for the future liabilities on the balance sheet date to former employees to whom the UG has an obligation to provide redundancy pay. The provision is calculated on the basis of statements from third parties. The level of the provision is based on the actual expenditure of the past year. Indirectly, this takes into account the employability of those concerned. The provision also takes into account the period of time that the UG incurs risks with regard to the benefit payments. The mutation in the provision is recorded under the item ‘other staffing expenses’.

Restructuring provision

The restructuring provision is formed at individual level to cover the costs that are directly related to a restructuring. The UG will make provision if a formalized restructuring plan is present on the balance sheet date and the restructuring will be carried out. The mutation in the provision is recorded under the item ‘other staffing expenses’.

Own risk under the WGA scheme

The own risk under the WGA scheme has been created for the liabilities arising from the own-risk bearership with regard to the WGA (Resumption of work by those who are partially incapacitated for work) scheme, which falls under the Work and Income (Capacity for Work) Act (WIA). The provision has been created at individual level for employees who receive a WGA benefit at the end of the financial year. When determining the level of the provision, account was taken of the reassignment percentage and the declining benefit payments after the initial wage-related benefit. The provision also takes into account the period of time that the UG incurs risks with regard to the benefit payments. The mutation in the provision is recorded under the item ‘other staffing expenses’.

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Own-risk bearer ZW-flex

With effect from 1 January 2015, the UG will be the own-risk bearer for the ZW-flex premium. As a result, the UG will itself bear the associated expenses for new entrants. A provision has been created for this in the financial statements. The provision is determined on the basis of the data of the individual participants over the term that the UG incurs risks with regard to the benefit payments. The provision for own-risk bearer ZW-flex is part of the provision for own risk under the WGA scheme. The mutation in the provision is recorded under the item 'other staffing expenses'.

Staff with a long-term incapacity for work

The UG has created a provision at individual level for obligations existing on the balance sheet date for future (continued) payments to employees who – at the balance sheet date – are expected to be completely or partially unable to perform work as a result of illness or invalidity. Contributions from other parties have not been taken into account. The mutation in the provision is recorded under the item 'other staffing expenses'.

Anniversary provision

The anniversary provision is recognized at nominal value and is based on the average actual expenditure at group level. The provision is calculated on the basis of a time horizon of 10 years.
The calculation of this provision does not take into account continuation and mortality probabilities. The mutation in the provision is recorded under the item 'other staffing expenses'.

Leave saving scheme

In the period from 2007 through 2012, employees aged 50 and older had the option of saving up to 120 hours per year for the purpose of gradually reducing their working hours in the period prior to their retirement (leave saving scheme 50+).
With effect from 2013, employees have the option to save up to 72 extra holiday hours each year for a minimum of 3 and a maximum of 5 years, in addition to their regular holiday hours, to be used for a long-term, consecutive holiday period (multi-year savings model). The UG has created a provision for the concomitant replacement costs (staffing). The provision is determined on the basis of the data of the individual participants (duration and salary expenses).
The UG's employment conditions state that until and including 2004, employees were allowed, under certain conditions, to save their 'ADV' days (short-time working arrangements) in order to be able to take them in case of premature resignation. In case of premature resignation, the salary will continue to be paid and the replacement of the employee concerned will have to be arranged by the relevant units. The Financial Statements include a provision for leave saving in order to accommodate the financial commitments resulting from this. The mutation in the provision is recorded under the item 'other staffing expenses'.

Transition provision

With effect from 1 January 2018, the UG is obliged under the Collective Labour Agreement (CAO) to pay a transition allowance.
In the financial statements for 2017, a provision has been created for this. The provision has been created at individual level for employees with a temporary contract, taking into account the possibility of a renewal of the contract. A provision has been created for the remuneration to be paid in proportion to the years of service at the end of the financial year. The mutation in the provision is recognized under the item 'other staffing expenses'.

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Environmental risk

The 'Environmental risk' provision was created for the obligations resulting from the current legal duty to remove environmental pollutants (i.e. asbestos) present in buildings. The calculation of the environmental provision is based on asbestos examinations (visual) of the buildings. These examinations were carried out by a specialized external agency. Based on these examinations, the agency made an estimate per building of the expected clean-up costs. The mutation in the provision is recorded under the item 'other expenses'. The provision is a reliable estimate, with a number of uncertain factors. The first factor is the uncertain price development in the construction sector due to market developments. In addition, individual contractors may have an interest in deviating from the market price when tendering, such that a lower price is offered to have the contract awarded. The provision is based on a visual inspection. During actual renovation, the situation may be different. Finally, when bundling renovation projects, economies of scale may be achieved.

Project provision

The UMCG R&D has created a provision for expected losses on ongoing projects.
The expected losses on work in progress are immediately recognized in the profit and loss account. The amount of the loss will be determined irrespective of whether the project has already started, the stage of completion of the project or the amount of profit that is expected on other, non-related projects.

Dismantling cyclotron

The provision for dismantling the AGOR-Cyclotron (hereafter: cyclotron) represents the best possible current estimate of the costs to be incurred in the future for the termination (dismantling) of the cyclotron. Article 10.1 of the Radiation Protection (Basic Safety Standards) Regulation (Rbs), in conjunction with Article 10.8 of the Radiation Protection (Basic Safety Standards) Decree (Bbs), stipulates that cyclotrons producing particles with an energy level of more than 8 Mega-electron volts are subject to the requirement of having a termination plan for that particular cyclotron. The Bbs has been in effect since 6 February 2018. The termination plan must, among other things, indicate how the financial aspects of the termination have been provided for. By creating the provision, the UG meets this legal requirement.
The provision is based on an internal report, including a cost estimate from the UG's radiation expert in collaboration with the real estate department. This internal report was then assessed in a second opinion by an external agency specialized in nuclear services. Based on the internal report and the second opinion of the external expert, the bandwidth of this cost estimate lies between €6.6 million and €16.6 million. The bandwidth can be explained by uncertain factors, in particular relating to the amount of concrete to be removed and the number of years radioactive waste needs to be stored. These uncertainties cannot reasonably be resolved by the UG at the moment, because they partly depend on guidelines and historical data that are still being developed and because there is currently no explorative drilling possible to obtain more certainty. To ensure that the provision will be sufficient (precautionary approach), the UG has opted to stay well above the lower limit of the range. In our opinion, the upper limit of the range, i.e. €16.6 million, is too high, as we expect the dismantling costs to be lower because the possibilities for reuse will be expanded in the guidelines. Because of these wider options, it is expected that less concrete will have to be stored. Given these two considerations, the UG believes that the best current estimate of the dismantling costs is €11.6 million (i.e. the arithmetic average of the bandwidth).

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Other provisions

The other provisions are recorded at the nominal value of the expenditures and liabilities necessary for the settlement of the provision. If a contract has been concluded involving a negative difference between the performance to be received after the balance sheet date and the contract performance to be performed by the service provider after the balance sheet date, a provision will be created for this negative difference. In calculating the provision, the unavoidable costs have been taken into account.

Debts

Debts are stated at fair value when they are first recognized. Transaction costs that are directly attributable to the acquisition of debts are included in the valuation at first recognition. Debts are valued at amortized cost after first recognition. As a general rule, the amortized cost price is equal to the book value of the asset minus repayments on the principal, and increased or decreased by the cumulative amortization of the difference between the amount on first recognition (including transaction costs) and the repayment amount, determined on the basis of the effective interest rate method..

3. Principles for the determination of the result

General

Income and expenditure have been allocated to the financial year to which they pertain. Profits have only been included insofar as they were realized at the balance sheet date. Losses and risks whose origin predates the end of the financial year have been taken into account if they came to be known before the Financial Statements were drawn up.

Turnover

The recognition of revenues from the provision of services takes place pro rata to the performance, based on the services provided up to the balance sheet date in relation to the total services to be provided.

Government grants

Government funding is recognized as income in the statement of income and expenditure in the financial year to which the funding pertains.

Tuition fees

Received tuition fees are attributed to the financial year to which they pertain, assuming that regular teaching and research tasks are spread evenly over the academic year.

Subsidies

The UG makes use of operating grants and occasionally of investment grants. Grants are recognized as income in the statement of income and expenditure in the financial year in which the subsidised costs were incurred.

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Royalties
Royalties are recognized in the profit and loss account according to the allocation principle in accordance with the content of the agreement, provided the royalty amounts are determinable and it is probable that they will be received.

Interest
Interest income is recognized time proportionally in the profit and loss account, taking into account the effective interest rate of the relevant asset item, provided the amounts are determinable and it is probable that the income will be received.

Expenditure
Personnel costs
Pursuant to the employment conditions, salaries and social security contributions (including pension payments) are recognized in the statement of income and expenditure insofar as they are owed to employees.

Pensions
The UG has a pension scheme with the Stichting Bedrijfspensioenfonds ABP. The provisions of the Dutch Pensions Act apply to this pension scheme and contributions are paid by the UG on a compulsory or contractual basis. The ABP uses the average salary as a pensionable salary basis. The ABP attempts to increase pensions each year by the average wage increase in the government and education sectors. If the coverage ratio is lower than 105%, no indexation will take place.

The coverage ratio of Stichting Bedrijfspensioenfonds ABP amounts to 97.0% as at 31 December 2018. The ABP's financial position as at 31 December 2018 was assessed as inadequate by De Nederlandsche Bank. The coverage ratio should be at least 128%. The ABP is required to submit a plan to De Nederlandsche Bank to restore the coverage ratio. In January 2019, the ABP's coverage ratio stood at 98.6%.

The premiums due for the current financial year are recognized as expenditure in the statement of income and expenditure. If the payable premium has not yet been paid, it is recognized as a liability on the balance sheet. The premiums are recognized as staff expenses as soon as they are due. Prepaid premiums are recognized as accruals and deferred expenditure if they result in a repayment or a reduction of future payments. Premiums yet unpaid are recognized as a liability on the balance sheet.

Depreciation
Tangible fixed assets are depreciated over the expected future useful life of the asset from the time when they are first put to use. If there is a change in the estimated future useful life, the future depreciations will be adjusted.
Premises are not depreciated. Account is taken of a residual value or revisions to accounting estimates that are expected on the balance sheet date. A change in the life of an asset occurs when an asset is put out of use prematurely. Book profits and losses are recognized in the year of realization.

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Taxes

The UG's core activities consist of more than 90% funded educational and research activities, and these activities are financed for more than 70% through public funds, statutory tuition fees, or tuition fees or contributions from charities for which no (or a marginal) contractual consideration is required. The UG therefore complies with the activities and funding requirements and is therefore eligible for the exemption from corporation tax. This exemption has been applied in the financial statements.

