

MINUTES OF UNIVERSITY COURT
18 June 2019

Present: Ronnie Cleland (Vice-Convener), Professor Sir Jim McDonald (Principal), Professor Scott MacGregor (Vice-Principal), Kerry Alexander, Dr Jeremy Beeton, Dr Archie Bethel, Kayla-Megan Burns, Amanda Corrigan, Matt Crilly, Paula Galloway, Alison Culpan, Dr Kathy Hamilton, Gillian Hastings, Councillor Ruairi Kelly, Susan Kelly, Dr Neil McGarvey, Dr Jane Morgan, Marion Venman, Malcolm Roughead, Gillian Pallis, Brenda Wyllie

Attending: Professor Tim Bedford, Professor Douglas Brodie, Hugh Darby, Sandra Heidinger, Professor David Hillier, Dr Veena O'Halloran, Professor Atilla Incecik, Rona Smith, Professor Iain Stewart, Steven Wallace, Dr Daniel Wedgwood, Karen Boyle (item 4 only), Kirsteen MacLeod (items 5 and 6 only), Manish Joshi (item 9 only).

Apologies: Dame Sue Bruce, Dr Katharine Mitchell, Heather Stenhouse.

Welcome and apologies

The Vice-Convener presided at the meeting in the Convener's absence. He welcomed Court members and attendees to the meeting and noted the apologies received. The Vice-Convener extended a particular welcome to Kayla-Megan Burns, who was attending her first meeting as a newly-appointed student member of Court, and to Steven Wallace, who had recently joined the University as Chief Financial Officer.

1. Minutes of the meeting held on 2 May 2019

Court **approved** the minutes of the meeting held on 2 May 2019 and **noted** the record of the strategy session and stakeholder meeting.

2. Matters arising

There were no matters arising.

3. Principal's Report

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

University dinner

This had been a very successful event and an opportunity to celebrate recent successes. The Principal recorded thanks to the Director of Marketing & Communications and the Events team.

STELAR and SADE awards

The inaugural Strathclyde Executive Leadership (STELAR) Awards had been awarded on 31 May at a ceremony held in the Technology & Innovation Centre (TIC). The awards recognise the achievements of Strathclyde alumni who succeed in senior leadership roles in business, industry and in the public sector. In addition, the 2019 Strathclyde Academy of Distinguished Entrepreneurs Award (SADE) had been awarded to Dr Susan Aktemel, Founding Director of Homes for Good (Scotland).

Graduations

Graduation ceremonies would run from Wednesday 19 June to Friday 28 June. The Principal noted that the Chancellor, Lord Smith, was among those due to receive honorary degrees in this session, in recognition of his substantial and continuing service to the University.

The Principal had officiated at Children's University Scotland graduations in the University's Barony Hall on 29 May. More than 200 children aged between five and 14 years old had taken part. The Principal noted that this was an important opportunity to communicate with parents as well as young people themselves regarding the value and accessibility of a university education.

The Children's University ceremony had been used as a backdrop for BBC reporting on widening access (WA). The Scottish Funding Council's latest report on WA showed that Strathclyde had increased its number of entrants from the 20% most deprived areas of the country such that one in eight young, full-time Scottish entrants to higher education from a relevant disadvantaged background studied at Strathclyde.

Honours and awards

Professor Graham Wren, Special Adviser to the Principal, had been appointed an Officer of the Order of the British Empire (OBE) in The Queen's Birthday Honours List, in recognition of his services to Education, Science and Engineering.

The TIC had won two awards: the Lord Provost's Award for Business and Enterprise and the Best Academy Venue award at the annual CHS (Catering & Hospitality Show) Awards, from among a crowded field of UK university venues.

Government engagement

The Minister for Further Education, Higher Education and Science, Richard Lochhead MSP, had visited the University in early May for a Young Chemical Ambassador's event. The day had been specifically designed for pupils with additional support needs, through simple adaptations to mainstream materials, to make science education more inclusive. The Minister visited again on 14 May to visit the site of our Learning & Teaching building, a demonstration of how institutions like Strathclyde can benefit from Financial Transactions funding (low-interest Treasury-backed loans provided through the Scottish Government).

