The CUC recognises the importance of sustainability in the context of an institution’s financial sustainability, its competitive position, and the wider context of how an institution plays its part in supporting the global agenda for a strong, healthy and just society living within environmental limits.

The Higher Education Code of Governance\(^1\) identifies the key values and practices of effective governance in UK higher education institutions, which underpin institutional success. The Code makes clear that governing bodies have a responsibility to support the sustainability of their institution.

I believe that the sector has made enormous strides in this area over the last few years, but there remains much more to do. We need to ensure that all higher education staff and students can live, study and work in a sustainable environment as well as develop and use the skills and understanding required to contribute to global sustainability throughout their careers.

I welcome the publication of “Sustainability: Key to Institutional Success” and am grateful to all of those who have contributed to its development. I believe that by considering the ideas and examples set out in this document, universities will be well placed to effectively prepare their institution for the sustainability challenges of the 21st century.

Chris Sayers,
Chair of CUC

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Good governance is critical to the success of higher education institutions, with governors charged to ensure the sustainability of their institution. While a focus on financial viability is key, adopting a fuller definition of sustainability to include people and planet is necessary to secure long-term success.

With public trust in institutions across all sectors at an all-time low, leaders recognise sustainability can play an invaluable role in maintaining the reputation of an institution. While higher education is at the forefront of knowledge discovery, it lags behind the business sector in terms of re-framing sustainability as a strategic imperative. Over 60% of business executives surveyed consider a sustainability strategy necessary to maintain competitiveness – by reducing risks, creating opportunities and aligning an organisation with stakeholder needs. Put simply, sustainability is the key to long-term organisational health.

Sustainability thinking is no longer niche, with some 193 countries adopting the United Nations 2030 Global Goals for Sustainable Development (the SDGs). As Unilever’s CEO Paul Polman pointed out, embracing the Sustainable Development Goals as a strategic goal is a ‘win-win’ as “… it is not possible to have a strong, functioning business in a world of increasing inequality, poverty and climate change”.

Universities contribute to addressing the societal challenges embedded in the Sustainable Development Goals through their teaching, research and public service. Aligning the long-term strategy of your institution to better serve global society can do more to secure institutional resilience than any amount of risk-based due diligence.

Matt Crossman,
Engagement Manager, Rathbone Greenbank
Rathbones Case Study:
The fossil fuel divestment debate

Challenge

A decision to divest from fossil fuels is not binary. Rathbones considers “Your response does not mean you have to choose between achieving your financial objectives and responding to campaigns — you can do both.” A phased and escalating process of engagement - from informal dialogue with target companies to meetings with management, direct voting activity and the tabling of resolutions at company AGMs, to full divestment - can have the greatest impact.

Value

A divestment strategy considers scope, scale and span. Should we focus on extraction or ultimate use of resources? On current production output or potential reserves? On immediate divestment or a more gradual transition?

Benefit

A university partner related its divestment decision to its core value of promoting a more sustainable future and the social and environmental research it undertakes. The student body, board members and other stakeholders supported moving towards divestment, initially placing part of its endowment in a sustainability fund. Latterly, they applied the approach to the full investment portfolio, ending investment in companies deriving more than 5% of turnover from extraction of thermal coal or oil and gas from tar sands and they have also set a date for full fossil fuel divestment. The financial wellbeing of this values-based policy did not detract from long-term financial goals and strategic plans.

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2 2018 Edelman TRUST BAROMETER: www.edelman.com/trust-barometer
3 IMD – Why All Businesses Should Embrace Sustainability: www.imd.org/publications/articles/why-all-businesses-should-embrace-sustainability
How can Rathbones help universities and colleges navigate the fossil fuel divestment debate?

Download our paper: ‘How can Rathbones help universities and colleges navigate the fossil fuel divestment debate?’


5 How can Rathbones help universities and colleges navigate the fossil fuel divestment debate: bit.ly/2pGW9LB
Introduction

Sustainability is key to institutional success over the long-term.

As the business sector has shown, sustainability provides exciting opportunities for value creation and risk mitigation.

