

UNIVERSITY COURT

24-25 November 2016, Ross Priory, Gartocharn

BUSINESS SESSION AGENDA

Thursday 24 November 2016, 13.00 – 15.15

Apologies: Dr Archie Bethel, Professor Scott MacGregor, Dr Andrew McLaren, Councillor Stephen Curran

Declarations of interest: None noted

Introduction		
1.	Minutes of the meeting held on 6 October 2016	Paper A
2.	Matters arising	5 mins
3.	Principal's Report (<i>including standing EU Exit update</i>)	Oral 10 mins
Substantive items		
4.	Presentation: Student Learning & Teaching Facility Proposal <i>Director of Student Experience & Enhancement Services, Director of Estates Services</i>	Paper B 20 mins
5.	Financial Statements 2015/16 <i>Chief Financial Officer, Deputy Finance Director</i>	Paper C 20 mins
6.	Q1 Business Report 2016/17 and Strategic Partners Update <i>Chief Financial Officer, Director of Strategy & Policy</i>	Paper D 20 mins
7.	Strategic Plan 2015-2020: year-end progress report 2015/16 <i>Director of Strategy & Policy</i>	Paper E 15 mins
8.	Draft Outcome Agreement 2017-2020 <i>Director of Strategy & Policy</i>	Paper F 15 mins
9.	University of Strathclyde Students' Association (USSA) Objectives 2016/17 <i>USSA President</i>	Oral 10 mins
Items for formal approval		5 mins
10.	Convener's Actions – none taken	
11.	Convener Succession: approval of appointment	Oral

12.	Appointment to Statutory Advisory Committee on Safety & Occupational Health	Oral
	Items for information	<i>5 mins</i>
13.	Prevent Strategy – Annual Report and update	Paper G
14.	Court meeting dates 2017/18	Paper H
15.	University Values Survey 2016	Paper I
	Committee reports	<i>5 mins</i>
16.	Senate	Paper J
17.	Executive Team	Paper K
18.	Court Business Group	Paper L
19.	Court Membership Group (<i>including appointment recommendations</i>)	Paper M
20.	Audit Committee (<i>including Annual Report to Court</i>)	Paper N
21.	Staff Committee	Paper O
22.	Estates Committee	Paper P
23.	Strategic Marketing Group	Paper Q
	Closing remarks	<i>5 mins</i>
24.	Any other business <i>Convener</i>	
	Date of next meeting <i>Thursday 2 March 2017, 09.30-12.00</i>	

REF UK TOP 20 RESEARCH-INTENSIVE UNIVERSITY

THE UK UNIVERSITY OF THE YEAR WINNER

THE UK ENTREPRENEURIAL UNIVERSITY OF THE YEAR WINNER

MINUTES OF UNIVERSITY COURT
6 October 2016

Present: Richard Hunter (Convener), Ronnie Cleland, Dr Jane Morgan, Malcolm Roughead, Gillian Hastings, Dr Archie Bethel, Alison Culpan, Kerry Alexander, Susan Kelly, Principal Professor Sir Jim McDonald, Vice-Principal Professor Scott MacGregor, Dr Veena O'Halloran, Dr Jonathan Delafield-Butt, Professor Erling Riis, Dr Dimitris Andriosopoulos, Louise McKean, Raj Jeyaraj, Gerry McDonnell, Dr Alistair Goldsmith, Dr Jeremy Beeton, Dr Andrew McLaren

Attending: Hugh Hall, David Coyle, Professor David Littlejohn, Professor David Hillier, Professor Dimitris Drikakis, Professor Douglas Brodie, Rona Smith, Ray McHugh, Stella Matko, Dr Stuart Brough, Darren Thompson, Professor Terry Gourlay (item 4), Dr Roddy Yarr (item 5)

Apologies: Dr Jack Perry, Marion Venman, Councillor Stephen Curran, Sandra Heidinger

Welcome and apologies

The Convener noted apologies and welcomed members of Court and attendees. He particularly welcomed the new President of the Students' Association to his first meeting as a member of Court.

Court members expressed their best wishes and hopes for a speedy recovery to Marion Venman who was recovering following a recent accident.

There were no declarations of interest.

1. Minutes

The minutes of the meeting held on 22 June 2016 were approved.

2. Matters arising

There were no matters arising.

3. Principal's Report

The Principal informed members of key activities and developments since the June meeting:

Executive Team composition: following Court's approval in June for a revised composition of the Executive Team, interviews had been held and two new Associate Principals appointed. Commencement dates were yet to be finalised but it was anticipated that these appointments would enhance the capacity and diversity of the Executive Team.

External engagement: Court received an update on a number of recent and forthcoming engagements with senior industry figures and strategic international partners. Specific opportunities had been taken to promote the University's strategic approaches to innovation and industry engagement.

Ministerial engagements: the University had recently hosted a visit from the Minister for Further Education, Higher Education and Science and from the Scottish Government's Chief Scientific Advisor at which discussions had been wide-ranging and valuable. The University had also hosted two separate visits in the last month from the Minister for Childcare and Early Years.

Programme for Government: the First Minister had announced in September the Scottish Government's plans to create a National Manufacturing Institute which was being developed in partnership with the University of Strathclyde and the Scottish Research Partnership in Engineering.

Student Inaugurations: the Principal and a number of Court members had been directly involved in this year's student welcome events, continuing the success of last year's events. The opportunity had been taken to highlight the University's welcoming and inclusive ethos. Particular thanks were offered to Jeremy Beeton for attending all four events this year.

Strathclyde Business School opening: the official opening of the refurbished Business School had taken place on 3 October. The recent relaunch of the Fraser of Allander Institute and the establishment of a strong team were also highlighted.

EU exit issues: there was a high degree of continuing uncertainty in this area, particularly on issues of staff/student mobility and research funding, despite recent UK Government announcements. Sector-level activity continued to focus on seeking confirmation of student support arrangements for 2017/18 and beyond. An update paper had been provided to Court elsewhere on the agenda, for information.

League tables: the Principal provided a summary of the issues influencing the University's recent performance in a range of UK and international league table rankings. He highlighted that, although league tables do not drive the University's strategy, their influence on reputation and external perceptions was fully recognised. As such, performance was monitored and analysed regularly with improvement actions for individual measures of performance implemented, as necessary. The University continued to demonstrate significant improvements in a range of measures while performance improvements in some key areas (which often had a disproportionate effect on rankings) were less significant relative to other institutions. Efforts were underway to drive greater improvements in these areas and a summary briefing would be circulated to Court following the meeting.

4. Biomedical Engineering redevelopment proposal

The Head of the Department of Biomedical Engineering presented a business case for investment in the proposed redevelopment of the Wolfson Centre Building. He explained that redevelopment of the building was required to deliver increased capacity in support of an ambitious growth strategy, provide facilities which were fit for future purpose, contribute to an excellent student experience, and allow the Department to continue to excel in a strongly competitive local and national landscape. The Associate Principal & Executive Dean of the Faculty of Engineering indicated that the Faculty was fully supportive of the investment proposal. The Director of Estates confirmed that the funding required was fully accounted for in the University Capital Investment Plan.

Court noted that the business case had been the subject of prior discussion and endorsement by the Estates Committee, Executive Team and Court Business Group.

Court discussed the proposal and considered the following key points:

- The ability to adequately support the Department's potential future requirements within the level of investment proposed. Taking account of space and cost restrictions and the increasing level of cross-disciplinary activity in this area, it was felt that the level of redevelopment proposed would be appropriate at this time. However, the potential for significant future growth in this area was noted and the situation would be kept under review. The Director of Estates was also asked to provide a cost comparison with recent refurbishment work undertaken elsewhere in the University;
- The ability to achieve the target contribution from external sources through fundraising activities. The Director of Estates confirmed that potential sponsors had been approached significantly in advance and there was high level of confidence that this target would be achieved. Additionally, any contributions would be confirmed in advance of building activity commencing;
- The importance of engaging student representatives in the design process. The Head of Department confirmed that students from the Department had been involved in the development of the business case and would continue to be consulted at relevant points; and

- The potential impact of redevelopment and the associated decant requirements on the student experience. The potential impact was recognised and would be managed through on-going and proactive consultation and communication with student representatives.

Court **approved** the delivery of *Option 3: Comprehensive Refurbishment – Full Decant*, as recommended within the paper, and the required capital investment of **[Reserved section: Ref: section 33, FOI(S)A]**

5. Combined Heat and Power District Energy Project – tender return

The Director of Estates Services and the Assistant Director (Sustainability) presented a proposal for an increased budget allocation to allow the University to proceed with this project on the timescales originally approved by Court in November 2013. There were a number of key factors contributing to a revised budget including:

- The highly bespoke nature of the project and the small number of companies able to carry out the work required;
- A number of technical specification design changes required to allow the scheme to be effectively tendered, including confirming the capacity and configuration of boiler plant and the inclusion of a demonstration space to satisfy the conditions of SFC funding.

Court discussed the proposal and noted that, although the increased cost and reduced investment returns were disappointing, the project remained an important element of the University's carbon reduction strategy and continued to present an opportunity for substantial financial savings, despite the remaining technical risks.

Accordingly, Court **approved** an additional project budget allocation of **[Reserved section: Ref: section 33, FOI(S)A]**, to be realised through project deferrals or savings identified in the existing Capital Investment Plan.

6. Student Recruitment – update

An update on undergraduate and taught postgraduate student recruitment for the new academic year was presented. Court welcomed an improved recruitment position, compared to the same stage in the previous year's recruitment cycle, due to increased demand and a more strategic and cohesive approach to offer-making and conversion. The positive impact of stretch targets on a significant increase in projected overseas fee income and the achievement of a higher market share of international students in an increasingly competitive environment were noted.

Court **noted** the Vice-Principal's significant contribution in overseeing the close coordination of cross-institution activity which had been a significant factor in delivering improvements.

7. National Student Survey 2016

A summary analysis of the University's National Student Survey 2016 results was considered. Court was disappointed that the previous year's overall satisfaction score had not increased but noted significant progress in a range of individual areas. Members considered the actions being taken directly at Department/School level to support sustained high performance in areas of strength/improvement and to drive a step change in areas where targeted action is required. Members also discussed the following key points:

- The importance of establishing and sharing best practice and of ensuring compliance;
- The potential to identify correlations with the results of other student surveys and with areas where student engagement activity is high;
- The need to recognise and manage effectively the potential impacts of planned estates redevelopments on student satisfaction levels; and
- The importance of an increasingly closer dialogue with students in key areas to develop a shared understanding e.g. ensuring that students are able to recognise feedback when it is provided.

8. Outcome Agreement 2015/16 self-evaluation report & guidance

A working draft of the University's Outcome Agreement 2015/16 self-evaluation report, developed in line with SFC requirements, was presented. Noting that the report would be subject to further refinement in the coming weeks, Court **approved it in principle** and **agreed** to delegate authority to the Court Business Group to finalise the report by circulation, ahead of submission to SFC by 31 October.

Court asked that information be provided which presented the University's progress over time against quantitative Outcome Agreement commitments in a summary tabular format.

The SFC's Outcome Agreement Guidance covering the period 2017-2020 had been published following the circulation of Court papers. This set out the timeline for the development of the University's new three-year Outcome Agreement and a number of key areas where SFC wished institutions to develop a new or enhanced focus. Court noted the alignment between the three-year Outcome Agreement period and the University's existing Strategic Plan, which would inform the development of an initial draft agreement. A well-developed draft would be presented to Court for discussion in November.

9. EU exit – update

Court received an update on the key activities undertaken by the University in response to the result of the Referendum on the UK's membership of the European Union. Whilst clarity was still required in a range of key areas, the University had established an internal working group to consider critical issues, monitor external developments, and oversee communications with staff and students. The University was also focusing on strengthening its existing relationships with EU partner institutions and organisations. The risks and opportunities associated with an EU exit had been reflected within the University's Corporate Risk Register and would also inform and shape discussions at Court's Strategy Session in November.

Members **noted** the update and **agreed** that the issue of a UK exit from the EU should remain as a standing item on Court's agenda in order to ensure regular updates.

10. Court Strategy Session, 24-25 November – initial planning

Court considered proposals for the broad format and structure of its November Strategy Session. It was **agreed** that the six areas of project activity recently identified by the Executive Team to deliver performance improvements in key areas should form the basis of discussions at the Court Strategy Session. Individual lay members of Court would be identified to provide critical views and advice in each of the six project areas.