Dr Liam Fox, Secretary of State for International Trade, had been on campus and met with the Chief Commercial Officer on 24 May, when the Glasgow City Innovation District (GCID) was the venue for the Department of International Trade's 'Exporting is Great' roadshow. GCID had been selected as the host of a wide range of organisations working in the energy sector.

The Principal had recently co-chaired with the First Minister a meeting of the Scottish Energy Advisory Board.

Industry engagement

The Lightweight Manufacturing Centre (LMC) was to open later in June and would be the first new part of the National Manufacturing Institute for Scotland (NMIS). The process had been started to recruit to up to 40 research and development engineer positions, spanning a wide range of technical areas and career stages, to contribute to the establishment and growth of NMIS, including the LMC and the Advanced Forming Research Centre.

UK exit from the EU

The University's Business Continuity Group had been re-convened and would continue to meet, in the light of the raised risk of a 'no deal' exit from the EU. The wider Strathclyde EU Exit Working and Advisory Group also continued to meet to ensure that key Professional Services and Faculty staff had a forum for discussing Brexit-related issues and actions.

The UK Government had announced it would maintain 'home' status for EU students entering higher education in 2020-21 for the duration of their studies, mirroring a commitment that had already been announced by the Scottish Government. The University would continue to engage with the SFC, Universities Scotland and others on relevant policy.

CESAER activity

The CESAER Presidency had recently met in Glasgow, giving visiting members the opportunity to visit Strathclyde research facilities. The meeting had considered critical EU Commission activity and progress against the CESAER work plan. There had been clear shared will to continue to promote and pursue collaboration.

Augar review

The Augar Review of Post-18 Education in England had been published on 30 May. The Review made 53 recommendations to Government, which were wide-ranging. The most widely reported recommendation was to reduce tuition fees in England from £9,250 to £7,500 per year. If adopted, Scottish universities would be likely to have to lower headline annual fees for RUK students accordingly, resulting in a potential loss of tuition fee income. It was unclear whether the Scottish Government would make up any shortfall in this scenario.

Another high-profile recommendation was reinstatement of student maintenance grants in England. This might provide an opportunity for the Scottish Government to reconsider levels of financial support to students in Scotland.

Staff update

The Principal welcomed Steven Wallace to the post of CFO and recorded thanks to Hugh Darby for his contributions as Acting CFO. Sandra Heidinger had been appointed Chief People Officer, following Court's approval of the creation of this role in March. The Vice Dean (Academic) for the Faculty of Science Debra Willison, had been promoted to become the University's first Professor of Learning & Teaching. The University had also created the post of Legal Counsel to the University and appointed Louise McKean to this role.

Values survey

The regular Values Survey for all staff had been issued by email on 10 June. The survey was intended to assess how well Strathclyders felt the institutional values were being implemented and adhered to at the University and to seek ideas on additional actions the University could take.

Pensions

At the national level, there continued to be uncertainty around future arrangements in the USS pension scheme. Following extended dialogue and consultation on options, the sector was currently awaiting a response from the USS trustee on likely next steps. It was likely that employer and employee contributions would rise significantly at least in the short term, but work was continuing to find mutually acceptable longer-term solutions. Strathclyde's position had remained consistent throughout the process.

Research funding

The Principal noted excellent recent performance across the University in winning large research grants and gave examples from all of the Faculties. Many of these involved EU funding, showing the importance of the UK's continued involvement in the EU research funding framework.

4. Alumni & Development

The Head of Alumni & Development gave a presentation on major donor relationships with the University and the University's strategy. The presentation included examples of individual donors, foundations and corporate partners, noting the different ways of fostering their respective relationships with the University appropriately. A number of different outcomes were exemplified, including direct funding of undergraduate and postgraduate scholarships, research grants and funding of research fellows, entrepreneurship support and donations to the alumnus fund.

Court **noted** the presentation.

