



MINUTES OF UNIVERSITY COURT

22 June 2023

Court-Senate Room, Collins Building, Richmond Street, Glasgow

Present: Dame Sue Bruce (Convener), Paula Galloway (Vice-Convener), Professor Sir Jim McDonald (Principal), Professor Scott MacGregor, Neelam Bakshi, Virginia Beckett, Elaine Blaxter, Linda Brownlow, Melfort Campbell, Andrew Eccles, Gillian Hastings, Stephen Ingledew, Mary Jo Jacobi, Justyna Kardasz, Susan Kelly, Lewis McDermott, William McLachlan, Malcolm Roughead, Fiona Salzen, Professor Jan Sefcik, Peter Young

**Attending
by videolink:** Malcolm Roughead

Other Attendees: Professor Tim Bedford, Professor Douglas Brodie, Gillian Docherty, Dr Stuart Fancey, Professor Duncan Graham, Professor David Hillier, Beth Lawton, Louise McKean, Lucy Noble, Wesley Rennison, Professor Ian Rivers, Gordon Scott, Eva Curran, Dr Daniel Wedgwood, Professor Tracy Morse, Head of Centre for Sustainable Development (Item 6), Emma Fair (item 7)

Apologies: Councillor Richard Bell, Professor Jonathan Delafield-Butt

Welcome and apologies

The Convener noted apologies as above and welcomed Court members and attendees to the meeting, extending a particular welcome to Eva Curran, the incoming President of the Students' Association, who was attending as an observer, prior to joining Court in the academic year 2023/24.

Declaration of interest

None.

1. Minutes

Court **approved** the minutes of the meeting held on 3 May 2023.

2. Matters arising

There were no matters arising, other than those covered in the main agenda.

3. Principal's Report

The Principal welcomed members and updated Court on recent developments, including the following:

- A Strathclyde student, Suleman Dawood, was, along with his father, one of the passengers on the submersible that, at the time of the meeting,¹ was lost in North Atlantic and subject to high levels of media attention. The University was providing support to staff and students who knew Mr Dawood or were otherwise affected by the situation.
- The University had recently received a number of significant visitors, including the Presidents of a number of leading international universities, the Consul General of the USA and ambassadorial representatives from China and Ireland. The University had also held very positive discussions with

¹ Minute note: The deaths of those on board the submersible were announced shortly after the meeting. A statement was issued by the Principal expressing sorrow on behalf of the University community and condolences to Mr Dawood's family and friends.

the UK ambassador to Saudi Arabia, who had noted Strathclyde's work in the region, including a new partnership with a women's university.

- Reflecting on the year as a whole, on the occasion of the last Court meeting of the academic year, the Principal highlighted the University's excellent REF results, noting that work had already begun on preparations for the next REF, a framework for which would be shared with Court at start of next session;
- On 21 June, the First Minister, Humza Yousaf, had attended a ceremony to officially open the National Manufacturing Institute Scotland (NMIS). A range of other senior delegates from across industry, academia, and the public sector had also attended for the opening of the facility that would help to position Scotland and the UK as a globally competitive location for research, innovation and high-quality talent for advanced manufacturing, across multiple sectors including aerospace, renewable energy, photonics and transport.
- The Scottish Government had recently launched Scotland's National Innovation Strategy. The Principal had been co-chair of the Steering Group for this strategy, which had included entrepreneurs, industry experts, academics, business leaders and investors. Strathclyde's significant innovation activity, including its role in the Glasgow City and Advanced Manufacturing Innovation Districts, had been influential in the development of the strategy.
- Summer graduations were underway, with 18 ceremonies due to involve around 3,600 graduands. Owing to the UCU union's marking and assessment boycott, approximately 260 students would graduate with an initially unclassified degree. Classifications would be awarded in due course and concerned students had been reassured of this. The Principal recorded his gratitude towards all staff who had worked to manage and mitigate the impact of this industrial action on students, in particular Dr Lizann Bonnar, Vice Dean Academic in the Faculty of Humanities & Social Sciences.
- The summer graduations followed the first graduation ceremony for the new Young Strathclyder programme. This had taken place in May, with more than 300 young people graduating, in the presence of 200 parents and carers. The Principal thanked Court members who had taken part in that event and those who had committed to attending the main graduation ceremonies.
- Senior members of University staff and members of Court had recently been appointed to a number of prestigious positions, including:
 - the appointment of Stephen Ingledew as an independent non-executive Board member of the Centre for Finance Innovation and Technology; and
 - the appointment of Professor Stephen McArthur, Executive Dean of Engineering, to the Board of Scottish Enterprise.
- Strathclyde had risen in the rankings of the UK-wide Complete University Guide, standing at 31st out of 130 institutions in the UK, and fourth in Scotland, in the 2023 edition of the rankings. In the 2023 Times Higher Education Impact Rankings, which assessed universities for their contribution to achieving the United Nations' Sustainable Development Goals, Strathclyde was ranked joint 36th in the world out of 1,591 institutions. While the University did not target external rankings, these positive results were a welcome reflection of Strathclyde's activity, as led by its values and strategy.
- The University continued to implement socially progressive policies and practices, including
 - the launch of a revised Family Friendly Research & Scholarship Leave Policy to better support academic staff returning from parental leave and, as a result, promote gender equality in academic careers;
 - Carers' Week, an annual campaign to raise awareness of caring and encourage those with caring responsibilities to access support;
 - the re-launch of the Dignity & Respect Adviser Network within the wider Strathclyde Safe360 safeguarding framework; and
 - the commencement of pilot departmental wellbeing reviews.