Items for formal approval

11. Convener's Actions

Court **agreed to homologate** the actions undertaken by the Convener since June, specifically:

- The appointment of Dame Sue Bruce as a co-opted member of the University Audit Committee for an initial one-year term, until 31 July 2017; and
- Non-material amendments to the Memorandum and Articles of Association of the University of Strathclyde Students' Association.

12. Corporate Risk Register

Court considered and **endorsed** the selection of top risks and mitigating actions in the Corporate Risk Register.

13. Treasury Management Policy

Court considered and **approved** the proposed revisions to the University's Treasury Management Policy, as set out in the paper.

14. Report for Scottish Funding Council: internal review of quality

Court **approved** the Annual Statement on Institution-led Review of Quality for Academic Year 2015/16 for submission to the Scottish Funding Council.

Items for information

15. Convener Recruitment – update

The Vice-Convener of Court provided a brief update on the process being undertaken to identify and appoint a successor to the current Convener.

16. Court Members' Annual Survey 2016

The Convener reported on the main themes arising as a result of the Court members' online survey and the individual appraisal meetings held with Court members over the summer. It was noted that there was generally a high level of satisfaction amongst members and that the Court was felt to be fulfilling its role appropriately. Due consideration would be given to a range of useful suggestions made, including the shared desire for a renewed focus on medium-term challenges and opportunities and for the swift execution and implementation of key actions. The Convener also encouraged all members to make full use of the networking and informal discussion opportunities provided by pre or post-meeting refreshments and lunches. It was noted that, in accordance with good practice, the members' online survey also provided an opportunity for members to submit feedback on the performance of the Convener to the Vice-Convener as the appointed "intermediary".

17. Governance Act 2016 – update

Court **noted** a paper detailing the key provisions of the Higher Education Governance (Scotland) Act 2016 and the proposed next steps.

18. Complaints Handling Annual Report

Court reviewed and **noted** the Complaints Handling Annual Report for 2015/16.

Committee Reports

The following committee reports were received and **noted** by Court:

19. Senate (with the Internal Review of Quality report **approved** under Item 14 above)

20. Executive Team

It was **noted** that summary results of the 2016 University Values Survey had been considered by the Executive Team and would be provided to Court in November.

21. Court Business Group

22. Audit Committee

23. Estates Committee (with the redevelopment of the Wolfson Building **approved** under Item 4 above)

24. Enterprise & Investment Committee

25. Remuneration Committee

26. Any other business

There was no other business.

Date of next meeting

- Thursday 24 and Friday 25 November 2016, Ross Priory

DT, October 2016

Times Higher Education

UK Entrepreneurial

University of the Year

THE AWARDS 2013
ENTREPRENEURIAL
UNIVERSITY OF THE YEAR
AWARDED BY
STRATHCLYDE

The Place

Court - 25 November 2016

The Place

A new learning and teaching building in the heart of the campus fit for the needs of 21st century learners

*“the place to see,
the place to go,
the place to be”*



Investment Drivers

1. To align teaching provision with the projected growth in student numbers
2. To bring our provision in line with benchmark institutions
3. To provide adaptable space to meet current and evolving learning and teaching needs
4. To enhance the student and staff experience
5. To increase utilisation and functionality
6. To address geographical disparity across campus
7. To provide fit for purpose USSA accommodation
8. To secure projected income generation



Benchmark Institutions – Completed and Planned Projects

**University of Bath
Learning and Teaching Hub
(2013)**



**University of Sheffield
Diamond Building (New UG
Engineering Building)
(2016)**



**University of Warwick
Learning and Teaching Hub
(2016)**



**University of Glasgow
Learning and Teaching Hub
(Planned Completion: Summer 2019)**



Site Visits: Sheffield, Manchester and RGU

University of Sheffield
Diamond Building and Students' Union



University of Manchester
Alan Gilbert Learning Commons
and Students' Union



Robert Gordon University
Garthdee Campus



The Place: University of Strathclyde



University of Strathclyde New Learning and Teaching Building (The Place)



The Place: Benefits – Strategic, L&T and Students

Strategic

1. Attracts high quality students and underpins our marketing and recruitment objectives
2. Enhances student satisfaction and outcomes
3. Provides additional teaching space for growth in student numbers
4. Brings our provision in line with benchmark institutions

Learning and Teaching

1. Sets the benchmark for a 21st Century technology-enabled learning and teaching experience
2. Addresses the acute need for large capacity teaching space
3. Facilitates the development and delivery of innovative strategies for learning and teaching
4. Strengthens the collaborative nature of the University community

Students

1. Creates a vibrant student-centred hub at the heart of the campus
2. Co-locates learning and teaching spaces, student support services and USSA
3. Provides and inspirational and motivational 24/7 learning environment
4. Provides much needed flexible learning and social spaces to enhance the learning experience

The Place: Benefits – Estate

1. Supports the University Strategy - right mix of adaptable Teaching & Learning Accommodation:
 - Increases seating capacity by 19.2% (from 9,900 to 11,800) and area by 28.5% (from 13,880 m² to 17,830 m²). Teaching provision and capacity are matched to demand.
2. Increases flexible learning space and facilities and supports the “sticky campus” - 24/7 operation.
3. Creates a cohesive heart for the Campus, supported by Rottenrow landscaping Project.
4. £24m reduction in backlog maintenance and reduced running costs.
5. Increases utilisation, functionality and occupancy of Architecture and Colville Buildings by 16% (from 31% to 47%).
6. Supports Estates Strategy to right-size the Campus:
 - Enables vacation of McCance (58%) & Livingstone Tower (35%): further £16.6m reduction in backlog maintenance
7. Student Union building - development opportunity.
8. Income generation through conferences, and events.



Options Appraisal Summary

Option	Description	Capital Cost £ million
1	Status Quo - Retain and Invest Investment in the existing teaching estate, including tackling backlog maintenance and improving condition to B condition for the Colville Building, Architecture, Student Union Building, Teaching space and student services. No re-configuration of space is allowed for.	48.2
2	Redevelopment of Colville and former Architecture Buildings The category B listed former Architecture, and Colville Buildings will be redeveloped with new build link building between both to provide new centre for Teaching, Learning, USSA and Student Services. The Colville Building will be developed from the structural skeleton.	60.0
3	Partial New Build As per Option 2, but with demolition of Colville Building and new building on existing site to provide new centre for Teaching, Learning, USSA and Student Services. Refurbishment of former Architecture Building and link building between both.	79.6
4	New Build Demolition of Colville Building and former Architecture building, clearance of site and construction of a single new building to provide new centre for Teaching, Learning, USSA and Student Services.	89.5

The Place: Approvals and Proposed Summary Programme

Vision

Estates Committee: 24 October 2016

Executive Team: 4 November 2016

Court Business Group: 14 November 2016

Court: 24 November 2016

Full Business Case

Estates Committee: 17 January 2017

Executive Team: 30 January 2017

Court Business Group: 20 February 2017

Court: 2 March 2017

Proposed Summary Programme

Design Team Appointed: March 2017

Decant of Colville & Arch Buildings: August 2017

Colville Enabling Works: October 2017

Planning Consent Granted: November 2017

Start of Construction: May 2018

Construction Completion - Architecture: Summer 2019

Construction Completion - Colville: April 2020



University of
Strathclyde
Glasgow

**Financial Statements 2015/16
[RESERVED ITEM]**

**The University's published 2015-16 Financial
Statements are available [here](#).**

**Q1 2016-17 - Quarterly Business Report
[RESERVED ITEM]**

Paper E

Strategic Plan 2015-2020 – Year 2 Progress Report

Introduction

1. Following publication of the University's [Strategic Plan 2015-2020](#) in August 2015, relevant targets were disaggregated to Faculty and, in some cases, Department/School. The approach of setting disaggregated targets and keeping the number of KPIs tight at 16 has ensured a focused framework for determining progress against the University's Strategy, and has provided a robust basis for Faculty and Departmental/School annual planning and performance assessment.
2. To enhance Court's awareness of any issues with performance in-year, we introduced an additional mid-year reporting – from 2015-16 we have reported on:
 - a. Actual performance for the preceding year in October/November
 - b. Forecast performance for the current year in February
3. The KPIs in the Strategic Plan 2015-2020 mainly use 2013-14 data as their baseline and this Year 2 Progress Report is intended to provide Court with a clear and succinct update on progress, achieved in 2015-16, against the University's agreed 16 KPIs as outlined in the Strategic Plan.
4. A mid-year report on progress achieved in 2016-17 will be provided in February 2017.
5. For KPIs that are flagged red/amber, further detail and context in relation to the 2015-16 actual has been provided in the commentary box. In line with reporting to date, context has been kept to a minimum for KPIs that are flagged green.

Performance to date/forecast

6. In November 2016, marking the end of Year 2 of the Strategic Plan, we are reporting, using Year 2 actuals, as follows:
 - **12 KPIs 'on track'** or ahead of milestone – green flag
 - **1 KPI as 'further work required'** or behind milestone – red flag (KPI3 NSS)
 - **3 KPIs as 'further work required' or behind milestone, despite progress** – amber flag (KPI6 research income; KPI10 industry research income; KPI12 diversity non-EU students)
7. For background, Court may wish to note that:

In November 2015 we reported, using Year 1 actuals, as follows:

- 12 KPIs 'on track' or ahead of milestone – green flag
- 3 KPIs as 'further work required' or behind milestone – red flag (KPI3 NSS; KPI4 graduate destinations; and KPI10 industry research income)
- 1 KPI as 'further work required' or behind milestone, despite progress – amber flag (KPI 15 operating surplus as % of turnover)

Recommendations

8. Court is invited to **discuss** the Strategic Plan Year 2 2015-16 Progress Report

KPI	Description	Unit	Baseline Actual (2013-14)	Year 1 Actual (2014-15)	Year 2 Actual (2015-16)	Year 2 Milestone (2015-16)	Year 2 Actual Vs Milestone (2015-16)	Target (2019-20)	Status Nov 16 Year 2	Commentary - November 2016 Year 2
1	Total Scottish-domiciled undergraduate entrants from SIMD 0-40 areas	Headcount	840	917	985	893	92	1,000		On track.
2	Undergraduate retention from Year 1 to Year 2	Percentage (1 decimal place)	92.6%	94.3%	94.2%	92-95% (annually)		92-95% (annually)		Within range. Please note that baseline and year 1 figures were sourced prior to launch of the SUNBIRD Retention, Progression and Outcomes datamart and are therefore not directly comparable. Within SUNBIRD, figures for all years are within range.
3	Student satisfaction (overall) as measured by the National Student Survey	Percentage (whole number)	89%	87%	87%	90% or higher (annually)		90% or higher (annually)		The University received an overall satisfaction score of 87%, the same as in 2015. This is one point higher than the UK and Scottish averages and 3 points below the top quartile of institutions. On average, UK HEIs and the top quartile scores have remained static on the previous year while Strathclyde and the Scottish average has decreased. Analysis of the results for individual subjects revealed considerable improvement in the 2016 results, with 22 out of 38 subject areas achieving between 90% and 100% for overall satisfaction. Areas for targeted intervention have been identified to enhance performance in the 2017 NSS. Action plan development is in place with implementation monitored through senior Education committees and involving all Department/School leads.
4	Proportion of graduates in work or further study relative to our benchmark	Percentage (1 decimal place)	93.8% (HESA benchmark of 94%)	91.3% (HESA benchmark of 94.5%)	96.2% (HESA benchmark of 95.0%)	Meet or exceed HESA benchmark		Meet or exceed HESA benchmark		On track.
5	Total postgraduate taught (PGT) population	FTE (whole number)	2,334	2,720	2,953	2,590	364	3,100		On track.
6	Total competitively won research income	£M (1 decimal place)	£52.2M	£56.5M	£57.3M	£58.1M	£-0.8M	£70.0M		Research income from UK Central Government, UK Industry, and Other Overseas sources has increased, however, Research Councils UK and European Commission income did not grow year-on-year between 2014/15 and 2015/16.
7	Field-Weighted Citation Impact: the number of citations our publications receive compared to the world average for comparable publications	Percentage	1.39	1.42	1.61	1.43	0.18	1.50		On track. It should be noted that the large year-on-year increase in FWCI between Year 1 and Year 2 is partly attributable to two multi-author journal articles with unusually high FWCI - these are papers related to the consortium project that ultimately discovered gravitational waves and we have colleagues in Physics named as authors. The University's FWCI score without these papers is 1.53, which is still well above the 2015-16 milestone and indeed above the 2020 target.
8	Total postgraduate research (PGR) population	FTE (whole number)	1,133	1,218	1,403	1,319	84	1,750		On track.