5. Q3 Business Report 2018/19

The Director of Finance and the Director of Strategy & Policy presented the Q3 University Business Report for 2018/19.

[Reserved] Actions taken in the interim had led to revisions of projected income and exerted firm control of costs. Cash balances were significantly higher than anticipated, largely as a result of re-profiling of estates activity.

While costs had been carefully managed, some costs had unavoidably risen due to external factors, including in relation to pensions. It was noted that the University would be required to report the USS pension position as at 31 July in its accounts. This could potentially give an inflated impression of pension costs, since the accounts could not reflect any subsequent resolution at national level of current discussions regarding the USS pension scheme, which could significantly reduce the University's pension contribution costs after the year end. Should such a resolution be achieved earlier than 31 July, this would be reflected in the accounts.

Total income was slightly down relative to budget. Within this, tuition fee growth was slightly below target, but still showed strong performance. Growth in external research funding was strong: the awarded value at Q3 already stood at a higher level than the total for the previous year.

Growth in international research postgraduate (PGR) recruitment had led to a change in categorisation of the PGR international recruitment KPIs from red to amber. It was expected that international PGR numbers would ultimately approximate the targeted level for the year. **[Reserved]** Overall, student recruitment showed sizeable year-on-year growth; the University's emphasis at this stage was on the conversion of applications to acceptances. International demand, in particular, was strong and was expected to be converted into additional students in key growth areas.

There had been a reduction in retention of students from widening access (SIMD0-20) backgrounds in 2018-19 (2017-18 entrants). This followed a significant increase in admissions of students from these backgrounds in 2017-18. Further analysis suggested that the increase in withdrawals was most notable amongst low entry tariff STEM entrants; no evidence had been found that this was part of a multi-year trend.

In subsequent discussion, Court members enquired as to the financial impact should the sector's preferred option with respect to the USS pension be implemented. Members were informed that current modelling suggested a substantial reduction in accounting liabilities as at 31 July 2019, relative to those triggered by the use of the 2017 USS valuation, as represented in current accounting. However, this modelling rested on a number of significant assumptions.

Members asked what proportion of students from SIMD0-20 backgrounds received financial support. The Director of Strategy & Policy undertook to provide this information. It was noted that the reasons for any individual student's withdrawal from studies could be complex and/or difficult to identify.

Court **noted** the Q3 Business Report.

6. 2019/20 Budget, Financial Forecasts and Annual Plan

The Director of Finance delivered a presentation which focused on the budget and forecasts for 2018/19, noting that the annual plan was provided for information, in compliance with the Scottish Code of Good Higher Education Governance.

Significant increases in income and expenditure were forecast, on the basis of which the University was maintaining ambitious investment targets. Aggregated forecasts for both income and expenditure were in line with targeted progress towards the University's 2025 vision. These included a significant increase in tuition fee income over the forecast years, mostly from international (non-EU) students. This projection was supported by current trends in applications and offer rates, as aggregated from current Faculty data. The University's cash position was forecast to remain satisfactory and cash flow to remain within the contractual conditions of the University's European Investment Bank loan.

The forecasts showed a notable degree of year-on-year fluctuation in capital grant income, which followed in large measure from accounting requirements set out in the FRS102 accounting standard. These recording requirements were largely responsible for the small deficit projected for 2020-21. Given the range of this forecasting, there remained adequate time to take measures to reduce or reverse this projected deficit. Relatedly, a substantial increase in capital grant funding was anticipated in 2021-22, as a result of funding associated with NMIS, currently forecast to be recognised in a single year under FRS102 requirements.

The Treasurer commented that, although the budget projected a relatively low operating surplus, this was a reflection of the University's level of ambition. The successful re-balancing of the budget between Q2 and Q3, in addition to regular delivery of targets in previous years, enabled Court to have confidence in recommending the budget. Overall, investment ambition was appropriately balanced with budgetary control.