Financial income and expenditure

Interest income and interest expenditure

Interest income and interest expenses are recognized time proportionally, taking into account the effective interest rate of the assets and liabilities concerned. When processing interest expenses, account is taken of the recognized transaction costs on the loans received.

Dividends

Dividends to be received from participations are recognized as soon as the UG has acquired the right to them.

4. Financial instruments and risk management

The UG does not use financial (trading) instruments within its operations other than the regular debtors and creditors.
The UG is not exposed to financial risks such as:

- price risks when valuing securities (financial fixed assets)
- forward exchange contracts
- concentration of interest, credit and cash flow risks with outstanding trade receivables
- bank credit facilities

The UG is mainly active in the Netherlands and the European Union, but occasionally orders are placed for specialist scientific equipment in foreign currency. No forward exchange contracts are used for the latter type of order.

The liquid assets are outstanding to financial institutions that have at least an A-rating.

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ASSETS

Fixed assets

1.1.2 Tangible fixed assets

	1.1.2.1 Buildings	1.1.2.2 Premises	1.1.2.3 Inventory and equipment	1.1.2.5 Work in progress	Total
Balance as at 1 January 2018					
Acquisition price	802,335.3	5,838.4	99,717.3	29,268.8	937,159.8
Cum. depreciation and impairments	-443,492.5		-57,860.3		-501,352.8
Book values	358,842.8	5,838.4	41,857.0	29,268.8	435,807.0
Mutations					
Investments	5,490.0	433.3	18,792.8	19,850.8	44,566.9
Divestments	-1,365.4		-59.5		-1,424.9
Depreciation in	-24,659.7		-11,588.1		-36,247.8
Reclassification work in progress	3,256.3	0.0		-3,256.3	0.0
Depreciation disinvestments	1,365.4		59.5		1,424.9
	342,929.4	6,271.7	49,061.7	45,863.3	444,126.1
Balance as at 31 December 2018					
Acquisition price	809,716.2	6,271.7	118,450.6	45,863.3	980,301.8
Cum. depreciation and impairment	-466,786.8	0.0	-69,388.9	0.0	-536,175.7
Book value	342,929.4	6,271.7	49,061.7	45,863.3	444,126.1

Notes:

- The amounts in the column 'Reclassification work in progress' are mutations of completed projects
- There are no restrictions on the ownership of the above tangible fixed assets
- The recognized divestments are entirely related to decommissioning

As regards the environmental risks, such as asbestos in buildings, reference is made to the environmental provision that has been created. On this subject, see the explanatory notes to 2.2.

In connection with dissolution and the preceding state of suspension of payments of Stichting University Guesthouse Groningen, the book value of the tangible fixed assets has been written down to €0.

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1.1.3 Financial fixed assets

		Participation %	Book value as at 01/01/2018	Investments 2018	Divestments 2018	Results 2018	Mutation provision 2018	Other mutations 2018	Book value per 31/12/2018
1 .1 .3.2	Other participating interests								
	- Zernike Seed Fund B.V. - Groningen	32%	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	- Stichting GN-IX - Groningen	nvt	6.0	0.0	0.0	0.0	0.0	0.0	6.0
	- University of Groningen NW Germany Gmbh - Papenburg (Germany)	100%	22.2	0.0	0.0	-1.0	0.0	0.0	21.3
	- LOFAR CV - Dwingeloo	11%	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	- Other legal entities Participations/shareholdings of UG Holding company and of Stichting AOG	0 - 100%	6,627.6	339.1	-84.5	597.4	-16.0	-100.0	7,363.5
			6,655.8	339.1	-84.5	596.4	-16.0	-100.0	7,390.8

The participating interest in Zernike Seed Fund B.V. has been entirely depreciated.
2018 saw no activities at Zernike Seed Fund B.V. and no results were obtained. In 2015, the UG fully wrote down the participating interest in LOFAR CV, amounting to k€10.
The UG does not have any interest rate, cash flow or liquidity risk.

			Investments as at 01 /01 /201 8	Addition to 2018	Withdrawal 2018	Investments as at 31/12 /2018
1.1.3.7	Securities					
1.1.3.7.4	Other securities	Deposits	19,000.0	2,500.0	0.0	21,500.0
			19,000.0	2,500.0	0.0	21,500.0

Securities concern fixed-yield liquid assets with a term of more than one year.
The mutation relates to newly agreed deposits with a term of more than one year.
The amortized cost is equal to the nominal value.

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		Outstanding loans (funds lent) 01/01/2018	Extended loans 2018	Redemptions/ settlement 2018	Outstanding loans (funds lent) 31/12 /2018	Interest percentage	Residual maturity in years
1.1.3 .8	Other receivables						
	- GSZ May day	138.1	0.0	0.0	138.1	0.0%	onbepaald
	- GSZ May day	36.4	0.0	-4.7	31 .7	4.0%	1 6
	- Stichting Behoud Groene Hortus	1,530.7	0.0	-10.0	1,520.7	0.0%	> 1
	- Stichting Behoud Groene Hortus (subordinated)	124.8	0.0	0.0	124 .8	0.0%	> 1
	- UNICA installatie groep B.V.	3,028.9	0.0	-269.6	2,759.4	0.0%	6
	- Carex Haren B.V.	200.0	0.0	-200.0	0.0	4.0%	0
	- Stichting Infoversum	54.6	0.0	0.0	54.6	2.5%	2
	- Sundry receivables UG Houdstermaatschappij B.V.	885.5	109.0	-18.5	976.0	div.	
		5,999.1	109.0	-502.7	5,605.4		

		Balance as at 01/01/2018	Allocation 2018	Release 2018	Withdrawal 2018	Balance Balance 31/12/2018
	Less: FVA provision					
	Loans to legal entities	2,084.7	0.0	-214.7	0.0	1,870.0
		2,084.7	0.0	-214.7	0.0	1,870.0

These concern receivables from participations with a term of more than one year.
A security has been provided for the outstanding receivable on May day. No amortization has been applied to loans with an interest rate of 0%. The financial effect of this is k€348, based on a discount rate of 1.7%.

The release of the provision corresponds to the redemptions on the loans.

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CURRENT ASSETS

1.2.1 Inventories

		31/12/2018	31/12/2017
1.2.1.2	Acquisition price consumer goods		
	Warehouse inventory	528.7	363.5
		528.7	363.5

The extent of obsolete inventory is limited; therefore, it is not necessary to carry out a value adjustment for this.

1.2.2 Receivables

		31/12/2018		31/12/2017	
1.2.2.1	Accounts receivable	8,495.5		9,336.5	
	Income yet to be invoiced	0.0		1,209.3	
	Less: Provision for non-collectable debts	-410.5		-371.2	
			8.085.1		10,174.6
1.2.2.2	Receivables from OCW/EZ				
	Pending subsidies		36.3		104.9
	Cash limitations		701.8		1,005.0
1.2.2.6	Receivables from personnel		88.3		60.2
1.2.2.7	Receivables from students / participants / course participants		149.4		142.4
1.2.2.10	Other receivables				
	Accrued income	50,845.3		71,940.9	
	Other receivables	59,904.3		65,160.4	
			110,749.6		137,101.3
1.2.2.12	Prepaid expenses		6,654.9		7,245.0
1.2.2.15	Other accruals		166.3		177.5
			126,631.5		156,010.9

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The changes in the provision for non-collectable debtswere as follows:

	2018	2017
Balance as at 1 January 2018	371.1	484.3
Withdrawal	-67.8	-113.1
Allocation	107.2	0.0
Balance as at 31 December 2018	410.5	371.2

The fair value of the receivables approximates their book value, given their short-term nature and the fact that provisions for doubtful debts have been formed where necessary.

The 'Other receivables' entry includes the item: 'Working capital of the UMCG R&D' in the amount of k€59,794. This is actually a claim against the AZG.

1.2.4 Liquid assets

		31/12/2018		31/12/2017	
1.2.4.1	Cash and cash equivalents		24.2		37.1
1.2.4.2	Bank account credits				
	Bank account credits (general)	14,724.7		23,566.5	
	Deposits (≤ 1 year)	66,000.0		66,000.0	
	Current account	221,945.2		184,661.4	
	Consolidated institutions	1,438.9		1,828.4	
			304,108.8		276,056.3
			304,133.0		276,093.4

- Liquid assets consist of cash funds, bank balances and call deposits with a term of one year or less and are at the free disposal of the institution
- Current accounts include the bank balance of the Government Accounts Division and payments in transit
- Consolidated institutions include the bank balances of the participating parties
- The debit limit at the Ministry of Finance is €33.5 million
- The intraday limit at ABN-AMRO Bank is €100 million

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LIABILITIES

2.1 Equity

		Balance as at 31/12/2017	Result 2018	Other mutations 2018	Balance per 31/12/2018
2.1.1.1	General reserve	574,387.3	-383.1	-11,095.3	562,908.9
2.1.1.2	Allocated reserves (public)	26,149.0	0.0	11,962.2	38,111.2
2.1.1.3	Allocated reserves (private)	186.6	-919.6	-792.0	-1,524 .9
2.1.1.4	Allocated funding (public)	1,065.4	-82.2	0.0	983.2
2.1.1.5	Allocated funding (private)	4,131.1	574 .6	-74.9	4,630.8
	Totals	605,919.4	-810.2	0.0	605,109.2

Allocated reserves are reserves with a more limited spending option, with the restriction imposed by the Executive Board.
Allocated funds are reserves with a more limited spending option, with the restriction imposed by third parties.

2.1.1.2	The allocated reserve (public) has been created for the ongoing experiment with the PhD student programme.
2.1.1.3	The allocated reserve (private) is intended to cover private activities.
2.1.1.4	The allocated funding (public) comprises funds under management.
2.1.1.5	The allocated funding (private) comprises the assets of the related parties.

The other change in the private allocated reserve concerns the correction in the consolidated financial statements following the report of the Education Inspectorate into the financing of the start-up costs for Yantai. As a follow-up to the above-mentioned report, the UG has made a further adjustment of €272,000 in the non-consolidated financial statements in addition to the above amount, bringing the total in the non-consolidated financial statements to €1,064,000. In the consolidated financial statements, the amount of €272,000 was not added to the private allocated reserve and thus did not require a consolidated adjustment.