KPI	Description	Unit	Baseline Actual (2013-14)	Year 1 Actual (2014-15)	Year 2 Actual (2015-16)	Year 2 Milestone (2015-16)	Year 2 Actual Vs Milestone (2015-16)	Target (2019-20)	Status Nov 16 Year 2	Commentary - November 2016 Year 2
9	Total income from licensing, gains on sales of spin out/spin off investments, CPD and consultancy	£M (1 decimal place)	£20.0M	£21.7M	£24.9M	£22.3M	£2.5M	£30.0M		On track. It should be noted that reclassification of some income sources took place during the migration to FMS with some additional income sources (totalling £1.9M for the 2014-15 / 2015-16 2 year average) now being included in figures reported for these income lines in Business Reports. To ensure reporting for the Strategic Plan in 2015-16 is consistent with the baseline and the basis for determining the target, figures reported here exclude these additional income sources. Further work will be undertaken to determine the best approach for reporting in future; this may require re-setting the baseline.
10	Total value of industry research income	£M (1 decimal place)	£10.72M	£10.73M	£12.18M	£12.7M	£-0.5M	£18.0M		Further work required. Research income continued to grow although at a slower pace than targeted. In particular, collaborations with key industry partners have been negatively impacted by the decline in the oil and gas industry, and a change in KTP rules (limiting the maximum number of grants per company to two) has impacted upon anticipated income. In addition, some industry income expected in 2015-16 will now be reported in 2016-17. It should be noted that the University secures additional income from industry, for example to fund Chair posts. In line with HESA reporting requirements, this income is reported under Donations within the Financial Statements and the industry-related element totalled £193k in 2015-16.
11	Number of Non-EU students	FTE (whole number)	2,032	2,256	2,437	2,200	237	2,650		On track.
12	Diversity of Non-EU student population	Percentage (1 decimal place)	45.7%	48.1%	46.5%	Annual monitoring		Annual monitoring		The top 5 sending nations in 2015-16 were China, Malaysia, UAE, Oman and India. In recent years, the university witnessed significant decline in intake numbers from some of our priority markets due to economic turmoil caused in part by the drop in oil and gas prices. In 2015-16, the intake percentage from China in relation to our total non-EU fee-paying intake grew to 32%, up from 27% in 14/15. The percentage in relation to India grew from 9.7% in 2014-15 to 10.8% in 2015-16. Furthermore, both markets witnessed intake growth from 2014-15 to 2015-16 – China 16% and India 6%. Early indications are that there has been another small increase in dependency on 5 sending countries, and hence a decrease in diversity in 2016-17, to around 45%. Because of this, the KPI has been flagged as amber.
13	Proportion of international academic professional staff	Percentage (1 decimal place)	34.4%	35.0%	35.5%	Annual monitoring		Annual monitoring		On track.
14	Athena SWAN Silver Award	Narrative	Bronze Award Institutional Award renewed 2014	Two further bronze departmental awards achieved (total dept awards: 6).	Three further bronze and one silver renewal departmental awards achieved	Narrative		Submit for Silver Institutional Award by 31 July 2020		On track. In October 2015 the Department of Design, Manufacture & Engineering Management was notified that it had successfully achieved its bronze departmental Athena SWAN award. In addition, in October 2016 the Department of Civil and Environmental Engineering was notified that it had successfully renewed its silver departmental Athena SWAN award and two further bronze awards were achieved by Electronic and Electrical Engineering, and Architecture, bringing the total number of departmental awards to nine.
15	Operating surplus as a % of turnover	Percentage (1 decimal place)	2.5%	2.8%	2.7%	3-5% (annually)		3-5% (annually)		The operating surplus as a % of income was 2.7% this year. This is ahead of the trajectory to achieve 3 – 5% by 2020. As a result of the changes to financial reporting following the implementation of FRS 102 and the 2015 SORP, the appropriateness of this KPI is now under review.
16	Carbon emissions	tCO2e (whole number)	29,313	29,722	28,323	33,898	-5575	22,442		On track. This reduction is primarily due to the decommissioning of various fossil fuel plants and decarbonisation of the UK grid and will apply to all UK organisations carbon reporting for 2015-16. Without this reduction in grid carbon emissions, the university's figure would have increased to 30,458 tonnes CO2e.

Paper F

Outcome Agreement for 2017-20: Outline Working Draft

Background

1. In October 2016, the Scottish Funding Council (SFC) published updated [guidance](#) on the process and timetable for negotiating 2017-20 University Outcome Agreements, and monitoring of 2015-16 agreements. The guidance complements information set out in the [Letter of Guidance](#) to SFC on 30 September 2016 from the Minister for Further Education, Higher Education and Science, Shirley-Anne Somerville MSP.
2. The SFC's Outcome Agreement (OA) process is now entering its sixth year. This is the fourth year that Higher Education Institutions (HEIs) have been asked for a Self-evaluation report on a previous OA (2014-17 OA). In October 2016, the University submitted a Self-evaluation report against the 2015-16 OA to the SFC.
3. The University currently has a three-year Outcome Agreement in place covering the period 2014-17, which has been supplemented in the past 2 years with annexes to address additional points of guidance in 2015-16 and 2016-17.
4. The latest SFC guidance published in October 2016 reflects recent policy developments which have directed SFC's focus for the period to 2020 – these include: the recommendations from the Commission on Widening Access, the SFC's Gender Action Plan, the Scottish Government focus on care leavers and the incorporation of the approach for determining University Innovation Fund allocations via the OA process.
5. Despite indicating a substantial revision to the guidance this year, the SFC have included only minor revisions to the National Measures (NMs). As a result, the NMs align well with the performance measures of our Strategic Plan and our pre-existing OA commitments. Our proposed approach is therefore to continue to align, as closely as possible, our OA commitments with those made in our Strategic Plan. The outline working draft document attached lists the NMs put forward by SFC, and where applicable, indicates our corresponding Strategic Plan commitment or most recent commitment to SFC in this area.
6. Due to the late publication of the OA Guidance, the attached paper presents an early working draft of our new 3-year OA, which will be further refined to meet SFC's initial deadline for submission of a 'well-developed draft' by 16 December 2016. The headings used reflect those in SFC's guidance. SFC ask that OAs be not more than 25 pages in length and institutions are required to consult with students, staff and trade unions on their development. Court will have a further opportunity to review a near final draft of the document in early 2017 prior to its finalisation and submission by SFC's 31 March 2017 deadline. SFC are aiming to publish all agreements and funding allocations by April 2017.

Scottish Funding Council engagement

7. Our SFC Outcome Agreement team (comprised of the Vice Principal, CFO and Director of Strategy & Policy) met with SFC on 8 November 2016 to begin formal discussions which reaffirmed our expectations that SFC are proposing Strathclyde should seek to address the following key areas during the 2017-20 cycle:

- SIMD0-20 (most deprived quintile) – institutions are asked to focus attention on this group to help contribute towards meeting the objective of increasing the proportion of entrants from SIMD0-20 areas, as set out in the CoWA report recommendations.
 - Care leavers – institutions are asked to evidence support and outcomes for care leavers;
 - Gender – institutions are asked to outline what they hope to achieve through their Gender Action Plans by stating the expected outcomes, in the context of SFC’s interest in closing the gap between male and female participation overall and reducing the number of subjects with extreme gender imbalance. Institutions are required to publish a Gender Action Plan by July 2018;
 - Universities Innovation Fund – SFC are progressing work to develop the process for determining UIF allocations and measuring progress via OAs.
8. SFC also encouraged the inclusion of case studies where relevant.
9. The budgetary context was discussed and it was made clear that, although Strathclyde’s intention was to develop a 3-year OA, the commitments put forward would be in the context of an assumption of no material change in funding circumstances.

Recommendation

10. Court is invited to:
- **Note** the approach to drafting a new 2017-20 three year Outcome Agreement;
 - **Comment** on the early working draft, including on the additional areas for inclusion, and potential case studies, as set out in the document.

**2017-2020 Outcome Agreement
INITIAL OUTLINE WORKING DRAFT
[RESERVED ITEM]**

Counter-Terrorism and Security Act (2015)

Prevent – Annual Update

Background

1. The [Counter-Terrorism and Security Act 2015](#) contains a duty on Universities to have “due regard to the need to prevent people from being drawn into terrorism”. UK government guidance about how specified authorities in England and Wales and in Scotland are to comply with the Prevent duty was published in September 2015.
2. In Scotland compliance is led by the Higher Education Prevent Working Group, established by the Scottish University Secretaries in February 2015. It is convened by David Newall, Secretary at the University of Glasgow, who also represents the sector on the national multi-agency Prevent sub-group.
3. Membership includes a representative from each Scottish HEI; four members nominated by AUCSO (the Association of University Chief Security Officers); and the Head of the Scottish Preventing Violent Extremism Unit (SPVEU). Representatives of NUS Scotland and UCU Scotland attend the Working Group by invitation.
4. In 2015 the Group prepared guidance for HEIs on the implementation of the Prevent duties (available [here](#)), which is informing the actions taken at each University in Scotland.
5. This paper updates Court on the actions taken at the University in the past year to implement the guidance to ensure compliance with statutory obligations.

University of Strathclyde Prevent Working Group

6. The Chief Operating Officer (COO) is responsible for implementation of the Prevent duties and the Guidance prepared by the Higher Education Prevent Working Group. Dr Veena O'Halloran supports him in this role, as Strathclyde's representative on the Scottish HE Prevent Working Group.
7. Under the COO's leadership the University of Strathclyde Prevent Working Group was established in response to the sector guidance. Since its inception, the internal Group has met on three occasions, in July and December 2015 and in August 2016. The next meeting will take place in December 2016, following the November meeting of the Scottish HE Prevent Working Group.
8. The Group's remit includes:
 - maintaining a shared awareness and understanding of the risks of radicalisation within the campus community;
 - through the convener, reporting to the governing body;
 - communicating to relevant staff the requirements and importance of the statutory duty;
 - making decisions on sensitive matters that may arise e.g.
 - deciding what action to take where concerns are raised that a member of the campus community may be being drawn into terrorism;
 - deciding whether to allow a controversial speaker to visit the campus.

9. The members are Hugh Hall, COO (Convener); Stuart Brough (Director of ISD); Claire Carroll (RKES); Prof Sara Carter (Associate Principal); Rachel Doyle (Safety Services); Sandra Heidinger (Director of HR); Gordon MacKenzie (Campus Security); Ray McHugh (Director of Marketing and Corporate Communications); Dr Veena O'Halloran (Director of SEES and representative on the Scottish HE Prevent Working Group).
10. Two members of the USSA Executive (the Student President and VP Diversity) and the President of the Strathclyde University Muslim Students' Association attend meetings of the University's Prevent Working Group. The NUS opposes the legislation and hence the student representatives have decided to attend the Group as observers, rather than members. Separately from the meetings, they are consulted on Prevent matters relating to students.
11. The University Prevent Working Group reports annually to ET and through ET to the University Court.

Staff Briefings and Training

Briefings

12. The sector guidance states that staff engaged in the provision of advice to students should be aware that any concerns that a student may be being drawn into terrorism should be raised with the COO, who will then discuss it with the University Prevent Working Group.
13. This information was included in a briefing on the Counter Terrorism and Security Act 2015, issued in November 2015 to those in front-line roles in providing welfare advice and support to students across the University. The briefing also covered the role and remit of the University's Prevent Working Group and details of the Scottish HE sector guidance.
14. An update briefing will be issued in late November 2016 to the Deans and PS Directors for circulation to staff in front-line welfare and advice roles. The briefing will include:
 - Reminders of the legislation and duties placed on the University;
 - Progress in implementing the sector guidance within the University;
 - Information on the University's safeguarding approach to student support and wellbeing and developments planned in partnership with student stakeholders;
 - Guidance on identifying students at risk;
 - What it means for an individual member of staff;
 - Sources of online training and further information; and
 - An invitation to attend a SPVEU workshop at the University (date to be confirmed).