The following points were raised in subsequent discussion:

- The Principal made clear the importance of progressing with current strategic ambitions in order to further strengthen the University's position in an increasingly competitive and challenging external environment and decrease its reliance on public funding. Staff engagement sessions had shown that confidence was high and there was a strong sense of shared vision across the University. However, it would be crucial to avoid complacency.
- National commitments to minimising carbon emissions could potentially impact the University. It was noted that the University already made significant contributions to reducing carbon emissions and would continually look for further ways to do so, on its own account and in partnership with others. The University's CHP plant was one example of this and district heating benefits could possibly be extended to neighbouring organisations. The University and the Students' Union were working closely together on sustainability issues. The University's commitment to further the UN Sustainable Development Goals also provided an important framework for work in this area. In some cases, the University's contributions to the sustainability agenda might also bring commercial opportunities.
- A well-positioned university like Strathclyde might investigate novel models of financial backing. It was noted that the arrival of the new CFO provided an opportunity to explore such questions, as well as to investigate opportunities for new modes of financial reporting and intervention to provide additional levels of control and reassurance.
- The budget included specific mention of the National Centre for Prosthetics & Orthotics. This depended on support from the Scottish Government. The University would continue to discuss this with the government and SFC.
- The University balanced the increase in student numbers with strenuous efforts to maintain educational standards. This was crucial to maintaining the University's reputation and also helped to create a virtuous circle, students who thrived in a high quality educational setting becoming advocates for the University and helping to attract other high-calibre students.

Members discussed further the potential financial impact of changes to the USS pension scheme and to what extent the budget reflected this risk. It was noted that to calculate the potential impact, the University employed models developed by the British Universities Finance Directors' Group that were used throughout the UK sector and that these involved an appropriately cautious and balanced set of assumptions.

Court **approved** the budget, forecasts and annual plan.

7. Glasgow City Innovation District – outline business case

The Chief Commercial Officer (CCO) delivered a presentation which focused on the TIC Zone within the GCID.

The TIC had been very successful, attracting an unrivalled set of innovation organisations into the GCID, including multiple catapults and SFC-backed Innovation Centres. The TIC and Inovo buildings had also stimulated company investment into the district, increasing and intensifying industrial collaboration.

[Reserved] Plans for expansion of the TIC Zone with the construction of TIC2 and Inovo2 buildings were being developed in this context of a strong track record and strong demand. A

feasibility study had been completed. The next phase of design, for which Court's approval was sought, would be integral/critical to developing the full business case for this expansion.

An expanded TIC Zone would allow the University to capitalise on its successful model of industrial collaboration focused on clusters of competitive advantage, each of which now had a dedicated lead and strategy and which were well placed to take advantage of major sources of innovation-related funding, such as the UK Industrial Strategy Challenge Fund. Developing the University's innovation activities in this way formed a key part of the 2025 vision.

The CCO outlined the intended mixed funding package and key staging points in engagement with partners, but emphasised that any further expenditure would follow approval of the full business case, at a future date.

It was also noted that the design stage work and related funding for which Court's approval was sought was dependent on support from key partner organisations, which were considering the proposals in parallel.

Court **approved** the proposal to tender for all remaining stages of the Design Team Services up to completion and handover for the TIC West and TIC East; and for the release of funds for the next concept design stage.

8. Renewed University Investment Fund

The CCO presented a proposal seeking allocation **[Reserved]** over five years to extend an existing fund to allow investment in spin-outs and other companies with an appropriate connection to the University.

Investment of the initial fund **[Reserved]** had resulted in positive returns for the University and good survival rates for the businesses invested in. The renewed fund would enable support of the existing portfolio while allowing diversification of the University's investments.

In line with the recommendations of the Enterprise & Investment Committee and Court Business Group, the CCO noted that if the **[Reserved]** were invested within the five-year window, an additional request could be put to Court, along with evidence of returns on a successful investment strategy. Therefore, the current request was expressed as an allocation of funding for investment of a maximum period of five years.

Court **approved** the allocation **[Reserved]** or future investment in spin-out and other relevant companies.

9. University of Strathclyde Students' Association 2018/19 Budget

The CEO and President of the University of Strathclyde Students' Association (USSA) presented the USSA budget for 2019/20.

