

MINUTES OF UNIVERSITY COURT
20 June 2018

- Present:** Dame Sue Bruce (Convener), Ronnie Cleland, Gillian Hastings, Paula Galloway, Kerry Alexander, Dr Jeremy Beeton, Marion Venman, Malcolm Roughead, Alison Culpan, Dr Jane Morgan, Principal Professor Sir Jim McDonald, Vice-Principal Professor Scott MacGregor, Professor Erling Riis, Amanda Corrigan, Gillian Pallis, Louise McKean, Matt Crilly, Titi Farukuoye
- Attending:** Professor David Hillier, Professor David Littlejohn, Professor Tim Bedford, David Coyle, Dr Veena O'Halloran, Adrian Gillespie, Rona Smith, Sandra Heidinger, Hugh Darby, Darren Thompson, Kirsteen Macleod (for item 5), Manish Joshi (for item 8)
- Apologies:** Dr Archie Bethel, Susan Kelly, Councillor David McDonald, Dr Andrew McLaren, Dr Kathy Hamilton

Welcome and apologies

The Convener noted the apologies received. She welcomed Court members and attendees to the meeting.

No interests were declared.

1. Minutes

Court **approved** the minutes of the meeting held on 1 May 2018.

2. Matters arising

There were no matters arising.

3. Principal's Report

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

Heath, Safety and Wellbeing: The Principal informed Court that, following the recent fire at The Glasgow School of Art (GSA), both he and the University Secretary and Compliance Officer (USCO) had contacted colleagues at the GSA to offer their full support. The University was standing by to provide any assistance that may be required. In light of this incident, Court was reassured that the University remained vigilant in regard to its own fire safety and prevention regime, building upon lessons learned from recent incidents, such as the James Weir Building fire in 2012, and regular system testing. Other actions taken in response to recent health and safety matters were highlighted to Court.

The UK's exit from the EU: The Principal highlighted continuing uncertainty in regard to the potential outcomes of on-going negotiations between the UK Government and the EU. The University's own working group was continuing to focus its attention on key areas. Universities Scotland and Universities UK continued to engage on behalf of the sector and the Scottish Government had established a new "Brexit Forum on Universities" to examine areas of shared interest. The University had advocated an increased level of focus on postgraduate student recruitment and research funding. Also, the Principal continued to engage effectively with EU partners and policy-makers, particularly in his role as President of CESAER.

Tier 2 visa changes: It was anticipated that the UK Home Office would move to exclude NHS doctors and nurses from the annual cap on the number of visas granted to skilled non-EU migrant workers wishing to come to the UK. This was expected to free-up more visa allocations for those in other skilled professions and have a subsequent beneficial impact on the ability of universities to recruit non-EU staff.

Fraser of Allander Institute: The latest Economic Commentary from the University's Fraser of Allander Institute had been widely cited in the media and was informing public debate in Scotland.

Medicines Manufacturing Innovation Centre (MMIC): Following Court approval on 1 May 2018, the MMIC was formally launched on 15 June. The Principal noted the significant efforts of the Associate Principal & Executive Dean of Science and the Chief Commercial Officer (CCO) in steering the proposal to a successful conclusion. He also thanked Alison Culpan for her invaluable support and advice throughout the process.

Widening Access: The Scottish Funding Council's (SFC) Report on Widening Access 2016/17 had indicated a year-on-year collective 0.2% drop in the proportion of SIMD0-20 student entrants to Scottish universities. Court noted that the University of Strathclyde had increased its proportion of SIMD0-20 entrants during this period by 0.8% and had also exceeded its 2020 target for SIMD0-40 entrants during 2017/18. The University would continue to seek improvements, but the increasing scale of the challenge was noted.

Awards News: Court noted that the University was shortlisted for six Herald Higher Education Awards, with the results expected to be announced on 28 June. The University had also been shortlisted for a Times Higher Education Leadership & Management Award (THELMA) for "Outstanding Estates Strategy" and the outcome of this would be announced on 21 June.

Industrial Strategy Challenge Fund: The University had submitted a number of expressions of interest in April and the results were awaited. Engagement in this process was contributing to an increased awareness of the University's impact and distinctiveness.

EPSRC Centres for Doctoral Training (CDTs): The University was involved in 16 of the currently shortlisted bids and was the lead institution in four of these. Decisions were expected in December on the outcomes of these bids.

Research Excellence Framework (REF): The Principal explained that the University was entering a key period in its preparations for REF 2021 and, as such, Court would receive regular updates on progress ahead of the submission deadline in November 2020.