Formal Training

15. The Scottish HE Prevent Working Group agreed that formal training for University managers with a role in addressing the statutory duty would be organised regionally. The West region includes Strathclyde, Glasgow, GCU, GSA, RCS, SRUC-west and UWS.
16. The West Region held its first regional training event on 29 October 2015 as a pilot exercise. The second regional event – with 50 people attending from the 7 participating HEIs along with representatives from Glasgow City Council and Police Scotland - took place on 30 September 2016 at Strathclyde. Discussion topics included sharing experience, practical issues addressed and lessons learned to date.

17. An innovation introduced at the Strathclyde event was a presentation on the student perspective. Three members of the USSA Executive attended and the VP Diversity shared the student perspective and concerns about the legislation.

Management of speakers and events

18. The University is required to have in place policies and procedures for the management of speakers and events. While upholding the fundamental importance of freedom of speech, the University may require to place conditions on certain speakers or events, or to refuse to allow them on campus.
19. The University Prevent Working Group has developed an “Events and Speaker Policy” to set out the arrangements for the management of those events held under the auspices of the University, but which do not form part of the University’s normal academic or professional services business. This will ensure that the University can fulfil its legal obligations under the act, while maintaining at all times a commitment to freedom of thought and expression. The policy and associated guidelines were developed in consultation with USSA.
20. The Policy, including guidelines and an operational flowchart diagram, was endorsed by the Executive Team, for immediate implementation, at its meeting on 4 November 2016.

Safety Online

21. Every HEI must have a policy on the acceptable use of IT facilities and should make specific reference to the institution’s statutory Counter-Terrorism duty. At Strathclyde the policy that covers usage is the “University Policy on the Use of Computing Facilities and Resources”. A statement relating to the Counter Terrorism and Security Act (2015) was included as a new section 15 in the University’s Legal Framework for ICT in 2015.

Security-sensitive research material

22. In complying with the Counter Terrorism Act the University has a responsibility to protect researchers. A paper on oversight of security sensitive research was presented by RKES at the August 2016 meeting of the University’s Prevent Working Group. Proposals are currently being refined for consideration by RKEC and thereafter a formal proposal will be submitted to the Prevent Working Group.

Information sharing

23. The Scottish HE Prevent Working Group is developing plans with Police Scotland to establish a formal “information sharing” protocol for HEIs. The Universities of Glasgow, Strathclyde and St Andrews have met with Police Scotland and SPVEU on behalf of the sector.
24. Once finalised the guidelines will cover the context in which an HEI would raise a Prevent Concern and the manner in which this would be handled by Police Scotland.

Monitoring

25. The Scottish HE sector’s progress in complying with the Counter Terrorism Act is monitored by the Government through six monthly online questionnaires issued by SPVEU. Summary reports are presented to the Government.

Liaison with USSA

26. The counter-terrorism statutory duty does not apply directly to student unions, where they are constituted as independent charitable bodies. However, their cooperation is important in helping the University address its statutory duty.
27. As noted above, representatives from the USSA Executive and the President of SUMSA attend the University's Prevent Working Group and are included in the West of Scotland regional training. The Principal has also met with SUMSA to address their queries and concerns about the Act.
28. Regular engagement with student representatives on Prevent matters continues, in keeping with the long standing partnership between the University and USSA.

Recommendation

29. Court is invited to **note** the considerable progress in addressing the duties placed upon the University by the Counter Terrorism and Security Act (2015).

SCHEDULE OF COURT DATES 2017/18

Paper H

COURT

Thursday 28 September 2017	0930-1200
Thursday 30 November & Friday 1 December 2017	Residential at Ross Priory
Thursday 1 March 2018	0930 – 1200
Tuesday 1 May 2018	0930 – 1600 – Extended meeting
Thursday 21 June 2018	0930 – 1200

COURT BUSINESS GROUP

Monday 18 September 2017	1400 – 1600
Thursday 16 November 2017	1400 – 1600
Thursday 15 February 2018	1400 – 1600
Tuesday 17 April 2018	1400 – 1600
Thursday 7 June 2018	1400 – 1600

COURT MEMBERSHIP GROUP

Thursday 15 February 2018	1600 – 1700
Tuesday 17 April 2018	1600 – 1700

ANNUAL LAY MEMBERS' DINNER

Thursday 28 September 2017	1800
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ANNUAL COURT DINNER

Thursday 21 June 2018	1830
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JUNE 2018 GRADUATION CEREMONIES *[DRAFT – to be confirmed]*

Thursday 21 June 2018	1100 and 1500
Friday 22 June 2018	1100 and 1500
Monday 25 June 2018	1100 and 1500
Tuesday 26 June 2018	1100 and 1500
Wednesday 27 June 2018	1100 and 1500
Thursday 28 June 2018	1100 and 1500
Friday 29 June 2018	1100 and 1500

NOVEMBER 2017 GRADUATION CEREMONIES *[DRAFT – to be confirmed]*

Tuesday 7 November 2017	1100 and 1500
Wednesday 8 November 2017	1100 and 1500
Thursday 9 November 2017	1100 and 1500
Friday 10 November 2017	1100 and 1500

Paper I

Values Survey 2016 – Summary Outcome Report

Background

1. In 2013 an initial 'all staff' Values survey was carried out following the establishment of five core values which describe the 'DNA' of Strathclyde. A reminder of the University's Values statement is included as Appendix A.
2. A further 'all staff' Values survey was carried out in 2016. In both surveys, staff were asked to consider each value in turn and to confirm if they strongly agreed, agreed, disagreed or strongly disagreed that it reflected their experience at Strathclyde. Within the 2016 survey, two new questions on whether our Values are being successfully integrated within the University and within the respondents' Department/School were included.
3. The response rate in 2016 was 35%. This is a five percent increase compared to the original survey response rate of 30% in 2013.

Summary of Responses

4. A summary of responses, including where applicable a comparison with the 2013 survey results, is given below:-

	Strongly Agree & Agree		Strongly Disagree & Disagree	
	2013	2016	2013	2016
People Oriented	79%	80%	21%	20%
Bold	89%	90%	11%	10%
Innovative	92%	91%	8%	9%
Collaborative	85%	88%	15%	12%
Ambitious	95%	94%	5%	6%
Within University	N/A	87%	N/A	13%
Within Dept/School	N/A	81%	N/A	19%

5. An additional paper, which gives a further breakdown of the survey results, including by staff category and gender, is provided for Court members on SharePoint.

Next Steps

6. The Executive Team are looking carefully at the survey results and this will help to inform what further actions we need to take to make sure that our stated Values continue to reflect the experience of Strathclyde's People. We will continue to update Court on our plans as appropriate.

Appendix A: The University's Values Statement

The University of Strathclyde is a Place of Useful Learning where we value and are recognised as being:

- **People Oriented** (committed to our staff and students, providing opportunities and investing in their development)
- **Bold** (confident and challenging about what we do, and supportive of appropriate and managed risk in our decision making)
- **Innovative** (focused on discovering and applying knowledge with impact and encouraging creative thinking and new ideas)
- **Collaborative** (working together, internally and externally, with integrity and in an open, respectful, way)
- **Ambitious** (for our institution, our staff and our students)

Paper J

Report to Court from Senate

Senate met on 2 November 2016.

The following items were discussed or approved by Senate and are provided here to Court **for noting**:

1. Financial Update

The Chief Financial Officer (CFO) provided Senate with an overview of the University's financial position in 2016, highlighting the following:

- The importance of both the annual financial statement, and the Q1 business report which provided an internal view on the University's financial position. Reporting processes in relation to these reports were currently ongoing.
- With reference to the Four Year Financial forecast, income was expected to increase by 20% to 2019/20, with expenditure increasing by 16%, and operating surpluses increasing to £13M by 2019/20.
- Increasing both the University's operating surpluses and income generation were key to sustaining ongoing investment, particularly in key areas of infrastructure, staffing and IT systems.
- Net funds showed a positive figure and were forecast to continue to decline.
- The trend in overseas fee income had seen sustained growth from 2013-14. The importance of continuing this rate of growth was emphasized.

The CFO was confident that the University's clear financial strategy continued to be effective and had delivered positive outcomes

2. University of Strathclyde Students Association (USSA) Priorities 2016-17

USSA's priorities for the academic year 2016-17 were outlined by the President of USSA. USSA's key objectives were:

- To increase participation in student democracy, societies and union services.
- To work with the University for the provision of adequate facilities and services for students.
- To increase student employability both before and after their graduation.

The President provided Senate with the detail of the priorities, highlighting the challenges as well as the activities and opportunities that were being developed. Senate members acknowledged the challenges that were outlined in meeting the objectives. Discussing the priorities, Senate noted the considerable common ground that the University had with students which would feed into plans, such as the development and enhancement of the provision of facilities and services through construction of The Place. The University was focussing on areas highlighted in USSA's priorities such as mental health. USSA's positive plans were welcomed, for example the creation of a Student Union Employment Agency. In relation to the issues faced by students which the President flagged, it was noted that it would be helpful to consider and reflect on relevant data in order to assess where any systematic changes could be made.

USSA's President advised Senate that work was also being undertaken for a longer term set of priorities. Education Strategy Committee was working with USSA in various areas including helping to take forward its partnership strategy. Thanking the President for outlining the priorities, the Principal confirmed that the core strands of USSA's priorities had been noted by Senate and that colleagues will look forward to supporting USSA in areas where efforts could be combined.

3. Overview of Strathclyde University Business School's PGT Portfolio

The Executive Dean of Strathclyde Business School, Professor David Hillier, gave a presentation providing an overview of the Business School's Postgraduate Taught (PGT) portfolio. This is in

response to a standing Senate Agenda item for session 16/17 whereby Faculties are invited to present on key areas of prominence within their portfolio. The key components of the PGT portfolio were outlined, as well as the challenges and benefits in relation to the PGT growth strategy and the strategy to realise growth opportunities. Noting the success of the Business School in growing the international PGT market, Faculties were encouraged to follow the Business School's approach by further developing their own approaches in international markets.

4. **Education Performance Indicators Framework: Update**

Deputy Associate Principal Learning & Teaching Brian Green and Louise Lowe from Education Enhancement provided an update on the work being undertaken on Education Performance Indicators (EPIs) that reflect our education strategy. The background to the work on EPIs and the key objectives of the framework were outlined as well as the key themes and the phased project plan. The EPI framework, which takes into account both internal and external drivers, will help to inform future strategic educational projects and priorities as well as the University's decision-making processes. Stakeholder consultations were taking place, with further discussions planned. A further update on EPIs would be given to Senate later in the academic year.

5. **NSS Update**

Deputy Associate Principal Brian Green updated Senate on the development of NSS improvement plans, noting that there had been positive engagement in NSS actions through targeted messages on NSS performance in 2015 and 2016, as well as reflection and evaluation on performance in 2016, with planning underway for NSS 2017. The focus was now on more embedded activity at subject level and on consistency and breadth of implementation. Oversight of NSS plans would continue through Senate, Education Strategy and Quality Assurance Committees

6. The Principal included the following points in his update to Senate:

- **Appointment of Associate Principals:** Senate welcomed the appointment of Professor Sara Carter and Professor Tim Bedford as new Associate Principals following endorsement by Court.
- **Strategic Themes:** Following extensive consultation, the University's strategic themes had been updated to reflect the University's research, innovation and teaching capabilities.
- **EU Exit:** Senators were updated with information on "Brexit".
- **Executive Team projects:** Following discussion by Executive Team, six project streams had been identified in an approach to enhance structures in key areas of the University's practice.
- An update was given on the University's **Capital Investment Project** which included the redevelopment of the Wolfson Building and the proposed development of "The Place", a new teaching and learning hub, which would be proposed for endorsement by Court.
- **Chancellor's Fellowship Scheme and Global Talent Attraction Platform (GTAP):** The University's recruitment process for the appointment of some 20 early-career researchers had attracted a very high volume of applications, with the focus on attracting global academic talent on-going.
- **Grant Awards** the Principal updated Senate on the top recent research awards the University had received since the last Senate which included combined awards totalling over £12M to SIPBS, with Law, the Business School, Physics and Engineering also winning awards

Paper K

Executive Team Report to Court

The Executive Team met on 27 September, 5 & 24 October, and 4 November.