These opportunities are becoming increasingly apparent to higher education institutions, as universities look for ways to increase financial resilience in a changing global market and policy landscape.

Now, more than ever, with adoption of the UN Sustainable Development Goals, universities that embrace sustainability can reap the benefits of balancing their financial health with wider social and environmental interests.

Students, staff and local communities are looking to universities to behave in a socially responsible and sustainable manner.

Many universities already play a significant positive role through their governance, research, teaching and learning, campus management and use, business and investment, and their impact on staff, students and local community.

This role also extends to the development of adaptable students who are entering a world characterised by rapid change and uncertainty that will likely be an enduring feature of their professional and personal lives.

The aim of this Guide is to highlight the institutional benefits available through making sustainability a ‘top team, top table issue’, and one that complements and enriches current agendas.

The Guide is designed to provoke discussion and reflection on the opportunities associated with embedding sustainability at a strategic level in your institution. In the interests of brevity, the Guide does not describe all the various means of *how* to seize these opportunities or all the reasons *why* it is imperative to the success of your institution.
Rather the most compelling arguments are included, with more detailed information and support available from EAUC. For example, EAUC’s SDG Accord is a vehicle for global sectoral commitment to deliver the Sustainable Development Goals, while EAUC’s Sustainability Leadership Scorecard is a tool universities can use to measure and report on their sustainability performance.

This Guide has been developed by EAUC and the University of Edinburgh, with support from the Committee of University Chairs (CUC), Universities UK and Advance HE, and expert guidance from a cross-sector Advisory Group of University Chairs and Vice-Chancellors together with EAUC Board members and expert advisors.

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7 SDG Accord: www.sdgaccord.org

8 EAUC Sustainability Leadership Scorecard: www.eauc.org.uk/sustainability_leadership_scorecard
Sustainability is Key to Institutional Success

Universities face unprecedented levels of risk and uncertainty, as well as a myriad of strategic opportunities.

They must respond to a complex mix of global challenges like climate change, as well as plan for geo-political events, such as ‘Brexit’. They must work hard to attract and retain talented students and staff and do so amid rising costs, tighter regulation and ever closer scrutiny from stakeholders.

Sustainability is a key strategic agenda that enables institutions to thrive in a turbulent environment. It embodies the systems-thinking required to understand and resolve complex problems. It balances the financial health of institutions with social and environmental impacts, and it seeks to future-proof decision-making by taking a long-term view.

Sustainability increases the financial resilience of institutions. Among other things, it makes a significant contribution to cost saving and efficiency agendas, it helps universities manage risks (such as those relating to their supply chains and global partnerships), and it helps ensure that universities grow sustainably and remain competitive.

Sustainability is in fact intimately connected with the primary elements of effective governance in higher education. It focuses on the long-term sustainability of institutions, helps anticipate legislative and regulatory changes, and provides for greater resilience, promoting access, equality and diversity, and encouraging greater transparency and public accountability.

Sustainable institutions are, furthermore, uniquely positioned to provide thought leadership for the wider public, private and plural sectors as they use their scale and influence to help address social, economic and environmental challenges. They are also responsible for educating the leaders of tomorrow across all sectors and for the jobs of tomorrow.
Universities that embed sustainability in their vision, mission and values - and thereby adopt a future-facing, risk-based approach to strategic planning and management - can realise a host of business benefits across four key pillars of institutional success: Financial Resilience; Student Outcomes; Research and Innovation, and Societal Impact. These benefits are discussed in the following four sections of this Guide.
Financial Resilience

Sustainability is a key driver of innovation and enterprise, which contributes to growth and competitiveness by fostering new ways of working as well as new programs and services. Increasingly, opportunities for sustainable innovation arise from areas like energy storage, modular design and social enterprises and present real commercial opportunities for universities.

Improving energy and resource efficiency is not only good for the environment but can also deliver significant cost savings for universities. This agenda is increasingly relevant given rising costs, greater regulatory focus on value for money, and growing public intolerance of wasteful, environmentally harmful behaviours by public institutions - the recent rapid rise in public concern about plastics being a good example.