The Principal invited the University Compliance Officer to inform Court of the University's decision to apply for commercial registration of a 'with limited liability' corporate entity in Bahrain. The University was in negotiations regarding a potential educational and innovation partnership in Bahrain. Establishing a corporate entity there would enable an application to be made for certification to deliver higher education, which would be required if the proposed partnership were to proceed and which had a significant lead time. Court would be involved in any definitive decision to proceed with the partnership. Creation of the corporate entity was therefore a preparatory step that would allow the project to meet required timescales if pursued. The entity could be dissolved if the wider project were to be discontinued.

Following the Principal's Report, members discussed the degree to which the University was being encouraged to re-assess collaborative activity with the People's Republic of China, given concerns expressed by some Western governments. It was noted that the University was required to comply with strict export controls and other constraints under the 'Trusted Research' agenda and was taking a leading role in looking beyond compliance in these areas. Within these constraints, and the University's own values-based approach, the University wished to pursue legitimate and constructive collaboration across the world, both to advance scientific and educational aims and to help maintain positive engagement across international borders. The University would continue to engage with sector bodies and government agencies to ensure that such engagement was conducted responsibly and in such a way as to protect the University's reputation and staff and to provide ample reassurance to all partners.

4. Business Report, Q3 2022-23

The Acting Chief Financial Officer presented the core financial data from the Business Report 2022-23 and financial forecasts. Decisive action taken since the Q2 forecasts had led to improvements in both cash and operating surplus, resulting in a covenant-compliant forecast. Careful management of cash and costs in the remaining quarter would also be essential.

A relatively high level of reported total income was partially attributable to delayed capital grant income recognised relating to the completion of the NMIS headquarters. Conversely, research income was lower than budget largely as an effect of re-phasing of capital grants. With capital grant income removed, overall income was in line with the budget. Within this, income from tuition fees was lower than budget, but showed significant growth on the previous year.

Expenditure continued to be affected by significant inflationary pressures, although forward buying had mitigated this to some extent with regard to utility costs. Accommodation costs had been raised by the need to support students through the city-wide accommodation crisis. Comparable costs were not forecast for the next academic year (see next agenda item).

Members commended the University management on achieving a covenant-compliant position given the wider economic context and the outlook at Q2.