The following key items were discussed by the Executive Team and are provided here for Court to note:

1. Health and Safety

Under the 'Safety Moment' held at the opening of each Executive Team meeting, the Team took the opportunity to share reflections and experiences in regard to health and safety issues, led by the Chief Operating Officer. These included:

- any significant incidents occurring on campus, including subsequent outcomes and lessons learned;
- an ongoing review of campus fire safety arrangements;
- the development of a new physiotherapy service, targeted at staff employed in specific areas;
- reviewing the availability and location of defibrillators on campus, in collaboration and consultation with the Scottish Ambulance Service;
- reviewing the University's policy on Alcohol, Drugs and Substance Misuse with proposals expected to be presented to Staff Committee in due course;
- consideration of a draft KPI dashboard to fulfil the a stated objective of the Occupational Health, Safety & Wellbeing Strategy approved by the Court in June 2016

2. Institutional Research Audit 2017

The Team considered and approved the proposed approach to the Institutional Research Audit 2017. Potential changes arising as a result of the Stern Review were considered, including the details of individual Units of Assessment (UoAs), and the precise date of submission. Confirmation was expected in summer 2017 on what recommendations from the Stern Review would feature within a future REF exercise. In the meantime, the University would be suitably prepared by:

- Considering the potential requirement for and developing an overall institutional impact case, which would be brought back to the Team for discussion and approval; and
- Requiring Audit submissions from all research active staff, in anticipation of changes to the range of staff to be included in future;
- Working on the basis of a 2019 submission, until otherwise confirmed

3. Combined Heat and Power District Energy Project – tender return

The Team considered a proposal to increase the budget allocation to this project as a result of the recently completed tender and review exercise. The proposal was concurrently being circulated to the Estates Committee and the Court Business Group for consideration. Subject to endorsement from these committees, final approval would be sought from Court on 6 October.

The Team was reassured that the additional cost would be met through project deferrals and savings identified in the existing Capital Investment plan. The need to ensure that any project underspend in other areas was returned to central resources was noted and the Estates Directorate would be reminded of this.

The Team noted that, despite the cost difference between the original specification and tender return, the project remained commercially attractive with a relatively short payback period. The project was also of crucial importance to the University's sustainability and carbon reduction ambitions.

The Team **endorsed** the proposal, ahead of seeking final approval from Court.

4. SFC Outcome Agreement Self-Evaluation Report - draft

The Team considered a working draft of the University's retrospective self-evaluation report and the Team was invited to consider any potential additional points for inclusion. It was indicated that the draft would also be provided to Court for comment on 6 October.

The Team considered that the report might benefit from some restructuring of content in order to more effectively highlight the University's social impact. It was **agreed** that the current draft should be presented to Court with the caveat that further revision would be undertaken.

5. Executive Team Projects 2016/17

The Team received regular updates on the progress of these projects. The intention was to deliver firm recommendations and clear implementation plans no later than the end of May 2017, with actions to be implemented from the beginning of 2017/18, wherever possible. It was recognised that there may be a range of outcomes which could be implemented at an earlier stage and within the current academic year.

The project areas were intended to collectively form the basis for Court's Strategy Session on 24-25 November and an appropriate lay member of Court would be assigned to each project to offer critical views and advice. Each project would be required to provide a summary early-stage report for Court in November and it was therefore vital to discuss and finalise key elements quickly, including the composition of Project Teams, modes of delivery, intended outcomes, and timelines.

At a meeting on 5 October, the Team took an extended opportunity to discuss each of the proposed project areas in turn, supported by the initial views of respective Project Leads.

6. Research Audits 2016 Priority International Strategic Partners: Joint PhD Clusters

The Team considered proposals that had been developed to support the creation of joint PhD clusters with the University's Priority International Strategic Partners. This collaborative activity was intended to underpin the establishment of sustained long term academic engagement. The Team was invited to discuss the actions required to deliver on the commitments made and to consider any internal resource implications. The Team noted that an appropriate commitment to this activity was required from each Faculty in order to deliver on the proposals already discussed and agreed with the International Strategic Partners.

7. Professorial Zoning

The Team considered proposals for the remuneration arrangements for professorial staff following the implementation of the Professorial Zoning Framework. This included assimilation arrangements and costs associated with the transfer of Professors to the new remuneration arrangements. The Team noted the significant work undertaken on Professorial Zoning to date and approved the proposed pay structure and salary assimilation process.

8. Draft Financial Statements 2015/16

The draft 2015/16 Financial Statements were considered. The Team noted significant changes arising from the implementation of new accounting regulations and the University's new Financial Management System, as well as changes in accounting estimates. These included presentational changes, a different approach to capital grant accounting, and the inclusion of the past service element of the USS pension liability on the Balance Sheet. Collectively, these differences were expected to introduce increased volatility in future reported year-end figures.

The Team welcomed an overall positive result, noting a higher than forecast overall surplus which was impacted by a number of significant one-off items.

Positive feedback had been received from the External Auditors in regard to the approach taken in the finalisation of the Financial Statements and the Principal asked that this be communicated to the Finance Team.

Further work would be undertaken ahead of the Court meeting to understand and provide context to any variances to forecast figures.

9. Strategic Plan 2015-2020: Year 2 Progress Report

The Team discussed a draft progress report on performance against the 16 KPIs within the Strategic Plan. The Team welcomed the progress achieved against a range of measures, whilst noting continuing challenges in key areas.

10. Annual Planning Round Guidance

The Team considered the context and parameters for the 2017/18 Planning Round and draft guidance intended for circulation to Faculties and Professional Services Directorates on how to structure annual plans and the context for these. The 2017/18 approach would include a more focused narrative around the delivery of the Strategic Plan KPIs and was consistent with the aim to review and realign financial planning and budgetary processes.

The Team welcomed the intent to focus the annual planning process on the Strategic Plan KPIs and approved the Annual Planning Round Guidance 2017/18.

11. Learning & Teaching Facility Draft Business Case

The Team considered proposals for the development of a new learning and teaching facility. The Team took the opportunity to comment on a draft Business Case, noting that it would also be provided to Court for similar early views and comment on 24 November. A full Business Case would then be developed and final approval sought in early 2017. In discussion, the following key points were raised:

- It was important to ensure appropriate engagement with students and staff to raise awareness and collective enthusiasm for the proposed development;
- Recognising that timescales have already been brought forward, consideration should be given to anything else that can be done to support an earlier delivery.
- Proposals should be developed by Marketing & Development Services, with input from Estates Services, to promote and raise external awareness of the University's Capital Investment Plan.

12. Prevent Strategy – Annual Report and Update

The Team received an annual update on the implementation of the ‘Prevent’ requirements within the Counter Terrorism and Security Act (2015). The Team noted the considerable progress made in addressing the duties placed upon the University by the Act and endorsed the Annual Update for onward circulation to the Court, for information.

The Team also endorsed an *Events and Speaker Policy* prepared by the University’s Prevent Working Group for immediate publication and implementation.

13. Teaching Excellence Framework (TEF)

The Team considered the potential operational and reputational implications for the University of participation in future versions of the TEF. Considerations were informed by metric data recently provided by HEFCE. The statistical methodology used to generate the data was being queried but a change in the data or the approach indicated was not expected at this time. Sector level groups were lobbying to try and ensure that issues relevant to the Scottish context were taken into account by TEF assessors and in future iterations of the TEF. The University would consider the implications and impacts further as part of on-going NSS Framework and wider Education Enhancement activities. It was noted that a decision on participation in TEF2 was required in January 2017.

Paper L

Court Business Group Report to Court

The following items were discussed by Court Business Group on 14 November 2016 and are provided here for Court to note.

1. Student Learning & Teaching Facility: Draft Business Case

The Director of Student Experience and Enhancement Services (SEES) and the Director of Estates Services introduced a draft business case for a new Student Learning & Teaching Facility. The intent was to seek views and comments from Court on the content and structure of the business case prior to finalising this and seeking full approval in early 2017. Court Business Group members recognised the clear need for investment in this area and were unanimously supportive of the proposed development, in principle, Members agreed that the high-level details should be presented to Court for discussion at its next meeting, ahead of seeking approval for a full business case at a subsequent meeting. The following key points were considered in discussion:

- The rationale for investment should be made clear to Court (e.g. fitness for purpose of current provision, recent and future expansion, fundamental to delivery of key strategic aims, alignment with wider estates and education strategies, student experience and pedagogical benefits, increased competition, etc.);
- The potential for more significant investment than the level being recommended and the likely consequences of this i.e. limited additional benefit and a negative impact on the ability to address other capital investment priorities;
- Significant recent investments in this area by competitor institutions and the likely widespread impacts for the University of failing to take similar steps;
- The need to identify potential costs and income opportunities arising from the use of any space released by the development of a new facility;
- The timeline for development and its alignment with the academic year
- The anticipated financial benefits of investment in this area; and
- The need to make clear the recommended options in the final business case.

Members agreed that a two-stage approach would be appropriate for Court's consideration of this item, with an initial presentation to Court in November 2016 to highlight the rationale for investment and to set out an inspiring vision for the University's future learning and teaching provision. A full formal business case should then be developed, informed by Court members' views and comments, with the aim of seeking approval in March 2017. The business case should include all relevant financial details and also highlight the opportunity costs of not proceeding.

2. Financial Statements 2015/16

The Chief Financial Officer and Deputy Finance Director presented the draft Financial Statements for 2015/16. Members noted the following key messages for Court:

- significant structural and presentational changes to the 2015/16 Statements arising from the implementation of new accounting regulations, the University's new Financial Management System, and changes in accounting estimates;
- an overall positive year-end result and the achievement of a better than anticipated surplus position, partly due to extending the depreciable lives of fixed assets;

- a significant increase in tuition fee income, despite the discontinuation of the *Science Without Borders* programme;
- a lower than anticipated increase in income from research grants and contracts and the intention to investigate the underlying reasons for this;
- significant increases in staff-related costs and reductions in other areas of operating expenditure;
- relatively low in-year capital expenditure and the anticipated increased expenditure in this area for future years;
- the Audit Committee's recommendation to court, following its meeting on 10 November, that the Statements be approved;

In addition, members requested that the comparison of outturn to forecast be made more prominent in the presentation of year-end figures to Court and that, where appropriate, abbreviations should be written out in full to aid clarity.

The Group congratulated the Finance Directorate for the significant work undertaken in the preparation of the 2015/16 Financial Statements which had resulted in no substantial items or adjustments being raised by the External Auditors, despite major changes in accounting regulations.

3. Strategic Plan 2015-2020: year 2 progress report 2015/16

The Director of Strategy & Policy introduced the year 2 progress report on the 16 KPIs in the University's Strategic Plan. Members noted that *KPI 6: Total competitively won research income* and *KPI 10: Total value of industry research income* were both slightly behind their relevant target milestones and that the underlying issues were being investigated. The Group welcomed the consistency of reporting on the Key Performance Indicators and positive trajectories, ahead of milestones, for several targets.

4. Q1 Business Report 2016/17 and Strategic Partners Update

The Chief Financial Officer and the Director of Strategy and Policy introduced the Q1 Business Report 2016/17. Members noted:

- An overall forecast surplus, before one off items, which was £0.8M below the budgeted figure;
- The presentational impacts of new accounting standards on the quarterly outturn, particularly due to the revised treatment of capital grants, and need to include the original forecast position to highlight this; and
- The increased visibility of SIMD0-20 entrants and the improved retention of these students, reflecting the Scottish Government's focus in this area.

Members were content with the presentation of the Q1 Business Report to Court, subject to performance against the original forecast position being highlighted. They agreed that the first quarter's results were only an early indication and that in-year performance would become clearer from subsequent quarterly reports.

Members also welcomed the biannual International Strategic Partners Update provided. The Group discussed the possibility of quantifying the benefits of this activity in future whilst recognising that the main benefits were largely in regard to institutional reputation and positioning.

5. Draft Outcome Agreement 2017-2020

The Director of Strategy and Policy presented an early draft of the University's new three-year Outcome Agreement for 2017-2020. Members noted that this would be presented to Court for comment and refined further prior to the submission of a 'well developed draft' to the Scottish Funding Council by 16 December. Members encouraged limiting the number of KPIs ensuring these were aligned with the University's own high-level KPIs. Court would be invited to approve a final draft in March 2017, prior to submission to the Scottish Funding Council by 31 March 2017.