Predicting the direction of regulatory and policy changes - such as future energy and carbon taxes - is challenging but sustainable institutions are better placed to adapt to change. Sustainability regulation can increase access to capital for forward-thinking institutions. For example, the Scottish Government launched a £20m interest-free loan fund in 2018 to accelerate carbon reduction in Scottish higher education.9

Higher education institutions that take a broader view of investment - by acknowledging the relevance of environmental, social and governance factors - stand to enhance their reputation as leading global institutions and thereby safeguard the value and performance of their investments.

Sustainability is a key element in attracting and retaining talent. The workforce is increasingly made up of millennials and Generation Z who care about sustainability and who want to work for an organisation that reflects their values. As such, sustainability also drives productivity given employees who share an organisation’s values are more engaged.

Universities need to manage risks in their supply chains and operate within the law on bribery, corruption and criminal activities. Action to positively impact social and environmental issues in supply chains can help win support from funders and partners – at home and overseas.
Questions a governor might explore:

Is there value in moving beyond compliance with existing laws associated with social responsibility and sustainability?

What is our approach to sustainable investing?

Are we seizing the value for money opportunities that comes from good environmental governance?

Have we explored the opportunities that the increasing move to social enterprises brings?
The Sustainable Campus Fund is an internal investment vehicle that finances energy efficiency and renewables projects on campus.

£4.75m will be invested over five years, in innovative projects that provide a sound financial return, carbon savings and the potential for scalability. £1.25m of projects were funded in the first two years, which yielded financial savings of £370,000/year and carbon savings of 1300tCO$_2$e/year. Approved projects have an average ROI of 288% and a combined payback of 3.9 years. The strong financial performance of this innovative funding model has attracted the attention of other public sector institutions and support from funding bodies.
Societal Impact

social impact
community relations

financial resilience

research + innovation

student outcomes

future-facing risk-based approach to strategic planning and management

sustainability is embedded in vision, mission and values

institutional success
Education is at the heart of global sustainability. Higher education institutions help address the world’s most pressing societal challenges, captured by the UN Sustainable Development Goals.

Universities can demonstrate their commitment to deliver the Sustainable Development Goals by signing the SDG Accord, which has to date 547 signatories from 74 countries and 83 global sector bodies across the global higher education sector.

Institutions that show they prioritise global sustainability in their teaching, research and operations stand to enhance their reputation by ‘doing the right thing’ for society, while also decreasing reputational risks and increasing their investment potential.

Institutions that prioritise sustainability are also more likely to pursue a wide range of partnerships that can also advance the economic, cultural and social capital of their institutional community and alumni body. Strategic partnerships are also key to generating innovation that enables universities to deliver on their core mission.

Universities are increasingly expected to act as agents for change in their local communities. Sustainable institutions will increase community resilience by helping to tackle inequality and improve the quality of life for local people. In turn, this helps to attract students and promote regional growth.
Questions a governor might explore:

Have we signed the SDG Accord as a means of demonstrating our commitment to the United Nations Sustainable Development Goals?

Is our university building new local partnerships to maximise economic, environmental and social potential?

To what extent are our programmes of research, teaching and innovation rooted in local and regional community needs?
The Positive Impact Partners Programme is a flagship programme by The University of Leeds, designed to increase collaboration between the University and the Third Sector, build capacity to deal with local societal issues and positively contribute to our local communities.

We connect local organisations together with University staff to create collaborative partnerships, where staff can provide advice on a range of professional and business skills, and local organisations can be involved in strategic research projects which also benefit them. In its first year (2017/18) the programme recruited 107 partners, created 40 new partnerships and 843 Positive Impact Partner hours were contributed by partners.¹¹
Student Outcomes


13 EAUC Living Labs Programme: www.eauc.org.uk/launch_of_eauc_living_lab_programme
Sustainability plays a key role in attracting students from around the world. Research by the National Union of Students (NUS) on attitudes towards sustainable development consistently shows that international students believe sustainability should be actively incorporated and promoted by universities.\textsuperscript{12}

Socially responsible and sustainable institutions take a long-term view of their relationships with students before, during and after their time at university – which helps to improve student access, retention, performance and employability.