The Children's University: The Principal reflected on the most recent Children's University graduation ceremony of 5 June, noting the relevance of this initiative to the University's socially progressive mission and the highly positive experience of children and their families. He expressed his thanks to all the staff responsible for the continued success of the Children's University.

4. Q3 Business Report 2017/18

The Chief Financial Officer (CFO) introduced the Q3 Business Report 2017/18. He highlighted the level of performance across a range of areas, including:

- A forecast surplus in the University's overall outturn position for the year which was significantly lower than Budget, due to the anticipated gain arising from the Jordanhill Campus disposal now falling within the subsequent accounting year;
- A forecast operating surplus for the year, compared to a break-even budget, with the potential for further positive movement before the end of the financial year;
- Significant year-on-year growth in income from both tuition fees and research grants, though forecast figures in both cases were below the ambitious levels targeted;
- A higher than budgeted forecast cash position, mainly due to the sequencing of expenditure on major projects.

Court members discussed the financial elements of the Report and the following points were considered:

- A lower than budgeted expenditure on capital maintenance in 2017/18 was due to delays in the initiation of some projects. Some maintenance issues were also being addressed as part of major capital projects;
- The potential institutional impacts of future changes to the Universities Superannuation Scheme (USS) would not be clear until the work of the Joint Expert Panel (JEP) was completed and the response of the USS trustees was known. The University had accounted for potential changes within the 2018/19 draft Budget, which would be considered under the subsequent agenda item. There would be no additional financial impact in 2017/18; and
- The University's student residences strategy was under review, taking account of current market demand and the increase in private developments. The University was also liaising closely with Glasgow City Council on this issue.

In regard to major infrastructure projects, it was reported that the Centre for Sports, Health & Wellbeing was expected to be handed over by the contractors in July. Tenders received for the Biomedical Engineering Consolidation (Wolfson Building) had been considered unsatisfactory and the project would be re-tendered by the end of June. The SIMS project continued to be red-flagged in the Report, with the results of a recent technical review of Phase 1 having been discussed in detail by the Executive Team.

In relation to the non-financial aspects of the Report, the Director of Strategy & Policy emphasised the Executive Team's continuing focus on the delivery of postgraduate research student (PGR) intake targets. She also highlighted an improvement in overall student retention rates, including significant improvements in the retention of both SIMD0-20 and SIMD0-40 students and a narrowing of the retention gap between these students and the overall population.

5. 2018/19 Budget, Financial Forecasts and Annual Plan

The CFO presented the University's 2018/19 draft Budget alongside the draft Financial Forecasts for Court's approval and subsequent submission to the SFC. He highlighted:

- Budgeted overall and operating surpluses for 2018/19, impacted by the full expenditure of SFC capital grant income in regard to the Combined Heat and Power (CHP) project;
- The expectation that an anticipated gain on the disposal of a fixed asset (Jordanhill Campus) would offset the impact of other one-off items, particularly the assumed cost of an increase in the University's current pension liability;
- A Four Year Forecast position which indicated continuing income growth to 2020/21 with anticipated fluctuations in future operating surpluses due to the accounting treatment of capital grant income;
- The subsequent need to rely on "cash generated from operations" as a more suitable measure of financial sustainability;
- The continued importance of increased levels of tuition fee and research grant income, with ambitious future targets considered to be achievable based on previous growth trajectories;
- Projected increased investment in both staff and infrastructure over the next four years, underpinning the University's future growth plans;
- Future anticipated reductions in the University's borrowings and its cash balances and the ongoing work to explore potential additional borrowing mechanisms in order to fund major projects, following discussions at previous Court meetings; and
- The criticality of robust delivery strategies in supporting the income growth required to deliver the University's future ambitions.

The CFO explained that the draft Budget and Financial Forecasts provisionally reflected the development of the National Manufacturing Institute for Scotland (NMIS), including the anticipation of substantial grant funding from the Scottish Government. This was subject to Court's endorsement of NMIS elsewhere on the agenda and final approval in August.

In the course of a wide-ranging discussion, Court considered the following topics:

- The potential for the University to raise capital funding through the issue of bonds, particularly in relation to the development of the Glasgow City Innovation District (GCID), thereby potentially giving

the University greater control over the project's development. It was agreed that further analysis would be undertaken on this basis;

- The University continued to benefit from significant headroom in regard to its current levels of borrowing. As part of any future Court approval of further borrowing, additional modelling would be provided to show appropriate comparisons from within the UK higher education sector and incorporating a sensitivity analysis;
- The projected rise in tuition fee income over the next four years, whilst challenging, was predicated upon previous growth rates from a lower starting position;
- A focus on the increased recruitment of overseas students was necessary for growth, due to limits on the funded places available for Scottish and EU-domiciled students. It was also recognised that a diverse student population was important to provide an excellent student experience. The sector continued to lobby for a visa regime that would allow overseas students to remain and work in the UK after graduation, thereby retaining their skills and experience for the benefit of the economy; and
- In light of the growing number and proportion of overseas students, the University would need to adapt its student support services to ensure that different needs and expectations were accounted for, as far as possible. The University would continue to engage with the Strath Union on this issue.