6. Draft Agenda for Court, 24-25 November

Members considered and **approved** the draft agenda for the October meeting of Court, offering the following comments:

- The lay members assigned to offer advice on the Executive Team projects would facilitate respective discussions during the Court's Strategy Session;
- An opportunity would be provided on the agenda for the President of the Students' Association to briefly present the USSA strategic priorities for the year ahead; and
- Executive Team Project Leads would be asked to share draft slide presentations with their assigned lay member contacts as soon as possible.

7. AOB

There was none noted.

Paper M

Court Membership Group Report to Court

The following items were discussed by Court Membership Group on 14 November and are provided here for Court to **approve**:

1. Convener of Court: recommendation of appointment

The Group noted the successful conclusion of an extensive recruitment exercise to identify a suitable successor for the current Convener of Court, whose term of office was due to end on 31 July 2017. The Vice-Convener of Court, who had led the exercise on behalf of Court, reported that a robust process had been followed. This process had been agreed by Court and was consistent with the good practice set out within the Scottish Code of Good Higher Education Governance.

The Vice-Convener, on behalf of the interview panel, invited the Court Membership Group to consider and approve the following **recommendations for Court's approval**:

- **That Dame Sue Bruce is appointed as:**
 - **Lay member (Elect) and Convener (Elect) of the University Court from 25 November 2016; and**
 - **Lay member and Convener of the University Court from 1 August 2017. The term of office as Convener to be for an initial period of two years (renewable for a further three years, subject to re-appointment)**

The Court Membership Group **approved** this recommendation for submission to Court. The Vice-Convener confirmed that the Convener of Audit Committee, who was unable to be present, had also expressed full support for this recommendation.

The President of the Students' Association also separately confirmed his approval of the recommendation to Court.

Despite the Convener having deliberately abstained from Court's formal processes in this succession project, he wished to record his wholehearted support for the recommendation that Dame Sue Bruce be appointed to take over from him.

The Group discussed the development of an appropriate communication strategy to ensure that, subject to Court's approval on 24 November, the necessary steps could be taken to immediately inform key internal and external stakeholders of this important appointment.

2. Recommendation of appointment to the Statutory Advisory Committee on Safety & Occupational Health (SACSOH)

The Chief Operating Officer invited members to make the **following recommendation for Court's approval**:

- **That Dr Jeremy Beeton is appointed as the Court lay member representative on the University's Statutory Advisory Committee on Safety & Occupational Health (SACSOH) for a period consistent with his membership of Court.**

The Group **approved** this recommendation for submission to Court and noted its appreciation to Dr Beeton for agreeing to undertake this duty.

The following item was discussed by Court Membership Group on 14 November and is provided here for Court to **note**:

3. Proposed refresh of Court Committee membership

The Chief Operating Officer informed members of plans to undertake a review of the membership of Court's key committees. This reflected a desire to ensure appropriate representation in light of the anticipated turnover of Court membership. It was also intended to address an appetite for the renewal of membership expressed in some responses to the annual survey of Court members undertaken in summer 2016.

Proposals would be developed for consideration at the next meeting of the Court Membership Group in February 2017. This paper would also include proposals for the implementation of recommendations arising from the 2013 Review of Alumni Engagement.

4. Any other business

There was no other business.

Paper N

Report to Court from Audit Committee

The Audit Committee met on 10 November 2016.

Audit Committee **recommends** the following items to Court for approval:

1. Financial Statements 2015/16

Prior to the meeting, the members of the Audit Committee met in closed session with the Internal and External Auditors to discuss the draft Financial Statements. This allowed the Internal and External Auditors the opportunity to raise any issues of concern with members of the Audit Committee. No matters were reported to the Audit Committee as requiring further consideration.

The draft Financial Statements and accompanying commentary from Finance were presented during the main meeting. Following discussion amongst members and the assurance provided by an unqualified report from the External Auditors, the Audit Committee **recommends** to Court that:

- I. The draft Financial Statements for 2015/16 be approved (subject to final minor amendments and presentational details); and
- II. The relevant officers be authorised to sign the printed statements in due course.

2. Appointment of External Auditors

Audit Committee had considered the appointment of the External Auditors at its meeting on 8 September 2016 and had been minded to extend the appointment for a final two years and three months, subject to satisfaction with the performance of the auditors in the context of the audit of the 2015/16 Financial Statements.

The Committee noted that the 2015/16 audit process had gone well and that the performance of the External Auditors had been satisfactory.

Audit Committee **recommends** to Court that the appointment of Ernst & Young LLP be extended until 31 March 2019 and that Ernst & Young LLP be retained as the University's External Auditor for the audit of the 2016/17 Financial Statements.

The following items were discussed by the Audit Committee and are provided here for Court to **note**:

3. IAS Activity Report

The Committee **noted** the progress made against the delivery of the Audit Plan for the current academic year which was on target.

4. Review of Industrial Biotechnology Innovation Centre

Members **noted** the Report on the review of the Industrial Biotechnology Innovation Centre. The Head of Internal Audit reported that there had been a focus on the governance arrangements of the Centre. The Centre had its own Audit Committee, the terms of reference of which were under review to ensure alignment with the University audit arrangements.

5. Review of Expenses

Members noted the Report on the review of Expenses and that Finance were progressing follow up as noted. The duplicate claim mentioned was not a fraudulent matter and there was no issue with recovery of the money.

6. Review of Compliance with UK Visa and Immigration Sponsorship Guidance for Tier 2 and 5 Migrant Workers

Members noted the Report on the review of UKVI Requirements. The University had tight controls in place but a slight risk remained at Department level and Human Resources were targeting relevant areas with support and guidance.

7. Audit Committee Annual Report 2015/16 – Final Draft

The Audit Committee noted and **approved** the Annual Report 2015/16 and its submission to Court (see Annex A).

UNIVERSITY OF STRATHCLYDE
AUDIT COMMITTEE ANNUAL REPORT TO COURT
Year ended 31 July 2016

This is the University of Strathclyde Audit Committee's Annual Report for 2016, covering the financial year 1 August 2015 to 31 July 2016.

1 INTRODUCTION

- 1.1 As a leading international technological university, Strathclyde has a very clear focus on the delivery of world-leading research, knowledge exchange and teaching and learning programmes augmented by partnerships with business, industry and government.
- 1.2 The University's investment in campus infrastructure and management information systems has continued in order to develop a dynamic, technology-enabled and sustainable environment for staff, students and partners. The University has also pursued new opportunities in support of its ambitions and strategic objectives, building upon existing strengths.
- 1.3 The Audit Committee has continued to fulfil its role by providing an objective assessment to the University Court on the adequacy and effectiveness of the University's systems of internal control. Under the Audit Committee's direction, the continued review of management practices, operations, systems and procedures (including risk management, control and governance) by the Internal Audit Service (IAS) allowed for the timely identification of risks, opportunities, and issues. In addition, Audit Committee members visited key operational areas of the University and met with leaders of key initiatives throughout the year.
- 1.4 During 2015-16, under the Audit Committee's direction, IAS continued to focus resources on the three major aspects of audit work – *key strategic elements*, *essential annual reviews* and *risk-based operational reviews*. Implementation of the University's Accountability & Assurance Framework helped to support a continually developing culture of good governance and sound internal control. Through this framework, the Principal is supported in the requirement for him to certify the Statement of Internal Control in the University's Annual Report and Financial Statements by Assurance Statements provided by the Chief Financial Officer, Chief Operating Officer and the Executive Deans.

2. MEMBERSHIP AND TERMS OF REFERENCE

- 2.1 The membership of the Committee in 2015-16 is detailed below with the Terms of Reference (as reviewed by the Committee on 24 March 2016) appearing in Appendix 1.

Name	Position	Term of Office
Kerry Alexander	Lay Member of Court	01/08/15 – 31/07/16
Archie Bethel	Lay Member of Court	01/08/13 – 31/07/16
Ian Dickson	Co-opted Member	01/08/13 – 31/07/16
Paula Galloway	Co-opted Member	01/08/14 – 31/07/17
Gillian Hastings (Convener)	Lay Member of Court	01/08/15 – 31/07/18
Jane Morgan	Lay Member of Court	01/08/13 – 31/07/16

3 MEETINGS IN 2015-16

3.1 The Committee met on five occasions during the year:

3 September 2015
12 November 2015
4 February 2016 (Annual Workshop)
24 March 2016
26 May 2016

3.2 The Head of Internal Audit (or nominee), the Chief Financial Officer and the Committee Manager were also in attendance. The Principal attended meetings in September, February, March and May and the Chief Operating Officer attended meetings in November, February, March and May. Other members of senior staff were invited to attend when appropriate. Representatives from the University's External Auditors, Ernst & Young LLP, attended four meetings during the year, including the Committee's Annual Workshop (September, November, February and May).

3.3 The Committee members took the opportunity to meet privately, prior to the start of each meeting, without University officers in attendance.

3.4 Prior to the November 2016 meeting (where the 2015-16 Financial Statements were discussed) the members of the Committee met in closed session with the Internal Auditor and with the External Auditors.

3.5 As part of its 2015-16 programme of meetings the Committee visited different areas of the University, including:

- Centre for Excellence for Looked After Children in Scotland (CELCIS) based in the Faculty of Humanities and Social Sciences - to meet senior staff in the Centre, discuss recent and planned major initiatives/partnerships, and increase Audit Committee awareness of key research activity (September 2015)
- The Department of Mechanical and Aerospace Engineering – to meet senior staff in the Department, discuss recent and planned major initiatives/partnerships, in particular, the initiatives underway to tackle the challenges of widening access. (March 2016)

3.6 The Committee also received presentations from members of senior staff on a range of strategically important activities, providing an opportunity to scrutinise the arrangements for governance and internal control:

- Overview of the University's Engineering Academy providing an alternative entry for students who may not meet the headline entry standards, through a partnership model with local colleges. (March 2016)
- Update on the implementation of the Finance Management System (FMS) highlighting the main lessons learned. (February 2016)
- Update on the development of the Student Information Management System (SIMS), with reference to the lessons learned from the FMS implementation. (February 2016)

4 **INTERNAL AUDIT SERVICE 2015-16**

- 4.1 The University is required by the SFC's Financial Memorandum to have an effective internal audit function. This is provided at the University of Strathclyde by an in-house team, staffed during the 2015-16 financial year by the Head of Internal Audit and two Senior Internal Auditors (2.6 staff FTE total).

Role of the Internal Audit Service

- 4.2 The primary role of the IAS is to provide an objective assessment to the Principal and Court, via the Audit Committee, on the adequacy and effectiveness of the University's systems of internal control. This is obtained through conducting audit reviews of management practices, operations, systems and procedures (including risk management, control and governance), and measuring and evaluating the effectiveness of these controls and systems in achieving the University's strategic objectives.

Internal Audit Assurance Strategy and Plan for 2016-17

- 4.3 At its May 2016 meeting the Committee considered and endorsed the Internal Audit Assurance Strategy and Plan for 2016-17. The strategy remains structured around three major aspects of audit work:

- (a) Key strategic elements
- (b) Essential annual reviews – including value for money (VFM)
- (c) Risk-based operational reviews

- 4.4 The plan was developed to allow IAS to focus more strategically on priority areas and, specifically, will allow IAS to concentrate resources by increasing the number of reviews in areas of strategic risk to the University whilst retaining the flexibility to respond to a changing environment. Maximising the available audit resources in this way will help to provide a comprehensive annual audit opinion, covering the whole of the risk management, control and governance arrangements of the University.

Annual Report from Internal Audit Service 2015-16 and Audit Assessment

- 4.5 The Committee received the IAS Annual Report 2015-16 at its meeting on 8 September 2016. The Report serves to provide an independent opinion on the adequacy and effectiveness of the University's arrangements for governance, risk management, control and value for money. It also provides a summary of the activity and resources of the IAS during 2015-16.

- 4.6 In its Report, the IAS indicated its satisfaction that the University had in place an adequate and effective framework of governance, risk management, control, and value for money processes. This assessment was based on:

- (a) The assurance work undertaken throughout the year and in previous years;
- (b) The follow-up actions implemented from previous audits;
- (c) The effects of any significant changes in the university's control environment;
- (d) The results of consultancy/ad hoc work undertaken during 2015/16; and
- (e) The signed statements of assurance provided by all Heads of Department, Directors, Executive Deans, Chief Operating Officer, and Chief Financial Officer.