Institutions embracing strategic sustainability create more socially aware, sustainability-driven graduates with the practical, intellectual and resiliency skills needed to succeed in the modern workforce and beyond.

Sustainability contributes to the student experience by enabling students to have a positive impact in their community through volunteering and workplacements, through internships offering their services - such as in local law clinics, community dentistry and health practices - supporting local schools and sports clubs and so on.

Sustainability improves employability and employment outcomes by broadening student perspectives, encouraging them to take a long-term view and teaching them how to work creatively to solve complex problems. Cross-disciplinary teaching and research associated with sustainability enables students to develop these attributes, together with applied learning from Living Lab projects\textsuperscript{13} (which allow students to understand and find solutions to problems in a real-world context).

As such, sustainability makes an important contribution to the Teaching Excellence and Student Outcomes Framework (TEF) in the UK and to Outcome Agreements in Scotland. It also enhances relationships with key employers as they look to build partnerships with institutions that produce well-rounded graduates who can work and think creatively.
Questions a governor might explore:

Are we communicating consistently and clearly our sustainability credentials to an increasingly engaged student body?

Are we equipping students with the skills and knowledge they need for the future of work?

What is our alumni offer in terms of supporting life-long learning?

Are we leveraging student interest in sustainability in pursuit of institutional goals – using our campus as a Living Lab?

Does our academic offer fully prepare global citizens?
University of Plymouth – A well rounded approach to dentistry

Dentistry is a unique multi-skilled profession, with business acumen and sound social skills required on top of clinical care.

The University of Plymouth has designed a curriculum with these aspects in mind and, since its first graduates in 2011, over 90% of students have gone straight into employment each year. It was top in the 2018 UK National Student Survey, with 100% of students satisfied with its teaching. Through the work of the Peninsula Dental Social Enterprise, students benefit from early clinical exposure in areas of high deprivation. In doing so, students acquire a better understanding of who they will encounter when qualified.}

[Image: Dentistry students in clinical setting]

The Peninsula Dental Social Enterprise: bit.ly/2CyCCoY
Research and Innovation

- Institutional success
- Sustainability is embedded in vision, mission and values
- Future-facing risk-based approach to strategic planning and management
- Financial resilience
- Societal impact
- Student outcomes
- Knowledge exchange and impact
- Attracting and retaining talent
- Research excellence
Research outcomes, income and profile are critical to the positioning of many higher education institutions.

Universities that prioritise sustainability are better placed to build research partnerships, respond to funding priorities and deliver research with impact because sustainability, and its relationship with research and teaching, is of growing importance to stakeholders – including government, business and the third sector.

Funders are increasingly looking to understand, and address, global societal challenges through research and innovation in the knowledge economy.

The Research Excellence Framework (REF) incentivises institutions to demonstrate impact on sustainable development, by explicitly assessing impact on society, economy, culture, environment, health and quality of life. The Sustainable Development Goals provide a globally acknowledged framework for institutions to realise that impact and are of increasing interest to UK Research Councils and philanthropy efforts.

Sustainability is a key selling point when seeking to attract and retain talented people. There is growing evidence that people want to work for companies that integrate sustainability into their values and business – particularly millennial employees.\(^\text{15}\)

Embracing sustainable technologies and improving the sustainability of estate operations also provides an opportunity to generate research income, by using the university as a Living Lab for testing and refining solutions to sustainability issues in a real-world setting.

Research and Innovation

Questions a governor might explore:

Are we undertaking impactful research that delivers on societal challenges?

Can we show links between our research and teaching so we are ready for the TEF and REF?

How sustainable is the infrastructure which supports our knowledge and innovation activities?

Can we secure new sources of income by going into partnership with others for key sustainability projects?
University of Salford – Salford Energy House and Smart Meters Lab

Domestic energy accounts for more than 25% of UK energy consumption and is becoming increasingly technologically complex.