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2.2 Provisions

		Balance as at 31/12/2017	Allocations 2018	Withdrawals 2018	Release 2018	Balance as at 31/12/2018	Short-term part < 1 year	Long-term part > 1 year
2.2.1	Personnel provisions							
2.2.1.1	Restructuring	2,096.1	125.2	-328.8	-710.7	1,181.8	169.0	1,012.8
2.2.1.1	Transition provision	2,385.8	232.4	-787.2	0.0	1,831.0	1,037.0	794.0
2.2.1.2	Leave saving scheme	3,688.4	531.0	-763.9	-85.3	3,370.3	420.0	2,950.3
2.2.1.3	Own risk under the WGA scheme	1,849.2	849.3	-603.4	-104.9	1,990.2	585.0	1,405.2
2.2.1.4	Anniversary provision	5,025.0	366.4	-441.3	0.0	4,950.0	988.0	3,962.0
2.2.1.5	Unemployment contributions	5,385.8	2,210.8	-2,771.4	-362.4	4,462.8	2,000.0	2,462.8
2.2.1.6	Staff with a long-term incapacity for work	949.8	963.1	-104.6	-547.5	1,260.7	1,117.0	143.7
2.2.1.7	Other personnel provisions	196.7	0.0	0.0	-196.7	0.0	0.0	0.0
		21,576.7	5,278.1	-5,800.5	-2,007.5	19,046.8	6,316.0	12,730.8
2.2.4	Other provisions							
	Environmental risk	11,995.1	772.1	-553 .9	0.0	12,213.3	2,438.0	9,775.3
	Project provision	1,236.3	2,619.0	0.0	-400.0	3,455.3	3,455.3	0.0
	Dismantling cyclotron	0.0	11,600.0	0.0	0.0	11,600.0	0.0	11,600.0
	Other	15,000.0	0.0	-1,500.0	0.0	13,500.0	2,000.0	11,500.0
		28,231.4	14,991.1	-2,053.9	-400.0	40,768.6	7,893.3	32,875.3
	Totals	49,808.0	20,269.3	-7,854.4	-2,407.5	59,815.4	14,209.3	45,606.1

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2.4 Short-term debt

		31/12/2018	31/12/2017
2.4.4	Ministry of Education, Culture and Science(OCW)/Economic Affairs (EZ)	35.8	576.3
2.4.7	Pre-invoiced and pre-received instalments of projects	6,717.6	20,222.6

The table below shows the status of the work in progress and the invoiced instalments:

		31/12/2018			31/12/2017		
		Work in progress	Invoiced instalments	Balance	Work in progress	Invoiced instalments	Balance
	Work in progress > instalments	-21,730.8	17,600.6	-4,130.2	-18,207.3	14,495.4	-3,712.0
	Work in progress > instalments	-20,013.8	30,861.6	10,847.9	-37,579.9	61,514.5	23,934.6
	Total	-41,744.6	48,462.2	6,717.6	-55,787.2	76,009.9	20,222.6
2.4.8	Accounts payable			10,637.5			5,389.9
2.4.9	Taxation and social security contributions						
	- Wage tax		15,280.3			13,890.8	
	- Sales tax		1,474.8			1.,457.9	
				16,755.0			15,348.7
2.4.10	Amounts payable in respect of pensions			4,164.5			3,722.4
2.4.11	Amounts payable in respect of work for third parties			1,546.8			1,243.6
2.4.12	Other short-term debts			21,174.2			23,639.0
2.4.13	Tuition, course and exam fees received in advance			31,351.9			30,119.5
2.4.14	Grants received in advance from the Ministry of Education, Culture and Science/Economic Affairs			2,116.4			1,564.6
2.4.16	Amounts received in advance			115,327.3			106,378.7
2.4.17	Holiday pay and holidays						
	- Holiday allowance		10,207.1			9,643.1	
	- Reservation for holidays		21,804.0			21,963.1	
				32,011.1			31,606.2
2.4.19	Other accruals						
	- Graduation Fund		300.0			400.0	
	- Other		982.7			1,905.9	
				1,282.7			2,305.9
				243,120.9			242,117.4

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MODEL G Overview of earmarked targeted grants of the Ministry of Education, Culture and Science (amounts x €1,000)

G1 Grants without a settlement clause

Description	Allocation Reference	Allocation Date	Amount allocation	Received up to and including 2018	Performance completed?
PleitVRij	OO18-18	23-04-2018	99.9	99.9	Not yet fully completed

G2 Grants with a settlement clause

G2-A Expiring at the end of the year under review

Description	Allocation Reference	Allocation Date	Amount Allocation	Received up to and including 2018	Total Costs	To be settled at the end of 2018
Coaching start Lecturers BSL	804AO-46192	19-12-2013	400.0	400.0	-364.2	35.8
			400.0	400.0	-364.2	35.8

G2-B Continuing until the next reporting year

Description	Allocation Reference	Allocation Date	Amount Allocation	Balance as at 01/01/2018	Received up to and including 2018	Charges up to and including 31/12/2018	Total costs spend 31/12/2018	Balance still to be paid 31/12/2018
Professionalization of beginning lecturers in the north of the Netherlands (INO)	804AO-42807	13-05-2013	1,501.1	-104.9	141.1	-72.5	-1,537.5	-36.3
National research into induction effects (LONIE)	804AO-46949	21-11-2013	3,054.6	401.6	519.1	-547.0	-2,479.1	373.7
			4,555.7	296.7	660.2	-619.5	-4,016.6	337.4

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Off-balance sheet assets and/or liabilities

Scientific books

The valuation of the UG's collection of scientific books depends on various value factors and cannot be estimated reliably. The scientific books have therefore not been included in the balance sheet.

Multi-year financial liabilities

Investment commitments have been entered into for an amount of k€19,314.7.
The following multi-year liabilities have been entered into (amounts in k€):

	<1 year	1-5 years	> 5 years
Staffing costs	1,840.6	1,840.6	
Rent	2,514.6	2,830.6	3,748.4
Energy and water	4,236.7		
Cleaning costs	1,234.4	822.9	
Other housing expenditure	1,640.4	6,211.7	1,811.8
Telecommunications and Information Technology	5,911.6	11,273.7	
Travel and accommodation expenses	1,322.2		
Lease obligations	2,428.2	2,023.5	
Other expenditure	1,414.3	4,242.8	
	22,542.9	29,246.0	5,560.2

Other non-recognized liabilities

Concession contract including secondment contract

As from 1 January 2018, employees of the F&D department in permanent employment by the UG will be seconded to the supplier Beijk on the basis of a European tender procedure. The agreed wage costs at Beijk are charged by the UG on a monthly basis. The contract stipulates that the wages of employees who are ill for longer than two weeks may not be invoiced to Beijk by the UG.

Guaranteed rental income

With effect from 1 September 2018, the UG, together with Hanze UAS Groningen, acts as a guarantor for a minimum rental income per year from the student housing project operated by a third party on the former Suikerunie premises in Groningen. The duration of the guarantee is 10 years.

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Risks as a result of earthquakes

The Dutch Cabinet decided in March 2018 to gradually phase out gas extraction from the Groningen field to zero. The objective of this policy decision is to substantially reduce the risk of earthquakes in a short period of time. In the meantime, the building regulations for earthquake-resistant construction have been adapted to this phasing-out scenario, where the resistance requirements have been divided into 3 periods: t1, t2 and t3, which correspond to the years 2018-2020, 2020-2023 and 2023-2027. For the three UG campus areas, this means that from 2023 (t3) onwards earthquake resistance assessment will no longer have to be conducted. As regards the planned construction of the Feringa Building, agreements have been made for the reimbursement of the additional costs. The agreements were officially laid down in a settlement agreement.

The earthquake problem is an integral part of UG's real estate policy and implementation. In 2017, the survey of the Potential High Risk Building Elements (PHRBEs) per building was completed. The PHRBE survey is part of the reinforcement task for the city of Groningen, which falls under the responsibility of the National Coordinator for Groningen (NCG). The reinforcement task for the city of Groningen has been considerably delayed, as the NCG is currently focusing on the problems in the core risk area and not on the city of Groningen. It is not expected that the NCG will focus on reinforcement of the city of Groningen in the 2020-2023 period. A number of elements have been found to be in need of reinforcement. The reinforcement costs to be incurred by the UG will be reimbursed once they have been approved by the NCG.

Other

In the context of a possible breach of integrity, the UG has obtained an attachment on the bank account of a third party (Foundation) and has filed a claim against this party.

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Notes on the consolidated statement of income and expenditure

Amounts x €1,000

3. INCOME

		Account 2018		Budget 2018		Account 2017	
3.1	**Government funding**						
3.1.1	Government funding from OCW/EZ						
3.1.1.1	- Government funding OCW (University Education Sector)		494,160.1		477,164.7		470,789.8
3.1.2	Other grants OCW/EZ						
3.1.2.1	Other grants OCW		654.6		660.2		2,344.2
3.1.3	Income transfer from government funding						
3.1.3.2	- Academic Hospitals		-96,506.6		-94,269.3		-95,322.3
	Total government funding from Ministry of Education, Culture and Science/Economic Affairs		398,308.2		383,555.6		377,811.7
3.2	**Other government funding and grants**		0.0		0.0		0.0
3.3	**Statutory lecture / course / exam fees**		0.0		0.0		0.0
3.3.4	Tuition fees University Education Sector (tuition fees charged in current charged tuition fees)		69,134.4		62,900.0		51,236.3
	Educational liabilities (pre-invoiced invoiced in advance)		-31,052.3		0.0		-30,360.3
	Release educational liabilities (pre-invoiced Tuition fees previous academic year)		30,119.5		0.0		44,683.0
	Total tuition fees		68,201.5		62,900.0		65,559.0
3.4	**Income from work commissioned by third parties**						
3.4.1	Contract teaching						
3.4.1 .1	- Faculties		8,195.0		6,708.4		3,922.8
3.4.2	Contract research						
3.4.2.1	- International organizations						
	- European Union (EU)	28,369.6		29,156.2		27.517,1	
3.4.2.2	- National government authorities	22,586.2		30,768.8		34.706,2	
3.4.2.3	- NWO	36,202.9		43,138.7		38.228,1	
3.4.2.4	- KNAW	224.9		310.2		274,9	
3.4.2.5	- Other non-profit organizations	21,053.4		17,397.3		19.623,7	
3.4.2.6	- Businesses	17,209.1		20,748.1		23.403,1	
			125,646.1		141,519.3		143,753.1
3.4.5	Other income from work commissioned by third parties		9,662.6		531.0		12,192.7
	Total income from work commissioned by third parties		143,503.6		148,758.7		159,868.6

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The 'Income from work commissioned by third parties' does not include grants which are subject to discussions with the grant provider about the approval of the grant.

		Account 2018		Budget 2018		Account 2017	
3.5	**Other income**						
3.5.1	Leasing revenues		2,654.2		3,539.3		2,618.9
3.5.10	Other income						
	- Courses, conferences and symposia	3,944.4		3,647.4		4,001.5	
	- Professional services	25,053.0		17,865.6		19,600.0	
	- Other one-off revenues*	28,344.8		34,442.9		36,993.7	
			57,342.2		55,955.9		60,595.2
	Total other income		59,996.4		59,495.2		63,214.1
	Total income		670,009.8		654,709.5		666,453.4

* These mainly concern transactions and settlements between UMCG R&D and third parties/contract partners (including Healthcare).