This was presented as a budget for stability and maintenance of service levels ahead of the expected step-change in commercial opportunities the following year, with relocation of the Union to the new Learning & Teaching building.

USSA was also seeking to diversify its funding streams and to offer new services on this basis.

Subsequent discussion centred on the importance of regular communication between USSA and the leadership of the University and on the financial controls in place to manage the budget in-year. It was noted USSA had worked with external agencies to enhance financial and oversight processes, ensuring improved awareness and responsiveness to financial issues.

Discussion also touched on the growing demand for pastoral care services for students. It was noted that relocation to the heart of the campus could bring more demand for such services to USSA but also presented opportunities to provide services in new ways, especially given the co-location of the student Union with University student services. This was recognised to be an area in which the University and USSA had shared responsibilities and challenges.

Court **approved** the USSA budget.

Items for formal approval

10. Court and Committee Membership 2019/20

The USCO presented this paper, which sought approval or endorsement of a series of recommendations from Court Membership Group (CMG). The paper also served as CMG's report to Court from its meeting of 7 June 2019.

Court

- **approved** the appointment of Stephen Ingledew and Peter Young to membership of the University Court for an initial one-year term;
- **approved** re-appointment of Brenda Wylie as a lay member of Court for a three-year term;
- **approved** the renewal of Dame Sue Bruce's term of office as Convener of Court for a further three years;
- **elected** the Convener's nominee, Paula Galloway, to the position of Vice-Convener of Court for a two-year term;
- **re-elected** the Convener's nominee, Gillian Hastings, to the position of Treasurer for a three-year term;
- **endorsed** the establishment of the position of Senior Deputy Convener and the Convener's nomination of Ronnie Cleland to this role;
- **approved** Ronnie Cleland's continued membership of CBG and Remuneration Committee, with a change of role to 'appointed lay member of Court' in each case; and
- **approved** amendment of Regulation 1.2.20 to allow for an additional co-opted lay member of Enterprise & Investment Committee.

11. Re-appointment of the Vice Principal

The Vice-Convener invited the Principal to comment. The Principal gave a summary of Professor MacGregor's qualities and achievements in the role of Vice-Principal and warmly commended him to Court, echoing the recommendation of the panel that had considered the present proposal to re-appoint.

Court **approved** the renewal of Professor Scott MacGregor's appointment as the Vice-Principal for a period of five years with effect from 1 October 2019.

Items for Information

12. Governance arrangements: implications of the RGU/SFC lessons learned report

The University Secretary & Compliance Officer (USCO) briefly summarised the nature of the RGU/SFC report and noted that the primary purpose of the paper was to inform Court of work in hand to consider the implications of the report and effect any appropriate changes to governance practices that might be identified as a result.

Court **noted** the paper.

Health & Safety moment

[Reserved]

Committee Reports

Court received and **noted** the following committee reports, except where otherwise indicated:

13. Executive Team

14. Senate

Court **approved** the establishment of two distinct Directorates: Directorate of Student Experience, and Directorate of Education Enhancement.

15. Court Business Group

16. Audit & Risk Committee

17. Enterprise & Investment Committee

18. Estates Committee

[Reserved]

19. AOB

Court dinner

The USCO noted that members would shortly be contacted regarding possible new dates for the postponed Court dinner.

Court survey

The annual survey would be issued soon, giving members the opportunity to give feedback on any aspects of Court business. The Vice-Convener encouraged all members to complete the survey and noted that the Convener wished to hold individual meetings with Court members after the survey results had been processed.

Departing lay members

The Vice-Convener expressed the University's gratitude to Jane Morgan and Kerry Alexander, who were stepping down from their roles as lay members of Court. The University would continue to benefit from their expertise, since they would remain as, respectively, a Visiting Professor and a co-opted member of Audit & Risk Committee.

Date of next meeting

Tuesday 1 October 2019, 10.00-13.00, Court Senate Room, Collins Building.

Daniel Wedgwood, June 2019