To respond to this the Salford Energy House, a whole house built in a lab under user-controlled conditions, has expanded its work from energy efficiency into energy systems where these technologies are linked and tested. In addition, the ‘Smart Meters>Smart Homes’ Lab looks at how smart meters technology can support an increasingly complex energy system. The Salford Energy House team have worked with more than 500 companies and have attracted commercial income and grants of more than £5m since they were established in 2010.16
Conclusion

We hope that this Guide has provided some insights into embedding sustainability within your institution as a means of delivering long-term success.

This Guide seeks to equip you to challenge the senior team to ensure they adopt a future-facing, risk-based approach to planning and management which can deliver institutional success in a resource constrained, competitive and volatile environment.

As stakeholders often perceive universities as public bodies, there is enormous opportunity to exercise thought leadership, setting the standard for others in how we choose to deal with societal issues. Meanwhile, failure to ensure a socially responsible and sustainable approach to delivery of research and education can attract adverse publicity at a time when higher education is being challenged as a social good.

While there have been many significant achievements across the sector to-date, there is a need for a more deliberate and strategic approach to re-framing sustainability as a strategic agenda in higher education institutions. This is a key opportunity for members of governing bodies to embrace sustainability thinking and ensure their institution remains agile and adaptive in a complex and dynamic global higher education environment.
This Guide highlights the wide range of institutional benefits across four pillars of success: Financial Resilience, Student Outcomes, Research and Innovation and Societal Impact.

There is a wealth of support and information available from EAUC to help your institution capitalise on these opportunities. Working together we can lead change and ensure the sector is at the forefront of this agenda. EAUC wants to see sustainability as “just good business”\textsuperscript{17} in the higher and further education sectors.

If you have any thoughts or comments on what you have read, please do get in touch.

\textbf{EAUC Board of Trustees}
References


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www.edelman.com/trust-barometer

3) IMD – Why All Businesses Should Embrace Sustainability:
www.imd.org/publications/articles/why-all-businesses-should-embrace-sustainability


5) How can Rathbones help universities and colleges navigate the fossil fuel divestment debate: bit.ly/2pGW9LB

6) UN Sustainable Development Goals (SDGs)
www.un.org/sustainabledevelopment/sustainable-development-goals

7) SDG Accord: www.sdgaccord.org

8) EAUC Sustainability Leadership Scorecard:
www.eauc.org.uk/sustainability_leadership_scorecard

9) Outline of University Carbon Reduction Fund in Scottish Government (2018) Infrastructure Investment Plan 2015:
www.gov.scot/Publications/2018/04/4830/7


13) EAUC Living Labs Programme: www.eauc.org.uk/launch_of_eauc_living_lab_programme

14) The Peninsula Dental Social Enterprise: bit.ly/2CyCCoY


17) EAUC Strategy 2017-2021: www.eauc.org.uk/what_we_do
Glossary

Sustainability
Respecting the need to manage within environmental limits while supporting economic growth that respects social needs over the longer term.

Sustainable Development Goals (SDGs)
17 interconnected Global Goals which provide a global call to action to deliver a sustainable future in which poverty is ended, the planet and natural resources are protected and every person can enjoy peace and prosperity.

Living Lab
A research concept that is understood and applied in several different ways within the higher education sector. At its heart, it aims to establish partnerships or programmes which connect academic activities of the institution with non-academic partners. These partners can be university internal operations departments, local communities, businesses, charities, and other organisations.

Resilience
The capacity to recover quickly from difficult situations and external shocks.
Further Information

General

UN Sustainable Development Goals:  
www.un.org/sustainabledevelopment/sustainable-development-goals

SDG Accord (mechanism for universities and colleges to commit to deliver the Sustainable Development Goals):  
www.sdgaccord.org

Department for International Development ‘Agenda 2030’:  

United Nations Principles of Responsible Investment (UNPRI):  
www.unpri.org
Higher Education

Committee of University Chairs ‘Higher Education Code of Governance’:  

The Sustainability Exchange (free gateway to the combined knowledge,  
guidance and support of all tertiary education):  
www.sustainabilityexchange.ac.uk/home