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4. EXPENDITURE

		Account 2018		Budget 2018		Account 2017	
4.1	**Staffing expenses**						
4.1.1	Wages, salaries, social security charges and pension costs *						
4.1.1.1	- Wages and salaries	353,310.5		341,888.4		334,180.7	
4.1.1.2	- Social security contributions	39,008.0		36,017.1		36,758.1	
4.1.1.5	- Pension contributions	49,729.9		46,948.0		44,434.3	
			442,048.4		424,853.5		415,373.1
4.1.2	Other staffing expenses						
4.1.2.1	- Mutation in personnel provisions	3,240.2		6,195.6		4,751.5	
4.1.2.2	- Expenses staff not in paid employment	5,663.8		7,006.1		14,521.7	
4.1.2.3	- Other staffing expenses	7,620.3		13,277.6		7,173.4	
			16,524.3		26,479.3		26,446.6
4.1.3	Fee income		-1,141.1		0.0		0.0
	Total staffing expenses		457,431.6		451,332.8		441,819.7

* The staffing expenses for the UMCG R&D will be on-charged by the UMCG's salary accounts department.

The item 4.1.3 'Fee income' concerns fees received from the UWV. Last year, these receipts were recorded under the item 'other staffing expenses'.

The average number of employees in 2018 was 6,115 FTE (2017: 5,991 FTE).

Average number of employees by category in FTE.

	2018	2017
Academic staff	3,567.3	3,523.0
Support and management staff	2,547.2	2,461.6
Group companies	-	6.7
	6,114.5	5,991.3

The number of staff employed by the UG working outside the Netherlands amounts to 1.0 FTE (2017: 1.0 FTE).

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		Account 2018		Budget 2018		Account 2017	
4.2	**Depreciation**						
4.2.2	Tangible fixed assets	36,247.8		35,286.8		35,237.1	
	Total depreciation and amortization		36,247.8		35,286.8		35,237.1
4.3	**Accommodation expenses**						
4.3.1	Rent	5,333.3		2,872.7		4,221.3	
4.3.2	Insurance	521.5		560.3		577.1	
4.3.3	Maintenance	15,169.7		10,235.3		16,883.9	
4.3.4	Power and water	9,120.9		9,968.4		8,480.0	
4.3.5	Cleaning costs	6,680.6		6,894.2		5,830.2	
4.3.6	Taxes and levies	3,419.0		3,511.2		3,149.5	
4.3.8	Other accommodation expenses	1,121.3		8,220.2		1,757.1	
	Total accommodation expenses		41,366.2		42,262.3		40,899.1
4.4	**Other expenditure**						
4.4.1	Administration and management costs		1,578.0		5,722.7		6,432.1
4.4.2	Inventory and equipment						
	- Inventory and equipment	7,475.5		815.8		6,262.5	
	- Other	12,199.6		3,848.1		10,958.7	
			19,675.1		4,663.9		17,221.2
4.4.4	Allocation other provisions		12,617.3		216.8		6,939.0
4.4.5	Other						
	- Telecommunications and information technology	8,361.9		7,377.9		7,520.5	
	- Travel and accommodation expenses	14,072.5		8,508.3		13,031.0	
	- Publicity, representation and grants	17,348.1		12,904.5		16,852.9	
	- Specific education & research costs	59,662.5		61,109.7		45,547.5	
	- Consultancy costs and compensation for services	10,349.9		10,781.7		14,332.4	
	- Other	-7,139.0		19,110.8		6,788.3	
			102,655.8		119,792.9		104,072.5
	Total other expenditure		136,526.2		130,396.3		134,664.8
	Expenses – total		671,571.9		659,278.2		652,620.7

Explanatory note:
The item 'Specific education & research costs' mainly consists of costs for laboratory and research equipment, project costs, costs for UMCG R&D affiliates and costs for PhD students.

Breakdown		
Remuneration audit financial statements	382.8	362.1
Remuneration other auditing assignments	86.8	54.5
Remuneration tax advice	-	-
Remuneration other non-auditing services	31.8	20.9
Auditing costs	501.3	437.5

The above amounts relating to the audit fees exclude VAT and are generated on a cash accounting basis.

6. Financial income and expenditure

		Accounts 2018	Budget 2018	Accounts 2017
6.1.1	Interest income	185.7	0.0	631.6
6.2.1	Interest expenditure	0.0	0.0	0.0
	Net financial income and expenditure	185.7	0.0	631.6

The decrease in interest income is mainly due to the declining interest rate on these outstanding assets.

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8. Income from participations

	Accounts 2018	Budget 2018	Accounts 2017
Result UGNWG GmbH	-1.0	0.0	-2.8
Result UOCG Market B.V.	0.0	0.0	327.0
Income from participation in AOG Holding B.V.	226.0	0.0	439.4
Income from participations UG Houdstermaatschappij	341.2	0.0	333.1
Net result participations	566.2	0.0	1,096.8
RECAPITULATION Statement of income and expenditure			
Income and expenditure operational management			
Income	670,009.8	654,709.5	666,453.3
Expenditure	671,571.9	659,278.2	652,620.7
Net income and expenditure	-1,562.1	-4,568.7	13,832.6
Financial income and expenditure			
Net financial income and expenditure	185.7	0.0	631.6
Income from participations			
Net result participations	566.2	0.0	1,096.8
Operating result	-810.2	-4,568.7	15,561.0

Proposed appropriation of balance of the statement of income and expenditure
Amounts x €1,000

It is proposed to divide the consolidated result of -k€810.2 as follows:

Addition to general reserve	-383.1
Addition to allocated reserve (public)	0.0
Addition to allocated reserve (private)	-919.6
Addition to allocated fund (public)	-82.2
Addition to allocated fund (private)	574.6
Geconsolideerde resultaat	-810.2

The UG is a legal entity under the Higher Education and Academic Research Act and therefore has no statutes. There are therefore no special statutory provisions regarding the result appropriation.

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Events after the reporting date

Tender for Feringa Building

In 2018, the contract for the construction of the Feringa Building was tendered. This contract of €142 million was awarded in March 2019. In addition to the construction contractor, a contractor for the electrical and mechanical work was contracted for an amount of €97 million. Two more contracts have yet to be awarded for the construction, i.e. the contract for Laboratory furnishings and the contract for the clean rooms. The related investments are estimated at €23 million (2018 price level). The construction works are expected to be completed in 2023. It thus concerns building projects that take several years. The contracts state that the contract sum depends on price developments in the construction sector according to the RWU ('risk scheme for residential and non-residential buildings') index. The final contract sum therefore depends on said price developments.

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MODEL E Overview related parties

Amounts x €1,000

In the guidelines for the preparation of the financial statements, the Minister states that legal entities which form an economic unit together with a university and

- are under the joint management of the economic unit,
- and the joint management has decisive control over the legal entities in question,
- must be consolidated in the financial statements

The data of the majority shareholdings and associated parties with decisive control are derived from the draft financial statements 2018 of the participations concerned. These figures do not differ materially from the figures contained in the final financial statements 2017.

At the UG, it concerns the following legal entities:

Majority interest

	Legal form	Registered office	Code Activities	Equity capital 31/12/2018	Turnover 2018	Result 2018	Participation rate
Applied NanoSyvoices (Chamber of Commerce no. 02067460) Declaration 403, Book 2 of the Netherlands Civil Code: No Consolidated: Yes	BV	Groningen	4	-3.8	59.7	13.0	100%
RUG Houdstermaatschappij (Chamber of Commerce no. 02058154) Declaration Section 403, Book 2 of the Netherlands Civil Code: No Consolidated: Yes	BV	Groningen	4	5,519.6	2.3	336.4	100%
University of Groningen North West Germany GmbH Declaration Section 403, Book 2 of the Netherlands Civil Code: No Consolidated: No	GmbH	Papenburg(DI)	4	21.3	0.0	-1.0	100%

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Notes:
At the end of 2018, RUG Houdstermaatschappij B.V. had participating interests in the following companies:

Companies	Importance	Core activities
AGILeBiotics B.V.	22.2%	Developing antibiotics
Angteq B.V.	15.0%	Pharmaceutical and diagnostic advice and research
ARGO B.V.	6.0%	Healthcare advice, care for the elderly
Biorion Technologies B.V.	8.4%	Drug delivery system
CarbExplore Group B.V.	30.0%	Developing pharmaceutical products
GnTel B.V.	8.2%	Telecommunication services
KNN Groep B.V.	20.0%	Advice on environment and economy
Nederland Rusland Centrum B.V.	45.0%	Guidance bilateral contacts
Noord Tech Venture CV	3.3%	Investing in promising technology companies
Polymer Service Centre B.V.	49.0%	Polymer services for industrial applications
PolyVation B.V.	49.0%	Polymer products for the medical industry
Pro Facto B.V.	6.0%	Public administration and legal advice
UC Promotion Groningen CV	33.3%	Research projects Department of Human Movement Sciences
RUG UMCG investments B.V.	50.0%	Investing in promising technology companies
SMIO pharma B.V.	30.0%	Small Molecules Immuno-therapy
Solenne B.V.	10.6%	Developing cosmetic products
Target Holding B.V.	28.3%	Data search and storage technology
Lifelines B.V.	50.0%	Medical data collection
Ocean Grazer B.V.	60.0%	Developing generation and storage of energy
EV Biotech B.V.	9.2%	Developing high-quality molecules
Kennis Conversie Fonds B.V.	100.0%	Investment fund
NTV Beheer B.V.	100.0%	Management of the company
Van Swinderen Huys B.V.	100.0%	Meeting and conference centre
UOCG Market B.V.	100.0%	Developing products and services for educational support

All companies have their registered office in Groningen.