The Director of Strategic Planning summarised other elements of the report. Key points included the following:

- Research income was slightly below budgeted levels but so were related costs, resulting in an overall contribution from this area (excluding capital grant income) that was in line with budget.
- Research applications and award value were running below previous levels. Known factors affecting this included delayed calls at national level for competitive UKRI awards. Furthermore, there had historically been a dip in these measures in the year following a REF exercise. This area would be closely monitored.
- The research postgraduate (PGR) population and intake had risen.
- Knowledge Exchange indicators showed good results, with consultancy income in particular showing improvement both year-on-year and against budgeted levels.
- Student recruitment at all levels of study showed growth in international markets, while home/RUK markets were more challenging as a result of labour market conditions.
- Recruitment in the SIMD0-20 and SIMD 20-40 groups showed year-on-year growth, despite a fall in applications from these groups, the University having focused on making early offers.
- In all areas of recruitment, there would now be a strong focus on conversion of applications and offers.

Members enquired as to the expected impact of new Home Office rules affecting postgraduate students' ability to bring their families to the UK while studying. It was noted that certain markets could be particularly affected by this. While this was a concern, the impact at Strathclyde was likely to be limited.

Members also discussed the importance of maintaining home and RUK recruitment as part of a diverse student body and the possibilities for expanding home PGT markets to a greater variety of demographic groups. It was noted that relevant work was already in progress within the University.

Court **noted** the Business Report.

5. EIB Loan Repayment Proposal; 2023/24 Budget, Financial Forecasts and Operating Plan

EIB Loan Repayment Proposal

The Acting Chief Financial Officer (Acting CFO) presented the proposal to repay in full the University's loan with the European Investment Bank (EIB). To provide context, the Acting CFO set out the different tranches of debt held and the three covenants that were in place as part of the conditions of the loan. It was noted that any covenant breach would be highly damaging, both financially and reputationally.

In the light of inflationary pressures, the University had been exploring options for repayment of part or all of the EIB loan in order to lower the risk of a covenant breach, as discussed at previous meetings of Court, and had entered into negotiations with the EIB to this end.

Proposals for a part-repayment, leaving one tranche of the loan in place, had been developed and had been discussed and recommended by Court Business Group. However, a subsequent change to the EIB's response to the proposed repayment had then rendered this proposal disadvantageous: late in the process, the Bank had advised that any partial repayment would be treated as part of the Debt Servicing Cost element of the Net Operating Cashflow/Debt Servicing Cost covenant calculation in 2022/23. This would lead to a substantial covenant breach and there was insufficient time to negotiate a covenant waiver or other adjustment to avoid this. The University had taken legal advice over this unexpected condition of partial repayment and had concluded that a legal challenge was unlikely to be successful. In addition, it was expected that partial repayment would lead to a revision of the interest rates applied to the remaining tranche of debt, significantly reducing the advantages of retaining this tranche.

Given this, the University was instead proposing repayment of all of the EIB loan. This would leave the University with lower cash holdings than previously envisioned but savings would be made through the removal of future interest payments. 'Going concern' modelling, involving modelling of a plausible worst-case scenario and reverse stress testing, had shown the University to maintain a robust financial position after full repayment of the loan. Moreover, the University had a number of options, should they be required, for mitigation of any future financial pressures.

While full repayment would release the University from the need to ensure covenant compliance, the need to protect and build the University's cash position would mean that maximising income and managing operating and capital expenditure would remain crucial, in order to allow the University to continue to be an investing institution. The University's leadership would maintain a clear focus on this.

Court Business Group had been consulted, by correspondence, and had given its support to the new proposal for full repayment.

Members noted their support for the proposed full repayment, observing that this course of action would bring a number of benefits for the University, including a greater degree of autonomy in financial management. While the potential benefits of external constraints were noted, it was recognised that the University had a clear commitment of its own to financial discipline, in support of achieving its strategic goals and advancing its overall mission. It was noted that withdrawal from the EIB loan did not entail that the University would cease to make use of commercial lending. If the University were to take out commercial loans from other sources in the future, these could be expected to be better suited to the University's current circumstances and ambitions than the EIB loan had proved to be latterly.

It was noted that the University's strategic KPIs would be reviewed and revised in the light of removal of the EIB debt, if approved. Monitoring cash would remain a high priority and this would continue to be reflected in the KPIs in some form.

The remainder of the discussion of this proposal and completion of the relevant business were conducted according to attached minute extract (Annex), which, it was noted, would be supplied to the EIB in order to facilitate the repayment transaction.