Universities UK ‘Quality, Equity, Sustainability: The Future of Higher  
Education Regulation’:  
www.universitiesuk.ac.uk/policy-and-analysis/reportsDocuments/2015/quality-equity-  
sustainability.pdf

The International Alliance of Research Universities ‘Green Guide for  
Universities’:  
www.iaruni.org/sustainability/green-guide

EAUC Sustainable Leadership Scorecard:  
www.eauc.org.uk/sustainability_leadership_scorecard
EAUC wishes to express its sincere thanks to all members of its Project Advisory Group, each of whom offered insights from both their current board role and experience in executive and non-executive positions.

EAUC acknowledges with deep gratitude the pro bono services of its Project Management Group, each of whom worked to develop the Guide drawing on their deep sectoral experience as strategic leaders.

EAUC is grateful to all the universities that provided case studies, some of which are included in the Guide with others available on EAUC’s Sustainability Exchange: www.sustainabilityexchange.ac.uk

EAUC is delighted that Rathbones has sponsored the launch of the Guide, in line with their work with universities in the field of sustainability and more specifically impact investing. Their support reinforces the appetite of the business community to build ever stronger links with the higher education sector. More information about Rathbones is available on their website: www.rathbones.com

Lastly, EAUC would like to thank the Department for Social Responsibility and Sustainability at the University of Edinburgh for managing the development of the Guide.

Project Manager

| Charlotte Lee-Woolf | Business Development Executive, University of Edinburgh |
### Project advisory group

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
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<tbody>
<tr>
<td>Mark Anderson</td>
<td>Chair, London Metropolitan University</td>
</tr>
<tr>
<td>John Bateman OBE</td>
<td>Chair, University of Worcester</td>
</tr>
<tr>
<td>Haydn Biddle</td>
<td>Pro-Chancellor and former Chair, University of Lincoln</td>
</tr>
<tr>
<td>Ronnie Bowie</td>
<td>Chair, University of Dundee</td>
</tr>
<tr>
<td>Lord Tim Clement-Jones CBE</td>
<td>Chair, Queen Mary University of London</td>
</tr>
<tr>
<td>Mike Gibson</td>
<td>Vice Chair, Board of Governors, Arts University Bournemouth</td>
</tr>
<tr>
<td>Professor Jim Lynch OBE</td>
<td>Chair, University of Chichester</td>
</tr>
<tr>
<td>Karen Morgan OBE</td>
<td>Vice Chair, University of Gloucestershire</td>
</tr>
<tr>
<td>Stephen Parker</td>
<td>Pro-Chancellor and former Chair, Coventry University</td>
</tr>
<tr>
<td>Dame Shirley Pearce</td>
<td>Chair, London School of Economics and Political Science</td>
</tr>
<tr>
<td>Professor Judith Petts CBE</td>
<td>Vice-Chancellor and Chief Executive, University of Plymouth</td>
</tr>
<tr>
<td>Professor Peter Slee</td>
<td>Vice-Chancellor, Leeds Beckett University</td>
</tr>
<tr>
<td>Bob Walder</td>
<td>Chair, Bishop Grosseteste University</td>
</tr>
<tr>
<td>Dr Simon Walford</td>
<td>Chair, University of Wolverhampton</td>
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### Project Management Group

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dave Gorman</td>
<td>Director of Social Responsibility and Sustainability, University of Edinburgh</td>
</tr>
<tr>
<td>William Hammonds</td>
<td>Policy Manager, Universities UK</td>
</tr>
<tr>
<td>Iain Patton</td>
<td>Chief Executive, EAUC</td>
</tr>
<tr>
<td>Aaron Porter</td>
<td>Associate Director, Advance HE</td>
</tr>
<tr>
<td>Professor Wendy Purcell</td>
<td>Director Sustainability Leadership &amp; Innovation, Harvard University and EAUC Board Member</td>
</tr>
<tr>
<td>Chris Sayers</td>
<td>Chair, Committee of University Chairs and Northumbria University</td>
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