Following this discussion, Court **approved** the 2018/19 Budget, Financial Forecast and Annual Plan, subject to the NMIS development being endorsed under the following agenda item.

6. National Manufacturing Institute for Scotland – outline business case

The Chief Commercial Officer (CCO) presented an outline business case for the establishment of the National Manufacturing Institute for Scotland (NMIS), within the Advanced Manufacturing Innovation District Scotland (AMIDS) at Inchinnan. He informed Court that the NMIS proposal was well advanced but was subject to on-going development and final agreement by Scottish Enterprise at the end of August 2018. As such, it was felt appropriate to seek Court's endorsement "in principle" and to request that the necessary authority be delegated to Court Business Group to refine and approve the final business case in August.

The Vice-Convenor of Court informed members that he had met with the CCO to discuss the details of the NMIS business case and to advise on the level of information required for Court. He explained that NMIS represented a significant opportunity for the University, welcomed the comprehensive information set out in the outline business case, and confirmed that he fully endorsed the proposal.

Court discussed the outline business case and the following points were considered:

- The level to which the income model depended upon success in securing Tier 1 memberships. Whilst the model was closely aligned to that of the Advanced Forming Research Centre (AFRC), a conservative forecast had been applied in regard to future membership. Nonetheless, formal notifications of interest from potential industry partners and the prioritisation of NMIS by the Scottish Government provided high levels of confidence in regard to future membership growth;
- The need to ensure the capacity for future expansion of NMIS and the potential for site ownership to play a role in this. The site was currently owned by Renfrewshire Council but discussions on this matter were on-going. It was noted that Renfrewshire Council had engaged positively throughout the process and had also committed £39M in City Deal infrastructure funding. The CCO confirmed that the potential future scalability of NMIS was fully accounted for in the design plans; and
- **[Reserved]**

Court noted the significant opportunity presented by NMIS and **endorsed** the outline business case. Court also **agreed** to delegate the required authority to the Court Business Group to undertake further refinement of the proposal and approve the final business case in August 2018.

7. Presentation: Glasgow City Innovation District update

The CCO presented an update on the proposed next development phase of the Technology & Innovation Centre (TIC), a key aspect of the Glasgow City Innovation District (GCID). Court was reminded of the success of the original TIC co-investment model and of the continuing high-demand for space within the Inovo Building, which the University had acquired in 2018.

Court considered the opportunity to intensify innovation activity across the GCID through the expansion of both the TIC and Inovo, thereby attracting translational organisations, innovators and entrepreneurs and helping the University to achieve its strategic goals and maximise the impact of research. The CCO explained that an outline business plan had been produced and initial external market analysis had been undertaken. Next steps would include a thorough appraisal of the risks, controls and funding options. Potential funding models included the Scottish Future Trust's (SFT) Growth Accelerator and exploratory discussions were underway with SFT. Throughout the on-going development and partner-selection process, regular updates would be provided to Court, prior to a final business case being submitted to Court for approval.

Court noted the significant positive impact that the delivery of this proposal would have on the local economy. Members also noted the University's increasing level of familiarity in the successful realisation of major multi-partner, co-investment projects. Court endorsed the continued development of the proposal, and agreed that individual members could be invited to contribute to this outside of the formal meeting cycle, should that be helpful.

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

The Convener welcomed the Strath Union Chief Executive to the meeting who introduced a paper setting out the Strath Union draft Budget for 2018/19, for which Court's approval was required. The paper also included a brief overview of USSA's operational priorities for 2018/19.

Court members commented positively on the Strath Union Budget, welcoming the progress achieved and the increased financial stability of the Union. It was noted that improved performance in commercial activity and increased student engagement were areas of continuing and future focus.

Court **approved** the Strath Union Budget for 2018/19, in accordance with Part II, Section 22 of the Education Act 1994.

Items for formal approval

9. Corporate Risk Register

The USCO introduced the University's current top risks and mitigating actions, endorsed by the Audit and Risk Committee on 24 May. She highlighted the recent inclusion of a dashboard to more easily show changes to the ratings and status of key risks.

Court noted that the overall number of risks had increased due to the inclusion of a new risk in relation to the General Data Protection Regulation (GDPR). The USCO informed Court that, following careful consideration of the risks and impacts of the GDPR and the Privacy and Electronic Communications Regulations (PECR) by the Executive Team, the decision had been taken to rely on inferred consent in regard to alumni communications and fundraising activity.