2023/24 Budget and Financial Forecasts

The Acting CFO presented a budget and financial forecasts that took account of the proposed loan repayment. Owing to the balance of outlay and savings from the loan repayment, the impact on the overall surplus/deficit figure was minimal, relative to the original proposal for partial repayment. The impact on the University's cash position was noted and the need for future financial discipline was reiterated.

Other assumptions underlying the budget and forecasts included inflationary cost pressures and expected removal of USS pension deficit recovery provisions. The impacts of city-wide student accommodation shortages in 2022/23 had been taken into account. The budget and forecasts assumed a new approach in this area, which, along with realistic modelling of student recruitment, was expected to result in supply meeting demand with no requirement for use of hotel accommodation.

Opportunities to increase cash could be explored if required, including property and investment disposals.

In response to questions from members, it was noted that relevant parts of the University's large donation from the Charles Huang Foundation were being held in readiness for use in future capital projects. Relations with the Foundation were good and the University would seek to progress these projects in an appropriate timescale.

Further discussion centred on the means available to manage a period of reduced cash holdings and return to cash generation, as intended. The effective on-going use of internal mechanisms including the Performance Development Group and Mitigation Exploration Group was noted. In addition, a new Performance Enhancement Programme was to be developed, drawing on the University's Continuous Improvement expertise, to redesign processes where appropriate. It was noted that all work in this area would be conducted within the framework of the University's values.

Operating Plan

The Director of Strategic Planning introduced the University's annual Operating Plan for the coming academic year, noting that it was a requirement of the Scottish Code of Good Higher Education Governance for this to be presented to Court. The Plan was complementary to the budget, giving an overview of the activity that budgetary commitments would facilitate and that would contribute to achieving the budget.

Members commended the Plan. It was noted that the Faculty plans were well constructed and informative and reflected the distinctive qualities of each Faculty in addition to the University's shared strategic aims.

Court **approved** the Draft 2023/2024 Budget and Financial Forecasts, and the University Operating Plan

6. Centre for Sustainable Development

Professor Tracy Morse, Head of the Centre for Sustainable Development, Professor Debra Willison, Deputy Associate Principal, and Dr Scott Strachan, Principal Teaching Fellow, joined the meeting to present the work of the Centre for Sustainable Development (CSD) and related work across the University, with a focus on Education for Sustainability.

The presentation emphasised the natural alignment between the University's core mission as a 'place of useful learning' and the notion of sustainable development in the present global context. The skills required to contribute to sustainable development were increasingly important in the economy and, therefore, for each graduate of the University. Reflecting this, professional accrediting bodies and research funders now often had requirements to demonstrate contributions to sustainability and this trend was expected to accelerate. In this context, CSD focused on 'education for sustainable development', rather than 'education about sustainable development'.

CSD's progress to date was outlined, highlights of which included the creation of nine new interdisciplinary research groups, attendance by 1,200 students at training events and establishing a new MSc Sustainability programme. It was noted that the achievements of the University as a whole, including CSD's significant contribution, were reflected in recent THE Impact Rankings, which ranked Strathclyde 36th in the world, out of 1591 institutions, for impact in relation to the UN Sustainable Development Goals.

The presenters outlined a three-year plan to embed education for sustainable development across the curriculum. This would take a whole-institution approach, with CSD leading. The Faculties, through Vice Deans Academic, would work closely with CSD and others to ensure that all Departments would have education for sustainable development embedded substantively at degree programme level.

Members welcomed the presentation and the approach taken. In further discussion, it was noted that CSD had worked beyond the University, including in projects with schools, to help ensure that future students and future employers would be well-matched in their recognition of the importance of education and skills for sustainable development. Externally-focused activity would become a greater part of CSD's work as it continued to develop. Members noted that SMEs could be a significant group with which to engage, given their relatively limited capacity for matters beyond their core business.

Court **noted** the presentation.

7. University of Strathclyde Students' Association (USSA) budget 2023/24

The USSA Deputy Chief Executive Officer presented the organisation's recent achievements and its budget for 2023/24.