Accountability & Assurance Framework (Key Controls Checklist)

- 4.7 A refreshed Key Controls Checklist document, incorporating the required changes arising from the implementation of the new Finance Management System (FMS), was issued to every Head of Department/School and Professional Services Director in June

2016. This self-assessment document covering key areas of internal control and governance was used to provide the Executive Deans, Chief Financial Officer and Chief Operating Officer (and, in turn, the Principal and University Treasurer) with statements of assurance confirming compliance within each Faculty and Directorate with University policies and procedures. In this way, the Principal, as signatory of the University's Annual accounts, is assured that the key internal controls are working effectively within Faculties and Professional Services Directorates. The Audit Committee was apprised of the details of this process for 2015-16.

Internal Audit Performance

- 4.8 Performance of the IAS during 2015-16 was subject to continuous assessment and scrutiny in the form of direct feedback from Audit Committee members and through the use of electronic satisfaction surveys completed by the recipients of IAS Reports.
- 4.9 The feedback received was positive, with 100% of auditees finding IAS work to be very useful and 100% stating that the quality and nature of the service they received was very satisfactory. Whilst the verbal feedback IAS received was overwhelmingly positive, responses to customer satisfaction surveys remained slow. IAS would continue to pursue this line of feedback.
- 4.10 In 2013-14 the IAS participated in the Council for Higher Education Internal Auditors' (CHEIA) peer review exercise for Internal Audit in the Higher Education Sector. This assessment process takes account of relevant professional standards, including the Public Sector Internal Audit Standards, and the IAS was awarded an overall rating in 2013-14 of 97%. This process will be repeated every three years as a key element in maintaining and monitoring internal audit standards.

5 EXTERNAL AUDIT

External Auditors

- 5.1 Following their re-appointment in 2011-12 for a period of five years, Ernst & Young LLP continued to act as External Auditors to the University.
- 5.2 Mr Stephen Reid fulfilled the role of Audit Partner and Ms Janie McMinn was the Senior Manager.
- 5.3 The audit of the Financial Statements for 2015/16 marked the end of the current appointment of the External Auditors. Audit Committee discussed this at the September 2016 meeting noting that Ernst & Young LLP's appointment in 2012 had included the potential to extend the appointment for a further two years.
- 5.4 At its meeting on 10 November 2016, Audit Committee agreed to recommend to the University Court that Ernst & Young LLP be reappointed, as permitted by the conditions of the original appointment, for two years and three months. This would allow a future tender process to begin later in 2018 with a view to recommending a new appointment to Court in February 2019.

Non-Recurring Audit Services Provided by the External Auditor

- 5.5 During 2014-15, Ernst & Young provided additional, non-recurring audit services to the University in relation to the implementation of revised SORP and FRS102 requirements and the transfer of data to the new Financial Management System. Subsequently, in 2015/16, the University paid additional audit fees of £18,450 plus VAT for FRS 102 conversion work and £4,350 plus VAT for the audit of the transfer of financial data to the

new Financial Management System (including specialist review of the design and implementation of the key system controls in place).

Non-Audit Services Provided by the External Auditor

- 5.6 During 2015/16, the University appointed Ernst & Young to provide consultancy advice in relation to various tax matters. This appointment was fully compliant with the University's *Policy on the Provision of Non-Audit Services by the External Auditor*. The total value of non-Audit services provided was £41,000 plus VAT.

External Audit Plan 2015-16

- 5.7 At its May 2016 meeting the Committee considered and approved the External Auditors' Audit Plan for 2015-16, including the proposed approach for the audit of the 2015-16 financial statements. Key areas of focus will include accounting for fixed assets, project and research accounting, pension obligations, fraud risk and management override and compliance with the new SORP requirements. The Committee also considered an interim audit report from the External Auditors at its September 2016 meeting noting that there were no key matters of concern to report.

Review of Performance of External Auditors

- 5.8 At its November 2016 meeting, the Audit Committee considered and discussed the performance of the External Auditors. Overall, the view was that the External Auditors were performing well and the Committee was satisfied with their work.
- 5.9 The proposal that Ernst & Young LLP be reappointed, as permitted by the conditions of the original appointment, for two years and three months (see 5.4 above), was confirmed at this meeting and recommended to the University Court for approval.

6 RISK MANAGEMENT

- 6.1 In accordance with its Terms of Reference, the Committee kept under review the effectiveness of the University's risk management arrangements, receiving and discussing periodic updates to the Corporate Risk Register throughout 2015-16. In addition, a number of risk owners and senior officers were invited to attend meetings to discuss the management and mitigation of selected strategic risks (see 3.6 above).

Corporate Risk Register

- 6.2 During 2015-16, the Committee reviewed the Corporate Risk Register at regular intervals. The Committee was satisfied that processes were in place to ensure the identification of key risks and that appropriate mitigating actions were planned and undertaken in response.

7 VALUE FOR MONEY

- 7.1 The University's Internal Audit Service (IAS) has, as a key objective in every audit review, the aim of ensuring that the University obtains best value from the use of its resources. Some reviews are also undertaken with a clear focus on value for money issues.
- 7.2 The University's commitment to achieving value for money from all of its activities is clearly articulated in the Strategic Plan and is also demonstrated in its wider governance structures and in a wide range of policies, procedures and business processes, as outlined below.

- 7.3 Annual Plans and Budgets specifically require that ‘all efforts should be made in achieving value for money in our operations’, whether by increasing income generation relative to cost or through explicit cost reductions and other efficiency savings.
- 7.4 Quarterly Business Reports provide detailed performance information on financial and key business targets, including a range of Key Performance Indicators and other metrics, which have been developed in support of the University’s Strategic objectives, including, in particular, those in support of the Strategic Theme of Operational Excellence.
- 7.5 Staff costs are the single largest expenditure item for the University. Annual Development Reviews (ADRs) support the University in seeking to realise the potential of all staff and to maximise performance across the whole University.
- 7.6 The University’s Procurement Strategy, Policy and Procedures reflect specifically the requirement in relation to all non-staff spending to “maximise value for money by working collaboratively with Faculties, suppliers and other public bodies to implement efficient and cost-effective sustainable procurement practices.”
- 7.7 All aspects of the University’s Estates Strategy are rigorously tested and challenged to ensure value for money. Detailed options appraisals are undertaken to validate proposed activity before approval is sought; projects are competitively tendered; and expenditure against agreed plans is closely monitored until completion of the project.
- 7.8 The University is also making a significant continuing investment in Information Systems and Infrastructure, with the Information Services Directorate’s objectives specifically requiring the delivery of ‘efficient and effective services which provide value for money to the institution’. The delivery of new and enhanced information systems directly facilitates value for money, with new systems supporting improved and more efficient ways of working.
- 7.9 The University’s Business Improvement Team (BIT) is committed to continuous improvement, which directly supports the University’s commitment to achieve value for money and is recognised as a sector leader in the field of higher education continuous improvement. The team has undertaken specific improvement reviews across a number of areas as well as supporting the embedding of continuous improvement practices in a number of professional services areas.

8 FINANCIAL STATEMENTS AND MANAGEMENT LETTER

- 8.1 As part of its review of the Financial Statements, the Audit Committee reviewed the draft Statement on Corporate Governance and Internal Control at its meeting on 8 September 2016 before it was incorporated into the Financial Statements. The Committee considered the draft Financial Statements for the year ending 31 July 2016 at its meeting on 10 November 2016.

9 OTHER BUSINESS

The Committee considered a range of other relevant business during 2015-16, including the following:

University Financial Position and Forecasting

- 9.1 During 2015-16 the Committee received updates, as appropriate, on the University’s financial position.

9.2 At its meeting on 10 November 2016, the Committee provided scrutiny of the Financial Statements for the year ended 31 July 2016, in the presence of the External Auditors. A pre-meeting with the Internal and External Auditors (see 3.4 above) provided the opportunity to raise any issues of concern with members of the Audit Committee. No matters were reported to the Audit Committee as requiring further consideration.

University of Strathclyde Students' Association (USSA) Review

9.3 Members continued to offer scrutiny of USSA during 2015-16 following concerns identified by IAS. The Committee was reassured by the results of an organisational review conducted by USSA, the outcomes of which included a more appropriate management structure within the Students' Association that was fully engaged with the Board of Trustees and enhanced financial management and budgetary control at all levels. The organisational review also resulted in:

- A recruitment exercise to identify a new Chief Executive and a number of new independent trustees;
- The implementation of recommendations made by the University's Internal Audit Service;
- The establishment of a University observer on the USSA Trustee Board;
- The development of proposals for a more appropriate governance structure through incorporation as a company limited by guarantee;
- The development of a balanced 2016-17 Budget, which was approved by the University Court;

SORP preparations

9.4 As part of an annual workshop session in February 2016, the Committee considered the anticipated impacts upon the University's accounting practices of a revised SORP from 31 July 2016. This session was supported by the External Auditors and internal Finance staff.

At its meeting in May 2016, the Committee approved the proposed accounting policies to be adopted from 2015/16 onwards, including the key recommendations that:

- the performance model be adopted for revenue government grants;
- the performance model be adopted for capital government grants
- buildings continue to be depreciated at historic costs
- land is revalued to its fair value at 31 July 2014 and this be treated as deemed cost

These proposals were endorsed by the University's Court in June 2016.

New University Finance System

9.5 Following the implementation of a new finance system from the start of financial year 2015-16, the Audit Committee was kept informed of developments and progress including an update on the implementation highlighting the main lessons learned, at its February workshop.

Technology & Innovation Centre (TIC)

9.6 The Audit Committee received and considered information on the progress achieved by the TIC against its agreed objectives and targets. This included a report on the Technology & Innovations Centre's cumulative 4-year progress which was considered at the Committee's workshop session in February 2016. Audit Committee agreed to continue to provide appropriate scrutiny in this area.

Transparent Approach to Costing (TRAC)

- 9.7 The Committee considered a report on the University's TRAC submission to the Scottish Funding Council (SFC). The final figures in the TRAC return had been audited and approved by the IAS.

Information Security and Risk Analysis

- 9.8 The Committee continued to offer robust scrutiny of this area during 2015-16. Members sought assurances that the University was appropriately managing information security risks and was suitably equipped to respond to incidents, should they occur. Some of the key information security-related initiatives and activities undertaken during the preceding year included: increasing emphasis on providing appropriate training opportunities for staff and increasing awareness amongst staff of their individual and collective responsibilities; a review of the University's password control regime; annual penetration testing, conducted by an external organisation; the use of intelligence from the Joint Information Systems Committee (JISC) to identify and respond to specific threats and hosting an ethical hacking event, in conjunction with industry.
- 9.9 Audit Committee was assured that measures were taken to proactively scan and monitor University systems and hardware for malware or suspicious programmes.

Other Reviews

- 9.10 In addition to the activity described above, a number of other key audit reviews were undertaken across the University in 2015-16. Subsequent findings were reported to the Committee by the IAS in each case. Additional areas where management practices, operations, systems and procedures were reviewed in 2015-16 included:

- Senior Officers' Expenses
- Review of Special Funds
- Tier 4 Student UKVI Compliance
- Staff Expenses
- Scholarships/Bursaries/Discounts/Fee Waivers

Annual Workshop

- 9.11 The Committee held its Annual Workshop on 4 February 2016. This provided an opportunity for Committee members and attendees, including the External Auditors, to reflect on a number of important matters in a less formal setting than the regular business meetings. The Committee held strategic discussions on a range of topical audit issues, including: implementing the Finance Management System (FMS) and the development of the Student Information Management System (SIMS), a session (facilitated by the External Auditors) on Cyber-security and the latest external threats and developments and the detailed preparations for the implementation of a revised SORP from 31 July 2016. The Committee also took the opportunity to review its own effectiveness and its Terms of Reference. Changes to the Committee's Terms of Reference were approved by the University Court on 5 May 2016.

10 OPINION

- 10.1 On the basis of the information presented to the Committee by the University management, IAS, Ernst & Young and other sources, and the discussion and review of that information within these groups, it is the Audit Committee's view that the University's arrangements for:

- a) Risk management;
- b) Internal control;
- c) Corporate governance; and
- d) Economy, efficiency and effectiveness (VfM)

during the year 2015-16 are adequate and effective and can be relied upon by the Court.

- 10.2 The Committee is satisfied that, during 2015-16, the University has complied with and applied the principles set out in the Scottish Code of Good Higher Education Governance.
- 10.3 The Committee is also satisfied that the Governing Body's responsibilities, as defined in the Statement of Primary Responsibilities of the University Court in the Financial Statements, have been satisfactorily discharged.