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Other participating interests/capital interests

		Legal form	Registered zetel	Code activities	Attained capital 31/12/2018	Turnover 2018	Result balance 2018	Participation rate
Lofar C.V. (Chamber of Commerce no. 04082149)		C.V.	Dwingeloo	2	0.0	0.0	0.0	11%
Declaration Section 403, Book 2 of the Netherlands Civil Code:	No							
Consolidated:	No							
GN-IX Foundation (Chamber of Commerce no. 02074287)		Foundation	Groningen	4	0.0	0.0	0.0	n/a
Declaration Section 403, Book 2 of the Netherlands Civil Code:	No							
Consolidated:	No							

Decisive control

Stichting AOG (Chamber of Commerce no. 41011529)		Foundation	Groningen	1	4,200.7	0.0	225.9	n/a
Declaration Section 403, Book 2 of the Netherlands Civil Code:	No							
Consolidated:	Yes							
University Guesthouse (Chamber of Commerce no. 41011572)		Foundation	Groningen	4	-13.7	0.0	0.0	n/a
Declaration Section 403, Book 2 of the Netherlands Civil Code:	No							
Consolidated:	Yes							

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Other related parties

Name	Legal form	Statutory registered office	Code activities
Stichting ACLO	Foundation	Groningen	4
Stichting Alumni Netwerk FEB	Foundation	Groningen	4
Stichting Behoud Groene Hortus	Foundation	Groningen	4
Stichting tot Bevordering der Hematologie Groningen	Foundation	Groningen	4
Stichting Bestuursrechten Bestuurskunde	Foundation	Groningen	4
Stichting Groninger Universiteitsfonds	Foundation	Groningen	4
Stichting Groninger Center for Drug Research	Foundation	Groningen	4
Stichting Groninger Universiteitsblad	Foundation	Groningen	4
Stichting KEI	Foundation	Groningen	4
Stichting Kenniscentrum (ICT@NN)	Foundation	Groningen	4
Stichting Klinische Farmacologie Groningen	Foundation	Groningen	4
Stichting Leonardo da Vinci	Foundation	Groningen	4
Stichting Marketing Support Group	Foundation	Groningen	4
Stichting Nicolaas Muleriusfonds	Foundation	Groningen	4
Stichting voor Pedagogisch Onderwijs	Foundation	Groningen	4
Stichting Alumni van de Faculteit der Rechtsgeleerdheid	Foundation	Groningen	4
Foundation Technology Consultancy Center	Foundation	Groningen	4
Stichting ter Bevordering van Onderzoek en Onderwijs in de strafrechtswetenschappen	Foundation	Groningen	4
Stichting ter Bevordering van Ruimtelijke Wetenschappen	Foundation	Groningen	4
Stichting tot Bevordering van de Huisartsengeneeskunde Regio Noord Nederland	Foundation	Groningen	4
Stichting Ubbo Emmius Fonds	Foundation	Groningen	4
Stichting Usva	Foundation	Groningen	4

Activities code:
1 = contract teaching
2 = contract research
3 = real estate
4 = other

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Non-consolidated financial statements 2018

Non-consolidated balance sheet as at 31 december 2018

(After allocation of result)

ASSETS

		31/12/2018	31/12/2017
Treatment of fixed assets			
	Tangible fixed assets		
1.1.2.1	Buildings	342,929.3	358,323.8
1.1.2.2	Premises	6,271.8	5,838.4
1.1.2.3	Inventory and equipment	49,060.0	41,856.0
1.1.2.5	In progress and prepayments	45,863.4	29,787.8
		444,124.6	435,806.0
	Financial fixed assets		
1.1.3.1	Participations in group companies	5,519.6	5,530.2
1.1.3.2	Other participating interests	27.3	28.2
1.1.3.3	Receivables from group companies	0.0	0.0
1.1.3.7	Securities	21,500.0	19,000.0
1.1.3.8	Other receivables	2,759.4	3,028.9
		29,806.2	27,587.3
	Total fixed assets	473,930.8	463,393.3
Current assets			
1.2.1	Inventories	528.7	363.5
1.2.2	Receivables	126,512.6	155,876.4
1.2.4	Liquid assets	302,694.2	274,265.0
	Current assets – total	429,735.5	430,504.9
		903,666.3	893,898.2

LIABILITIES

		31/12/2018	31/12/2017
Capital and reserves			
2.1.1.1	General reserve	562,908.9	574,387.3
2.1.1.2	Allocated reserves (public)	38,111.2	26,149.0
2.1.1.3	Allocated reserves (private)	-1,524.9	458.5
2.1.1.4	Allocated funding (public)	983.2	1,065.4
2.1.1.5	Allocation funding (private)	424.5	164.3
	Total equity	600,902.9	602,224.5
Borrowed capital			
2.2	Provisions	59,815.4	49,808.2
2.4	Current liabilities	242,948.0	241,865.5
	Borrowed capital – total	302,763.4	291,673.7
		903,666.3	893,898.2

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Non-consolidated statement of income and expenditure for 2018

	Accounts 2018	Budget 2018	Accounts 2017
Consolidated result	-810.2	-4,568.7	15,561.0
Less/Plus: Sales result within the group	-271.9	0.0	271.9
Less: Provision participating interest ANS B.V.	-13.0	0.0	0.0
Less: Result foundations	225.9	0.0	-173.0
Non-consolidated result	-1,321.1	-4,568.7	16,005.9

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Explanatory notes to the non-consolidated financial statements

Amounts x €1000

General

The non-consolidated financial statements have been prepared in accordance with the statutory provisions of Part 9 of Book 2 of the Netherlands Civil Code and the financial reporting guidelines issued by the Dutch Accounting Standards Board. These provisions are applicable pursuant to the Annual Reporting Regulations for the Education Sector. The financial statements have been prepared in euros.

The accounting principles for the non-consolidated financial statements and the consolidated financial statements are the same. Participations in group companies are valued at net asset value. As regards the accounting principles for the valuation of assets and liabilities and for the determination of the result, reference is made to the explanatory notes to the consolidated balance sheet and statement of income and expenditure. In the explanatory notes to the balance sheet and statement of income and expenditure, reference is made, where necessary, to the explanatory notes to the consolidated financial statements.

1.1.2 Tangible fixed assets

	1.1.2.1 Buildings	1.1.2.2 Premises	1.1.2.3 Inventory and equipment	1.1.2.5 Work in progress	Total
Balance as at 1 January 2012					
Acquisition price	800,450.9	5,838.4	99,713.0	29,787.8	935,790.1
Cum. depreciation and impairment	-442,127.1	0.0	-57,857.0	0.0	-499,984.1
Book value	358,323.8	5,838.4	41,856.0	29,787.8	435,806.0
Mutations					
Investments	5,490.0	433.3	18,791.6	19,850.9	44,565.7
Disinvestments			-49.2		-49.2
Depreciation	-24,659.7		-11,587.5		-36,247.2
Reclassification work in progress	3,775.3	-0.0		-3,775.3	0.0
Depreciation disinvestments			49.2		49.2
	342,929.3	6,271.8	49,060.0	45,863.5	444,124.6
Balance as at 31 December 2018					
Acquisition price	809,716.1	6,271.8	118,455.3	45,863.5	980,306.7
Cum. depreciation and impairment	-466,786.8	0.0	-69,395.3	0,0	-536,182.1
Book value	342,929.3	6,271.8	49,060.0	45,863.5	444,124.6

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1.1.3 Financial fixed assets

		Participation percentage	Book value per 01/01/2018	Investments 2018	Disinvest-ments 2018	Result 2018	Mutation provision 2018	Other mutations 2018	Book value as at 31/12/2018
1.1.3.1	Participations in group companies								
	Applied NanoSystems B.V., Groningen	100%	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	RUG Houdstermaatschappij B.V., Groningen	100%	5,530.1	0.0	0.0	64.4	0.0	-75.0	5,519.6
			5,530.1	0.0	0.0	64.4	0.0	-75.0	5,519.6

Notes:
Notes: The participation in Applied Nanosystems B.V. has been fully written down as a result of negative equity.

1.3.2	Participations								
1.1.3.2	Other participating interests								
	- Zernike Seed Fund B.V. - Groningen	32%	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	- Stichting GN-IX - Groningen	n/a	6.0	0.0	0.0	0.0	0.0	0.0	6.0
	- University of Groningen NW Germany Gmbh - Papenburg (Germany)	100%	22.2	0.0	0.0	-1.0	0.0	0.0	21.3
	- LOFAR CV - Dwingeloo	11%	0.0	0.0	0.0	0.0	0.0	0.0	0.0
			28.2	0.0	0.0	-1.0	0.0	0.0	27.3

Notes:
The participating interest in Zernike Seed Fund B.V. has been entirely depreciated. 2018 saw no activities at Zernike Seed Fund B.V. and no results were obtained. The UG has an 11% participating interest in LOFAR CV. The initial contribution of k€10 has been fully written down.

		Outstanding loans (funds lent) 01/01/2018	Extended loans 2018	Redemptions/ settlement 2018	Outstanding loans (funds lent) 31/12/2018	Interest rate	Residual maturity in years
1.1.3.3	Loans to group companies						
	Applied NanoSystems B.V.	10.8	0.2	0.1	11.1	3.0%	1
	Stichting University Guesthouse	505.9	0.0	-63.2	442.7	2.0%	0
		516.7	0.2	-63.1	453.8		

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	Provision receivables from group companies	Balance as at 01/01/2018	Allocations 2018	Release 2018	Balance as at 31/12/2018
	Applied NanoSystems BV, Groningen	10.8	0.3	0.0	11.1
	Stichting University Guesthouse	505.9	-0.1	-63.1	442.7
		516.7	0.2	-63.1	453.8

		Balance as at 01/01/2018	Acquisitions/ loans 2018	Mutation 2018	Investments as at 31/12/2018
1.1.3.7	Securities				
1.1.3.7.4	Other securities; deposits	19,000.0	2,500.0	0.0	21,500.0
		19,000.0	2,500.0	0.0	21,500.0

		Outstanding loans (funds lent) 01/01/2018	Extended loans 2018	Redemptions/ afwikkeling 2018	Outstanding loans (funds lent) 31/12/2018	Interest rate	Residual maturity in years
1.1.3.8	Other receivables						
	- GSZ May day	138.1	0.0	0.0	138.1	0.0%	indefinitely
	- GSZ May day	36.4	0.0	-4.7	31.7	4.0%	16
	- Stichting Behoud Groene Hortus	1,530.7	0.0	-10.0	1,520.7	0.0%	> 1
	- Stichting Behoud Groene Hortus (subordinated)	124.8	0.0	0.0	124.8	0.0%	> 1
	- UNICA installatie groep B.V.	3,028.9	0.0	-269.6	2,759.4	0.0%	6
	- Carex Haren B.V.	200.0	0.0	-200.0	0.0	4.0%	0
	- Stichting Infoversum	54.6	0.0	0.0	54.6	2.5%	2
		5,113.6	0.0	-484 .2	4,629.4		

	Balance as at 01/01/2018	Allocation 2018	Release 2018	Withdrawal 2018	Balance as at 31/12/2018
Provision for other receivables	2,084.7	0.0	-214.7	0.0	1,870.0

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1.2 Current assets

1.2.1 Inventories

		Accounts 31/12/2018	Accounts 31/12/2017
1.2.1.2	Acquisition price consumer goods warehouse inventory	528.7	363.5

1.2.2 Receivables

		Account 31/12/2018		Account 31/12/2017	
1.2.2.1	Accounts receivable	8,484.4		9,325.3	
	Income yet to be invoiced	0.0		1,209.3	
	Less: Provision for non-collectible debts	-410.5		-371.2	
			8,073.9		10,163.4
1.2.2.2	Receivables from the Ministry of Education, Culture and Science/Economic Affairs		36.3		0.0
	Cash limitations		701.8		1,109.9
1.2.2.6	Receivables from personnel		88.3		60.2
1.2.2.7	Receivables from students/participants/course participants		149.4		142.4
1.2.2.10	Other receivables				
	Accrued income	50,845.3		71,940.9	
	Other receivables	59,796.5		65,037.1	
			110,641.8		136,978.0
1.2.2.12	Prepaid expenses		6,654.9		7,245.0
1.2.2.15	Other accruals		166.3		177.5
			126,512.6		155,876.4

Notes:
The fair value of the receivables approximates their book value, given their short-term nature and the fact that provisions for doubtful debts have been formed where necessary..