Members commended USSA's very recent positive trajectory and strong current position, despite challenging external circumstances in recent years.

Court **approved** the budget for 2023/24.

Items for formal approval

8. Court and committee membership 2023/24

Court **approved**, on the recommendation of Court Membership Group (CMG):

- the re-appointment of Fiona Salzen as a lay member of Court for a second term of office, to last four years, 1 August 2023 – 31 July 2027;
- the appointment of Stephen Ingledew as a member of CMG;
- the appointment of Michael Timar as a member of Audit & Risk Committee;
- the re-appointment of Belinda Oldfield as a member of Audit & Risk Committee (now as a lay member of Court);
- the appointment of Stephen Ingledew as Convener of Enterprise & Investment Committee;
- the appointment of Peter Young as a member of Enterprise & Investment Committee;
- the appointment of Charles Berry as a member of Enterprise & Investment Committee;
- the appointment of Catriona Schmolke as Convener of SACSOH; and
- the appointment of Clyde Marwick as a member of Staff Committee

Court also **approved**, on the Convener's recommendation:

- the appointment of Fiona Salzen to the position of Treasurer, for the standard initial term of two years, 1 August 2023 – 31 July 2025;
- the appointment of Stephen Ingledew to the new position of Deputy Convener, Enterprise & Investment; and
- the appointment of Neelam Bakshi to the position of Deputy Convener, Staff.

Court **noted** that:

- Eva Curran and Justyna Kardasz had been nominated by the USSA Executive to be the student members of Court in 2023/24;
- the process was underway to elect one new Senate-appointed member of Court;
- Chris Jones had been nominated by UNITE to serve in one of the positions on Court for a trade union member; and
- a nomination was to be provided by the UCU union for the second of these positions for a trade union member.

The Convener thanked all those who had agreed to carry out additional roles for Court or one of the relevant committees.

9. Proposal to establish and confer new Honorary Titles

The University Secretary outlined the proposal to establish new 'emeritus' titles that would be available, at the discretion of Senate, to honour former Chancellors or Principals of the University. Senate had recommended the creation of the relevant titles and had agreed that, if established, they should be bestowed on the former Chancellor Lord Hope of Craighead and the former Principal & Vice Chancellor Professor Andrew Hamnett as part of the University's Diamond Jubilee year celebrations in 2024. It was noted that the current Chancellor had expressed his support for these proposals.

Since 'emeritus' titles were conventionally not bestowed posthumously, other means would be found to honour deceased former Chancellors and Principals during 2024, with the involvement of their families.

Court

- **approved** the establishment of the honorary titles of:
 - a. Chancellor Emeritus/Emerita; and
 - b. Principal & Vice-Chancellor Emeritus/Emerita;
- **delegated authority** to Senate to confer these titles and, to this end, **approved** the insertion of a new entry into the Schedule of Delegated Authority; and
- **noted** the intention of Senate to confer these titles, respectively, on the former Chancellor Lord Hope of Craighead and the former Principal & Vice Chancellor Professor Andrew Hamnett.

10. For endorsement: Business Continuity Management System

Court **endorsed** three Business Continuity Management policy documents as being reflective of the University's intentions and process for managing business continuity.

Items for information

Court **noted** the following reports:

- 11. Enterprise & Investment Committee Annual Report**
- 12. Equality, Diversity & Inclusion Committee Annual Report**

Committee Reports

Court **noted** the following committee reports and considered recommendations as noted below:

13. Executive Team

14. Senate

On the recommendation of Senate, Court **approved** a general change in nomenclature, from academic Schools to Departments, within the Faculty of Humanities & Social Sciences.

15. Court Business Group

16. Audit & Risk Committee

17. Staff Committee

18. Enterprise & Investment Committee

19. AOB

The Convener thanked the following members of Court, who were attending their final meeting of Court, for their service:

- Alison Culpan
- Gillian Hastings
- Susan Kelly
- Malcolm Roughead
- Linda Brownlow
- Andrew Eccles
- William McLachlan
- Lewis McDermott

Date of next meeting

- Tuesday 3 October 2023, 13.00-16.00

DW, 29 June 2023