Ms Gillian Hastings
Convener of the Audit Committee
November 2016

Appendix 1: Terms of Reference

Audit Committee

Terms of Reference

1.2.7 The Audit Committee reports to the University Court and oversees the arrangements for external and internal audit of the University's financial and management systems and the activities and processes related to these systems. The specific duties of the Audit Committee shall be to:

- (a) keep under review the adequacy and effectiveness of the University's corporate governance arrangements, and its financial and other internal controls systems, including in particular the system of risk management, and to provide an opinion annually to the Court on these matters
- (b) consider the effectiveness of the University's arrangements for the prevention, detection or investigation of questions of fraud or other financial irregularities and be notified of any actions taken in line with such arrangements
- (c) advise the Court on the appointment of the external auditors, the audit fee, and any questions of resignation or dismissal of the external auditors
- (d) discuss with the external auditors, before the annual audit begins, the nature and scope of the audit
- (e) discuss with the external auditors any issues and reservations arising from the annual audit, including a review of the management letter, incorporating management responses and any other matters the external auditors may wish to discuss
- (f) to review and approve policy on the engagement of the external auditors to supply non-audit services
- (g) monitor annually the performance and effectiveness of the external auditors, including any matters affecting their independence or objectivity, and make recommendations to the Court concerning their reappointment, where appropriate
- (h) consider and advise the Court on the criteria for the selection and appointment of the Head of the Internal Audit Service
- (i) review and endorse the Internal Audit Service's draft assurance strategy and annual plans; consider major findings of internal audit reviews and management's response and be satisfied that appropriate action is taken
- (j) monitor the implementation of agreed audit-based recommendations
- (k) consider if the resources made available to the Internal Audit Service are sufficient to meet the University's needs and make recommendations to the Court, if appropriate
- (l) promote co-ordination between the internal and external auditors
- (m) consider the impacts of reports or guidance issued by relevant external bodies, including the Scottish Funding Council, and make recommendations to the Court, where appropriate
- (n) review the annual financial statements, prior to submission to the Court, in the presence of the external auditors and alongside the auditors' formal opinion, the Management Letter and the Statement of Corporate Governance and Internal Control, in accordance with the Scottish Funding Council's accounts direction
- (o) to monitor and be satisfied that suitable arrangements are in place to promote economy, efficiency and effectiveness (value for money) in the management of the University's resources
- (p) consider such other topics as may be remitted by the Court from time to time

Composition

1.2.8 The Committee shall consist of no fewer than four lay members of the Court, of whom one shall be Convener. At least one member shall have recent relevant experience in finance, accounting or auditing. The Committee may co-opt up to two further members, either lay members or individuals external to the University, for a period of time to be determined by the Committee.

Quorum

1.2.9 There shall be a quorum at any meeting of the Committee when not less than half of the members and at least two lay members of the Committee are present. In the absence of a quorum no business shall be transacted other than the adjournment of the meeting.

Approved by Court: 5 May 2016

Paper O

MATTERS TO BE NOTED FROM THE STAFF COMMITTEE MEETING HELD ON 10 OCTOBER 2016

The following items are provided for Court's information.

STRATEGIC RECRUITMENT

1. The Director of Human Resources reported that the 2016 Strathclyde Chancellor's Fellowship Scheme was about to be launched, with the aim of appointing 20 exceptional early career academics. Previously the Scheme had performed well in relation to the international mix of applicants, but, given that this was the first major campaign since the Brexit referendum decision, there would be a more focussed use of social media and networking tools in order to attract applications from a wide international pool.

EMPLOYEE RELATIONS

2. The Director of Human Resources reported that, following the conclusion of the national pay negotiation process between UCEA (the Universities and Colleges Employers' Association) and the national Trade Unions for the academic year 2016/17, the Trades Unions continued to be in dispute over the final pay offer of 1.1% on all pay points. UCU had participated in three days of strike action prior to the summer and its members continued to take part in action short of strike action. The impact of both the strike days and the action short of strike action had been minimal. In relation to the other Unions, UNISON had received a slim mandate for strike action in a national ballot but had determined not to take action. Unite had voted against strike action and EIS members had agreed to action short of strike action.
3. Despite the Trade Unions' continued dispute, UCEA had instructed its members to apply the pay increase with effect from 1 August 2016; at Strathclyde this was paid to staff in September.

PROFESSORIAL ZONING

4. The Deputy Director of Human Resources reported that, following a robust review process, the University Panel had met in September and had confirmed the final zones in which Professors would be placed. Pay modelling was now underway with pay decisions to be agreed by the Executive Team during November and final outcome letters being sent to Professors thereafter.

STRATHCLYDE AS A SOCIALLY PROGRESSIVE EMPLOYER

5. The Director of Human Resources reported that since the last meeting of Staff Committee, the Values Medals Award Ceremony had taken place, recognising the contribution of 13 individuals and 9 teams across the University. The event was a great success and was well attended by staff and their families.

BUSINESS IMPROVEMENT

6. The Director of Human Resources was delighted to report to Staff Committee that the Business Improvement Team had won the Times Higher Education Leadership and Management Award in the category 'Outstanding Administrative Team'.

SH/GS/CS
16.11.16

Report to Court from Estates Committee

The Estates Committee met on 24 October 2016 and the following items were discussed:

For information:

1. The Place Business Case – Executive Summary

Due to the nature and scale of the investment required for this development, the Director of Estates Services presented a draft Business Case for consideration by the Committee, to gain feedback on its structure and content prior to a Final Business Case being presented for approval. This project incorporates three individual elements, namely outstanding teaching and learning facilities, a one-stop shop for Student Services and integrated facilities for USSA. The business case had been developed following extensive consultation with staff and students and visits to other institutions with similar facilities.

The Committee considered a presentation which detailed the benefits to students of the proposed development, the transformation it would bring in terms of teaching and learning accommodation and the benefits for the University estate as a whole. The presentation detailed the impact on the teaching portfolio and the reasons why this investment was needed now. This project would help to realise the goal of increasing income from student numbers and would provide a step change improvement in the quality of the learning environment. One of the aspects which was highlighted was the need to encourage students to stay on campus throughout their learning day; by providing the facilities for what is termed the 'sticky campus' including flexible learning environments, support services and a social environment, all embracing the latest technology and the latest pedagogy. Further benefits of the proposal included extended opening hours, an increase in space capacity and consolidation of teaching activity, particularly for evenings and weekends. The development would be realised in conjunction with the Heart of the Campus project, adjacent to the Rottenrow Gardens site.

The Committee made a number of comments on the draft Business Case, all of which will be addressed in the Full Business Case which will come back to Estates Committee on 17 January 2017 for Approval.

2. Martha Street Car Park

The Director of Estates Services provided an oral update on this item. It was reported that the further discussions, which took place with the developer following the last meeting, had failed to reach an agreement. Subsequently the developer had submitted a planning application to Glasgow City Council for a scheme which excluded the plot of land owned by the University. It was noted that the proposal included plans for a seventeen storey student residence block.

The Committee was advised that the University would lodge a formal objection to the planning application and has engaged Savills to assist in preparing this. In the interim the Director of Estates Services would hold discussions with the developer and the Council regarding the basis of the objections. The scale of the development, and its juxtaposition alongside a number of listed buildings in the locality, would form the main basis of those objections. The Committee also considered that the proposal for residences within the development would add to the anticipated overprovision of student residences within the city.

The Committee stressed its desire that this development be opposed using a robust legal narrative and that the advice of planning lawyers be sought within the 28 day response window.

3. Campus Maintenance Strategy Overview

The Committee considered a report on the current strategy for the campus. Details were provided of the various categories of maintenance undertaken, the current condition of the estate and the investment profile. It was noted that operating costs were increasing annually as the campus developed and as buildings become more complex.

It was reported that, following sector-wide discussions with the Scottish Government and the Scottish Funding Council regarding the significant levels of maintenance backlog across the Scottish HE sector, additional funding has been allocated to the sector to target this issue. The Scottish Funding Council has allocated £23M for 2016/17 to support the maintenance of the HE estate across Scotland. The £23M must be spent on capital maintenance in financial year 2016/17 and the Scottish Government expects universities to match fund that £23M capital investment.

The split of this additional funding has been allocated across institutions based on block grant funding and as a result the University will receive an additional £2.3M. It was confirmed that the University has allocated the required match funding from within the Capital Investment Plan (CIP) and the Director of Estates Services confirmed that the money could be expended within this financial year.

The Committee **noted** the Maintenance Strategy and **approved** the expenditure of the additional Scottish Funding Council grant of £2.3M for 2016/17, with matched funding to be provided from the Capital Investment Plan.

4. Combined Heat & Power District Energy Network (CHP)

A comprehensive tender submission has been received from one of the most experienced contractors in the delivery of district heating energy networks within the UK. The tender submission had been reviewed in significant detail and purified in respect of both technical and financial matters. The outcome of this exercise provided a recommendation for appointment of the contractor for the delivery of a 3.3MW engine and a capacity of 24MW boiler plant. The contractor's design includes future flexibility for a Phase 2 to be connected at a later date and for the system to be extended to the wider campus and beyond.

This requirement for future flexibility had entailed an increase in the project budget from £16.2M to £19.2M, approval of which was submitted to Court on 6 October 2016. Following the acceptance of the tender, the contractor would be appointed to deliver the project with an anticipated site start date of November 2016.

5. Sports, Health and Wellbeing Building

It was reported that the tender returns were under budget, which allowed the approved project budget to be revised downwards from £33M to £31M. The enabling works package to provide hoarding and fencing around the site had been completed. The hoardings would be fitted with signage publicising the project. This signage is being overseen by the Office of Marketing and Communications.

The main Contractor would commence on site on 7 November 2016.

6. Patrick Thomas Court

The Committee was advised that Jones Lang le Salle had commenced marketing the site the previous week and the first group viewings had taken place. Depending on the level of interest, it was planned to target a closing date for bids by the end of November 2016.

7. Ramshorn

USSA has expressed an interest in the property and is developing a proposal for consideration. It has been made aware of the investment that would be required and the ongoing property costs.

AL 5/11/16

**MATTERS TO BE NOTED FROM STRATEGIC MARKETING GROUP
MEETING HELD ON 1 September 2016**

1. Strathclyde Business School – Marketing Focus

The group were given an update on the marketing activity of the Strathclyde Business School by the School's Marketing & Student Recruitment Manager.

The group were particularly interested in the fact that the SBS marketing and student recruitment team have been operating together for 4 to 5 years which has resulted in increased consistency in approach. Decisions are no longer made at departmental level enhancing the handling of application and conversion activity.

In the current recruitment cycle, improved conversion has resulted in the numbers being up by 20% without losing any quality of students

2. League Tables

The Acting Director of Strategy and Policy gave a background to league tables in higher education and Strathclyde's recent performance in UK and international tables. She explained that a working group has been established to enhance Strathclyde's performance. Strong performance in the NSS is critical to improved UK league table rankings.

International rankings have 2 key areas – citations and publications measures. The Strategic Plan has a KPI reflecting citations which is a long term gain and we have made progress towards this.

The area of submission of academic peers for the reputational surveys should be taken forward by faculty colleagues with Strategy and Policy to ensure the correct people are being targeted globally for this crucial aspect of table compilation.

3. Brexit and Higher Education

The Director of Marketing and Communications presented a paper outlining the University's institutional response in relation to Brexit and what it may mean for staff, students, mobility and research funding. He updated SMG that an EU Working Group has been formed and is working with Universities Scotland and Universities UK on shaping policy.

4. Student Recruitment Update

The Director of Marketing and Communications reported that 2016 had been a positive year with overall numbers up and targets being met in all student categories. Strong collaborative working has been a factor in the improved figures and this is the first time it has worked this way with central and Faculty teams working together. The sharing of best practice shared has generated good numbers. Disaggregated targets proved to be a helpful focus where marketing pushes are required and the development of the application tracker allowed for very detailed analysis and interventions.

5. SMDG – Progress Report

The Director of Marketing and Communications updated the group on significant areas of progress around social media engagement and media profiling. In particular, he drew attention to the success of

the media team in significantly increasing the Fraser of Allander's media profile since the appointment of Professor Graeme Roy.

The group welcomed this and encouraged yet more media engagement from the academic community and noted that media training – both in house and contracted – is offered to support academic engagement.