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1.2.4 Liquid assets

		31/12/2018	31/12/2017
1.2.4.1	Cash and cash equivalents	24.2	37.1
1.2.4.2	Bank account credits		
	Bank account credits (general)	14,724.7	23,566.5
	Deposits (=< 3 months)	66,000.0	66,000.0
	Current accounts	221,945.2	184.,661.4
		302,694.2	274,265.0

Notes:
Liquid assets consist of cash funds, bank balances and call deposits with a term of three months or less and are at the free disposal of the institution.

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LIABILITIES

2.1 Equity

Equity is further elucidated in the explanatory notes to the balance sheet in the consolidated financial statements.

	Balance as at 31/12/2018	Balance as at 31/12/2017
Non-consolidated equity	600,902.9	602,224.6
Equity group companies	3,756.3	3,466.9
Loan provision [funds lent] University Guesthouse Foundation	442.7	505.9
Loan provision [funds lent] Applied NanoSystems B.V.	11.1	10.8
Equity Applied NanoSystems B.V.	-3.8	-16.8
Sales result UOCG Market B.V.	0.0	-271.9
Consolidated equity	605,109.2	605,919.5

Notes:

The equity of the group companies relates to Stichting AOG and Stichting University Guesthouse. Neither are included as a participation in the non-consolidated financial statements. The provisions created have been eliminated in the consolidated financial statements as a result of the consolidation of both entities. The equity of Applied NanoSystems B.V. is negative, for which no provision was included in the non-consolidated financial statements. The negative capital and reserves, however, need to be included in the consolidated financial statements.

2.2 Provisions

The provisions are further elucidated in the explanatory notes to the balance sheet in the consolidated financial statements.

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2.4 Short-term debt

		31/12/2018		31/12/2017	
2.4.4	OCW/EZ		35.8		576.3
2.4.7	Pre-invoiced and pre-received instalments for projects				
	Work in progress	-41,744.6		-55,787.2	
	Invoiced instalments	48,462.2		76,009.8	
			6,717.6		20,222.6
2.4.8	Accounts payable		10,579.6		5,267.3
2.4.9	Taxation and social security contributions				
	- Wage tax	15,280.3		13,890.8	
	- Sales tax	1,507.9		1,493.6	
			16,788.2		15,384.4
2.4.10	Amounts payable in respect of pensions		4,164.5		3,722.4
2.4.11	Debts in respect of work by third parties		1,546.8		1,243.6
2.4.12	Other short-term debts		21,026.2		23,474.5
2.4.13	Tuition, course and exam fees received in advance		31,351.9		30,119.5
2.4.14	Grants received in advance OCW/EZ		2,116.4		1,564.6
2.4.16	Amounts received in advance		115,327.3		106,378.7
2.4.17	Holiday pay and holidays				
	- Holiday allowance	10,207.1		9,643.1	
	- Reservation for holidays	21,804.0		21,963.1	
			32,011.1		31,606.2
2.4.19	Other accruals				
	- Graduation Fund ('Profileringsfonds')	300.0		400.0	
	- Other	982.7		1,905.4	
			1,282.7		2,305.4
			242,948.0		241,865.5

The short-term debts all have a residual maturity of less than one year.

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Off-balance sheet assets and/or liabilities (non-consolidated)

The off-balance sheet assets and/or liabilities are further elucidated in the explanatory notes to the consolidated balance sheet.

Statement of income and expenditure

		Non-consolidated results 2018	Foundations with control		Participations		Consolidated Consolidated 2018
			Foundation AOG	Stichting University Guesthouse	Applied Nano Systems BV	UG Holding	
3	**Income**						
3.1	Government funding	398,308.2	0.0	0.0	0.0	0.0	398,308.2
3.2	Other government funding and grants	0.0	0.0	0.0	0.0	0.0	0.0
3.3	Statutory lecture/course/exam fees	68,201.5	0.0	0.0	0.0	0.0	68,201.5
3.4	Income from work commissioned by third parties	143,503.6	0.0	0.0	0.0	0.0	143,503.6
3.5	Other income	59,934.5	0.0	0.0	59.7	2.3	59,996.4
		669,947.9	0.0	0.0	59.7	2.3	670,009.8
4	**Expenditure**						
4.1	Staffing costs	457,431.6	0.0	0.0	0.0	0.0	457,431.6
4.2	Depreciation of tangible fixed assets	36,247.2	0.0	0.0	0.0	0.6	36,247.8
4.3	Accommodation expenses	41,366.2	0.0	0.0	0.0	0.0	41,366.2
4.4	Other expenditure	136,410.8	0.1	0,0	46.4	69.0	136,526.2
		671,455.8	0,1	0.0	46.4	69.6	671,571.9
	Net income and expenditure	-1,507.9	-0.1	0.0	13.3	-67.4	-1,562.1

The average number of employees in 2018 was 6,114 FTE (2017: 5,985 FTE).
The number of staff employed by the UG working outside the Netherlands amounts to 1.0 FTE (2017: 1.0 FTE).

6	**Financial income and expenditure**						
6.1	Financial revenues	123.1	0.0	0.0	0.0	62.6	185.7
6.2	Financial expenses	0,0	0.0	0.0	0.0	0.0	0.0
	Net financial income and expenditure	123.1	0.0	0.0	0.0	62.6	185.7
8	**Income from participations**	63.5	226.0	0.0	0.0	276.7	566.2
	Results	-1,321.4	225.9	0.0	13.3	271.9	-810.2

In the above statement of income and expenditure, the reconciliation between the result in the non-consolidated financial statements and the consolidated financial statements has also been accounted for. As regards the explanatory notes, reference is made to the notes in the consolidated financial statements.

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Senior Officials in the Public and Semi-Public Sector (Standards for Remuneration) Act (WNT)

On 1 January 2013, the Act for the standardization of publicly and semi-publicly financed remuneration of senior officials ('Wet normering bezoldiging topfunctionarissen publieke en semipublieke sector', or WNT) came into effect. The UG falls within the scope of the WNT. This account has been drawn up on the basis of the disclosure obligation, as laid down in the (implementation regulation) WNT. The disclosure obligation under the WNT as laid down on 1 January 2018 will take precedence.

The individually applicable maximum salary at the UG in 2018 was set at €189,000. The applicable maximum salary will be calculated in proportion to the duration and/or scope of the employment contract in any calendar year. The UG falls under the WNT teaching classification 'G'. Based on the average total income in years t-4 to t-2, the UG received 10 complexity points; based on the number of subsidised students in years t-4 to t-2 it received 4 complexity points; and based on the number of degree programmes in year t-2 it received 5 complexity points. Thus, the UG has 19 complexity points in total, resulting in the teaching classification 'G'. The Supervisory Board adopted this WNT classification for 2018 on 17 December 2017.

The employed senior executives identified within our organization do not have an employment contract as a senior executive with (an)other institution(s) subject to the WNT (entered into as from 1 January 2018).

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List of the salaries of senior officials

List of all senior officials

Data 2018	S. Poppema	J. de Vries	J. de Jeu	E. Sterken
Job data	Chair	Chair	Vice-Chair	Rector Magnificus
Job commencement and termination date in 2018	01/01-30/9	01/10-31/12	01/01-31/12	01/01-31/12
Scope of employment contract (as a part-time factor in FTE)	1	1	1	1
Employment contract	Yes	Yes	Yes	Yes
Salary				
Salary plus taxable disbursements	161,614	39,156	183,712	181,217
Long-term benefits	15,483	4,825	19,901	19,830
Subtotal	177,097	43,981	203,613	201,047
Individually applicable maximum salary	141,362	47,638	189,000	189,000
- / - Amount unduly paid				
Total salary	177,097	43,981	203,613	201,047
Reason why the overrun is permitted	*1		Transitional law	Transitional law

*1 Transitional law and application of Article 3, paragraph 2, Regulation implementing the WNT, back calculation seven months accrued holiday allowance period June through December 2017 (paid out in May 2018) to calendar year 2017 and continue calculating back seven months accrual of holiday allowance annually to calendar year 2012.

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Data 2017	S. Poppema	J. de Vries	J. de Jeu	E. Sterken
Job data	Chair	n/a	Vice-Chair	Rector Magnificus
Job commencement and termination date in 2017	01/01-31/12	n/a	01/01-31/12	01/01-31/12
Scope of employment contract (as a part-time factor in FTE)	1	n/a	1	1
Employment contract	Yes	n/a	Yes	Yes
Salary				
Salary plus taxable disbursements	209,748	n/a	181,135	181,135
Long-term benefits	19,550	n/a	18,599	18,599
Subtotal	229,298	n/a	199,734	199,734
Individually applicable maximum salary	181,000	n/a	181,000	181,000
Total salaries	229,298	n/a	199,734	199,734

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List of all supervising senior staff

Data 2018	T.H.J. Joustra	H.D. Post	W. Reehoorn	A.S. Roeters
Job data	Chair	Member	Member	Member
Job commencement and termination date in 2018	01/01-31/12	01/01-31/12	01/01-31/12	01/01-31/12
Salary				
Total salaries	20,000	15,000	15,000	15,000
Individually applicable maximum salary	28,350	18,900	18,900	18,900
- / - Amount unduly paid and not yet received back				
Reason why the overrun is permitted or not				
Explanation of claim related to undue payment				

Data 2017				
Job data	Chair	Member	Member	Member
Job commencement and termination date in 2017	01/01-31/12	01/01-31/12	01/01-31/12	01/01-31/12
Salary				
Total salaries	20,000	15,000	15,000	15,000
Individually applicable maximum salary	27 ,150	18,100	18,100	18,100

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Data 2018	H.J.E. van Balen
Job data	Member
Job commencement and termination date in 2018	01/01-31/12
Salary	
Total salaries	15,000
Individually applicable maximum salary	18,900
- / - Amount unduly paid and not yet received back	
Reason why the overrun is permitted or not	
Explanation of claim related to undue payment	

Data 2017	
Job data	Member
Job commencement and termination date in 2017	01/12-31/12
Salary	
Total remuneration	15,000
Individually applicable maximum salary	18,100

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Data when applicable standard is exceeded

Salaries of non-senior staff

Data 2018	Professor	Dean	Professor	Professor
Job data				
Job commencement and termination date in 2018	01/01-31/12	01/01-31/12	01/01-30/9	01/01-31/12
Scope of employment contract (as a part-time factor in FTE)	1	1	1	1
Salary				
Salary plus taxable disbursements	228,597	191,459	238,541	180,029
Long-term benefits	18,052	19,564	14,794	19,254
Total remuneration	246,649	211,023	253,335	199,283
Individually applicable maximum salary	189,000	189,000	189,000	189,000
Compulsory explanation of the overrun	Royalty payment	Supplementary salary	Supplementary salary	Supplementary salary

Data 2017	Professor	Dean	Professor	Professor
Job data in 2017				
Job commencement and termination date in 2017	01/01-31/12	01/01-31/12	01/01-31/12	01/01-31/12
Scope of employment contract in 2017 (as a part-time factor in FTE)	1	1	1	1
Salary				
Salary plus taxable disbursements	222,650	177,018	176,446	167,461
Long-term benefits	16,765	18,482	18,348	18,213
Total salaries 2017	239,415	195,500	194,794	185,674

Explanatory notes
In accordance with Section 6 of the (amended) policy guidelines for the application of the WNT (Beleidsregels toepassing WNT), the UG does not report on external non-senior officials.

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Groningen, 27 June 2019

Members of the Board of the University

J. de Vries, Chair
E. Sterken, Rector Magnificus
J. de Jeu, Vice-Chair

Members of the Supervisory Board

T.H.J. Joustra, Chair
H.J.E. van Balen
H.D. Post
W. Reehoorn
A.S. Roeters

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Other information

Results appropriation

The UG is a legal entity under the Higher Education and Academic Research Act and therefore has no statutes. There are, therefore, no special statutory provisions regarding the result appropriation.

Indicators and general information

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Indicators of financial position

			2018	2017
Capitalization factor	Total capital -/- buildings and premises / Total income + interest income	x 100	83.39	79.92
Staffing expenses/total expenses	Staffing expenses / Total expenses from ordinary business operations	x 100%	68.1%	67.7%
General reserve/income	General reserve / Total income from ordinary business operations	x 100%	84.0%	86.2%
Equity/income	Equity / Total income from ordinary business operations	x 100%	90.3%	90.8
Provisions/income	Provisions / Total income from ordinary business operations	x 100%	8.9%	7.5%
Government funding/income	Government funding + other government / Contributions total income from ordinary business operations	x 100%	59.4%	56.6%
Other government contributions/income	Other government funding / Total income from ordinary business operations	x 100%	0.0%	0.0%
Investments in accommodation/income	Investment in buildings and premises / Total income from ordinary business operations	x 100%	3.8%	-0.1%
Investment (inventory + equipment)/income	Income from investment in inventory and equipment / Total income from ordinary business operations	x 100%	2.8%	2.8%

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			2018	2017
Working capital/income	Current assets - / - short-term borrowed capital / Total income from ordinary business operations	x 100%	28.1%	28.5%
Investments (relative to equity)	Securities / Equity	x 100%	3.6%	3.1%
Contract activities/income	Income from work commissioned by third parties / Total income from ordinary business operations	x 100%	21.4%	24.0%
Contract activities/government funding	Income from work commissioned by third parties / Government funding	x 100%	36.0%	42.3%
Tuition fees/income	Tuition fees / Total income from ordinary business operations	x 100%	10.2%	9.8%
Financial income/expenditure	Financial income / Total income from ordinary business operations	x 100%	0.0%	0.1%
Receivables/income	Receivables / Total income from ordinary business operations	x 365 days	69	85
Short-term debts/income	Short-term debts / Total income from ordinary business operations	x 365 days	132	132

Indicators financial position

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			2018	2017
Solvency 1	Equity / Total		0.67	0.67
Solvency 2	Equity / Total equity		0.73	0.73
Liquidity (current ratio)	Current assets / Short-term borrowed capital		1.77	1.79
Liquidity (quick ratio)	Current assets excluding / Short-term borrowed capital		1.77	1.78
Profitability (gross margin)	Result from ordinary business operations / Total income from ordinary business operations	x 100%	-0.2%	2.2%

General information

University: University of Groningen, Broerstraat 5, 9712 CP Groningen (tel. 050-3639111, fax 050-3632424)
Postal address: PO Box 72, NL-9700 AB Groningen
Contact person: Mr J.A.W.M Biemans (tel. 06 22803341, email j.a.w.m.biemans@rug.nl)
website: www.rug.nl
BRIN number: 21PC

Strategic key figures



Strategic key figures

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Academic year	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015
Students					
Total	31,515	29,702	28,875	28,244	28,324
UG market share in the Netherlands	10.7%	10.5%	10.8%	10.8%	11.0%
Of which with foreign nationality	7,019	5,692	4,900	4,104	3,642
Percentage of foreign nationalities at UG	22.3%	19.2%	17.0%	14.5%	12.9%
Registration forms					
Full-time	30,720	29,227	28,376	27,708	27,693
Part-time	379	429	456	491	591
Dual	52	46	43	45	40
Registrations per education phase					
Propaedeutic phase		8,692	7,745	7,447	7,921
Bachelor's students	21,476	11,249	11,499	11,244	11,073
Master's students	10,039	9,761	9,631	9,553	9,330
Intake of first-year students at UG					
Bachelor's students	7,046	6,376	5,855	5,463	5,781
Master's students	1,028	869	987	874	818
Total	8,074	7,245	6,842	6,337	6,599
Market share	10.1%	9.1%	9.4%	9.4%	9.9%
Funding					
Funded registrations	-	18,189	17,628	17,589	17,786
Funded degrees not yet known	-	7,581	7,579	7,435	7,574

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Academic year	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015
Achieved degrees					
Propaedeutic phase	-	-	3,981	4,311	4,444
Bachelor's students	-	-	4,258	4,060	4,186
UG market share	-	-	11.8%	11.5%	11.7%
Master's students	-	-	4,203	4,014	4,166
UG market share	-	-	9.7%	9.6%	10.2%

Calendar year	2018	2017	2016	2015	2014
Research					
Academic staff (WP) in FTE (sum of all three funding streams)	1,801	1,829	1,880	1,864	1,962
UG market share	-	8.4%	8.8%	8.7%	9.2%
PhD theses	507	502	535	501	443
UG market share	-	10.6%	10.8%	10.6%	9.6%
Academic publications (excl. PhD theses)	9,002	8,550	8,577	8,011	8,058
UG market share	-	11.5%	11.4%	10.9%	11.0%
NWO grants	22	24	19	30	15
UG market share (13 universities)	8.6%	9.8%	7.9%	12.1%	7.0%
University of Groningen employees (excl. UMCG; FTE)					
Academic staff	2,339	2,296	2,302	2,289	2,230
UG market share	-	9.0%	9.3%	9.5%	9.4%
Non-Dutch nationals	1015	940	909	879	828
Admin/support staff	1,909	1,809	1,711	1,693	1,644
UG market share	-	9.9%	9.7%	9.7%	9.6%
Non-Dutch nationals	107	91	73	66	50
Professors	297	294	285	276	265
UG market share	-	0.108	10.8%	10.6%	10.5%
Associate Professors	251	244	242	237	223
UG market share	-	10.65%	10.74%	11.08%	10.65%
Assistant Professors	483	438	409	392	377
UG market share	-	8.8%	8.4%	8.4%	8.3%
Employed PhD students	688	737	778	810	801
UG market share	-	8.8%	9.4%	9.9%	9.8%
Non-Dutch nationals	360	359	372	395	378
Other academic staff	616	583	588	575	564

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Calendar year	2018	2017	2016	2015	2014
UG market share	-	8.3%	8.6%	8.6%	8.7%
Other staff	29	24	25	0	20
Marktaandeel overig personeel	-	45.5%	41.6%	0.0%	34.8%
UMCG employees (FTE)					
Academic staff	1026	1005	1051	1025	1015
Non-Dutch nationals	252	254	228	207	201
Admin/support staff	620	614	581	565	557
Non-Dutch nationals	23	15	16	14	13
Professors	74	65	65	67	63
Employed PhD students	384	418	446	416	422
Non-Dutch nationals	148	153	135	125	121
Other PHD students					
Contract PhD students	1524	1295	1010	893	879
Non-Dutch nationals	739	608	453	388	374
External PhD students	483	463	457	450	433
Non-Dutch nationals	234	218	205	196	184
Status unknown	122	122	123	164	193

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APPENDIX 1. Overview of central organizations

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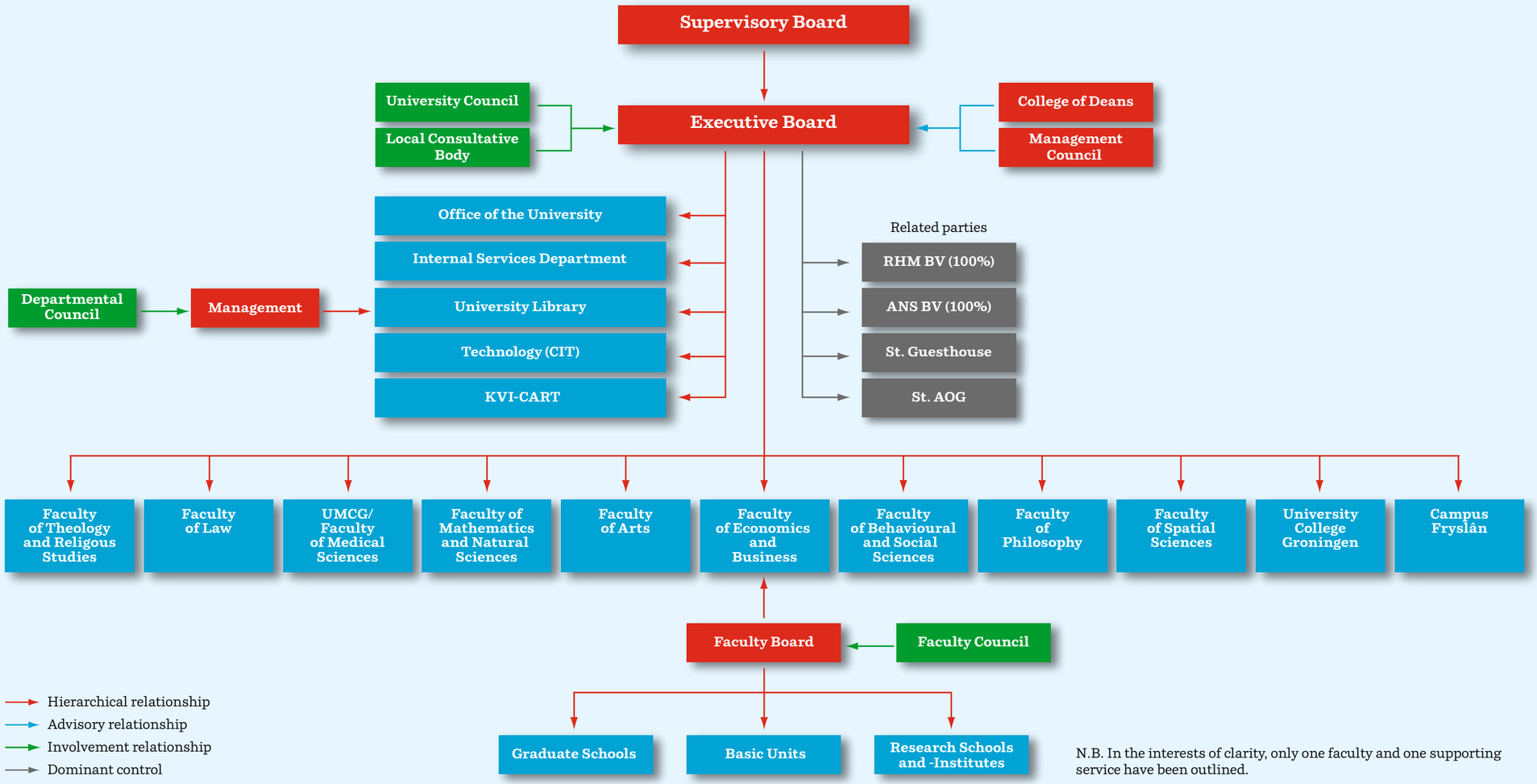

N.B. In the interests of clarity, only one faculty and one supporting service have been outlined.

APPENDIX 2.

Backgrounds of the Board members

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I. Members of the Board of the University

Prof. S. Poppema (President until 1 October 2018)

Sibrand Poppema (d.o.b.: 1949) studied Medicine at the University of Groningen. He then trained as an anatomical pathologist and studied for his PhD at the UG. His experience abroad includes a period spent as a research fellow in Kiel (Germany) and Boston (Massachusetts). In 1985, he was appointed Professor of Immunopathology at the University of Groningen. He spent the period between 1987 and 1995 in Canada, as Professor of Pathology and Oncology at the University of Alberta and as Director of various departments of the Cross Cancer Institute in Edmonton. In 1995, he became Professor of General and Surgical Pathology at the University of Groningen. From 1999 to 2005 he was Dean of the Faculty of Medical Sciences, and he became Vice President of the Board of Directors of the University Medical Center Groningen (UMCG) after its establishment in 2005. From 2008 to 2018 he was President of the Board of the University of Groningen. Prof. Poppema is a Distinguished Professor and Special Advisor at the Sunway Education Group in Malaysia.

Prof. J. de Vries (President from 1 October 2018)

Jouke de Vries (d.o.b.: 1960) studied Political Sciences at the University of Amsterdam, where he obtained his PhD in 1989. In 1999, Prof. De Vries was appointed Professor of Public Administration at Leiden University. He also became the academic director and later Dean of The Hague Campus, part of Leiden University. Under his leadership, The Hague Campus developed into an internationally renowned academic centre with thousands of students. In 2015, Jouke de Vries was appointed Professor of Governance and Public Policy at the University of Groningen. He was also appointed Dean of Campus Fryslân in Leeuwarden and, as such, he was responsible for the development of this new faculty (the eleventh faculty at the University of Groningen). On 1 October 2018, he was appointed President of the Board of the University of Groningen.

Prof. E. Sterken (Rector Magnificus)

Elmer Sterken (d.o.b.: 1961) studied Econometrics at the University of Groningen, where he obtained his PhD in 1990. He was appointed professor-director of the National Network for Business Economics in 1994. In 1996, he was appointed Professor of Monetary Economics at the University of Groningen. He has also been visiting professor at universities in Germany (Munich), Japan (Osaka and Kobe) and the USA (New Haven and Atlanta). From 2008 to 2011, Prof. Sterken was Dean of the Faculty of Economics and Business. In 2011, he was appointed Rector Magnificus of the University of Groningen.

J. de Jeu, MA, MSc (Vice President)

Jan de Jeu (d.o.b.: 1955) graduated in Philosophy (1981) and Educational Sciences (1983) at the University of Groningen. In 1988/89, he participated in the Executive Development Programme in Business Administration at Erasmus University Rotterdam and in 1998 in the Senior Executive Programme at the London Business School. Mr De Jeu began his career in management positions at PTT Nederland (Netherlands Postal and Telecommunications Services) and PTT Post (1984-1993). He then worked as Sector Manager of Facilities and Services at the Martini Hospital in Groningen (1993-2000). In 2000, he became a managing partner of Twynstra Gudde Consultants and Managers in Amersfoort. In 2008, he was appointed Director of Twynstra Gudde Holding. In January 2012, he joined the

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Board of the University of Groningen. He is responsible for finance, accommodation and real estate, technology transfer, public private partnerships, commercial activities, and IT.

II. Members of the Supervisory Board

T. H.J. Joustra (Chair)

Tjibbe Joustra (d.o.b.: 1951) studied Dutch law at the University of Groningen from 1970 to 1975. He began his career at the Ministry of Agriculture, Nature and Food Quality. He was appointed Secretary-General of the Ministry in 1987. From 2002 to 2004, he was Chairman of the Executive Board of the Employee Insurance Agency (UWV). After this, he held the position of Dutch National Antiterrorism Coordinator for five years. From 2009 to 2011, he was Chairman of the Horticulture Board (Productschap Tuinbouw) and various other organizations. On 1 February 2011, he was appointed chairman of the Dutch Safety Board (Onderzoeksraad voor Veiligheid).

H.D. Post

Harm D. Post (d.o.b.: 1953) began his career in 1976, at the South Holland provincial authority, where he worked on traffic and transport policy in South Holland. From 1978 onwards, he held various management positions at Hanze Vervoer- en Techniekgroep in Groningen. He was Director of GADO (the Groningen bus company), GADO Touring (the Groningen coach company), and the taxi company GadoTax. He also worked for the owner of these companies in Ukraine. Harm Post then became Director of NoordNed Personenvervoer B.V., a new bus and train operator owned by the UK-based transport multinational Arriva. In June 1999, under Mr Post's leadership, NoordNed won the first public tender for railway lines in the province of Groningen. From 2001 until 2017, Harm Post was director of Groningen Seaports, the company that manages two seaports, two inland ports and a railport. In 2017, he founded his own consultancy firm and won projects in the recycling and energy transition sector. In addition, he is a professional supervisor at five companies. He has always engaged in many administrative activities in addition to his work. For example, he is currently Chair of the Groningen Commercial Club (CCG), Honorary Consul for Norway, member of the Supervisory Board of the Noord Nederlands Toneel (NNT) theatre company, and member of the board of the Kinderboekenhuis Foundation in Winsum.

T. W. Reehoorn

Wietze Reehoorn (d.o.b.: 1962) studied Dutch law at the University of Groningen. He began as a trainee at ABN AMRO in 1989 and went on to hold senior management positions in Wholesale, Commercial & Corporate Banking and Risk Management. In 2000, he was appointed Corporate Executive Vice President. In 2001, he joined the management team of Business Unit Nederland and in 2002 he became Head of Corporate Development at ABN AMRO Groep NV. In 2004, he re-joined the management team of Business Unit Nederland and later became Head of Commercial & Corporate Banking. After ABN AMRO was taken over by a consortium of banks in 2007, Mr Reehoorn became CEO of Merchant Banking in the Netherlands. In 2009, he joined the transition team for the integration of ABN AMRO and Fortis Bank Nederland. In 2010, he was appointed Chief Risk Officer (responsible for Risk Management & Strategy, including Corporate Development & Investor Relations) on the Managing Board of ABN AMRO Group NV, ABN AMRO Bank NV and Fortis Bank (Nederland) NV (part of ABN AMRO Bank NV since 1 July 2010). Wietze Reehoorn stood down from the Managing Board of ABN AMRO at the end of 2017 after nine years in that role, and left the bank on 1 July 2018. Furthermore, he has been active in various social and cultural organizations for many years.

Dr A.S. Roeters

Annette Roeters (d.o.b.: 1954) was appointed General Director of the Child Care and Protection Agency on 1 February 2015. Before that, she was Senior Chief Inspector of the Netherlands Inspectorate for Education, part of the Ministry of Education, Culture and Science (2008-2015). Previously, she had served as a member of the Executive Board of VU Amsterdam and as Vice President and member of the Executive Board of Windesheim University of Applied Sciences. Annette Roeters studied Dutch Language and Literature at the University of Groningen, and obtained her PhD in 1982.

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Ms. H.J.E. van Balen
Heleen van Balen (d.o.b.: 1964) studied Law at the University of Groningen. She specializes in strategic legal management, higher education management and development, and governance, risk management and compliance (GRC). Heleen van Balen is the proprietor of Commutatio Group B.V. and Frijlande B.V., an institute for privacy management. She is also a lecturer in Leadership and Governance at the Hanze UAS Groningen. Heleen van Balen has extensive experience in governance and management. Ms van Balen is the Chair of the Giraffa network and Vice Chair of Groningen Commercial Club (CCG). She is also a member of the Board of Het Behouden Huys. In the Supervisory Board, she is a member who enjoys the particular trust of the University Council.

III. Terms of office

Board of the University

Administrator	Position	Begin of appointment	End of appointment
S. Poppema	President (1)	1 September 2008	1 October 2018
J. de Vries	President (2)	1 October 2018	1 October 2022
J. de Jeu	Vice President	1 January 2012	1 January 2020
E. Sterken	Rector Magnificus	1 March 2011	1 July 2019

Supervisory Board

Board Member	Position	Begin of appointment	End of appointment
T.H.J. Joustra	Chair	1 September 2012	1 September 2020
H.D. Post	Member	1 March 2013	1 March 2021
W. Reehoorn	Member	1 January 2014	1 January 2022
A.S. Roeters	Member	1 November 2015	1 November 2019
H.J.E. van Balen	Member	1 December 2016	1 December 2020

university of groningen

Colophon

Publisher
University of Groningen
Communication Office
P.O. Box 72
9700 AB Groningen
The Netherlands
Tel.: +31 (0) 503 63 54 45
Fax: +31 (0) 503 63 63 00
communicatie@rug.nl

Editorial Board
Hans Biemans,
Corporate Control
Gert Gritter,
Communication
Els Schoenmaker,
Corporate Control

Photography
Michel de Groot
Peter van der Sijde
Elmer Spaargaren

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Dorèl Xtra Bold, Groningen

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