The Convener of the Audit and Risk Committee confirmed that GDPR issues and risks had been discussed at the committee's most recent meeting on 24 May 2018.

10. Reappointment of the University Chancellor

Following a recommendation from the Court Membership Group, Court **unanimously approved** the reappointment of Lord Smith KT CH as University Chancellor for a second five-year term, from 1 August 2018.

Court members took the opportunity to express their appreciation and gratitude for Lord Smith's contribution since his original appointment as University Chancellor in 2013. They considered his service as Chancellor to be exemplary and agreed that he was an outstanding ambassador for the University.

11. Court and Committee Membership 2018/19

The USCO introduced a report from Court Membership Group, following its meeting on 7 June 2018, and sought Court's approval for recommendations on Court and committee appointments. Court **approved** the following appointments for 2018/19:

Court Membership:

- The appointment of Brenda Wylie as a lay member of the University Court for an initial one-year term, from 1 August 2018 to 31 July 2019.
- The reappointment of Alison Culpan for a further three-year term from 1 August 2018;
- The reappointment of Malcolm Roughead for a further three-year term from 1 August 2018;
- The reappointment of Susan Kelly for a further three-year term from 1 August 2018; and
- The reappointment of Paula Galloway for a further three-year term from 1 August 2018.

Committee Membership (co-opted positions):

- The reappointment of Fred Hallsworth to EIC for a further three-year term from 1 August 2018;
- The reappointment of Gillian Watson to EIC for a further three-year term from 1 August 2018;
- The reappointment of John Waddell to EIC for a further three-year term from 1 August 2018;
- The reappointment of David Sneddon (or an alternative representative from Scottish Equity Partners) to EIC for a further three-year term from 1 August 2018;
- The appointment of Ian Reid to co-opted membership of the Audit & Risk Committee, for an initial one-year term from 1 August 2018; and
- **[Reserved]**

Court noted that remaining vacancies for staff members on Court Business Group and Court Membership Group would be addressed via correspondence by Court Membership Group.

Items for information

12. National Physical Laboratory progress update

The Associate Principal & Executive Dean of the Faculty of Science presented a progress update on the delivery of the University's strategic partnership with the National Physical Laboratory (NPL). Since the last report to Court in June 2017, the internal change and realignment required within NPL had been completed and progress had subsequently accelerated with new opportunities now being explored and realised. Evidence of successful delivery included a noticeable impact on the University's reputation and profile, as well as increased success in joint bids.

Court welcomed the report and discussed the progress achieved against the NPL business plan, recognising the significant contribution of the Associate Principal & Executive Dean in ensuring delivery of the partnership. Court members asked that a future opportunity to visit the NPL site in Teddington be identified.

13. Governance compliance update report

Court noted the progress made on addressing the requirements arising from the revised 2017 Scottish Code of Good HE Governance and the Higher Education Governance (Scotland) Act 2016 and on the implementation of the 2017 externally-facilitated Effectiveness Review of Court. A number of actions would be addressed throughout the next academic year in order to ensure compliance with new governance requirements.

14. Health & Safety Annual Report and Strategy update

Court noted the annual report from the Statutory Advisory Committee on Safety and Occupational Health (SACSOH) and an update on progress achieved in relation to the Occupational Health, Safety and Wellbeing Strategy 2016-2021.

Committee Reports

Court received and **noted** the following committee reports:

15. Executive Team

16. Senate

Court **approved** amendments to the composition of Senate membership in order to achieve compliance with the Higher Education Governance (Scotland) Act 2016.

17. Court Business Group

18. Audit & Risk Committee

Court specifically **noted** the Audit & Risk Committee's request that consideration be given to delaying the external auditor tendering process for an additional year, subject to confirmation from the Scottish Funding Council that this was permissible. [**Secretary's note:** *The SFC has since confirmed in writing that it is content with the University's proposed approach.*]

19. Enterprise & Investment Committee (Annual Report)

20. Estates Committee

21. Equality & Diversity Strategy Committee (Annual Report)

22. AOB

Noting that this was the final Court meeting of 2017/18, the Convener of Court expressed her gratitude to all members and attendees for their contributions throughout the year.

She offered best wishes, on behalf of Court, to those members demitting office in 2018, including Professor Erling Riis, Dr Andrew McLaren, Louise McKean, Calvin Hepburn, and Taylor Wong.

The Convener also offered thanks, on behalf of Court, to Mr David Coyle, Chief Financial Officer and Professor David Littlejohn, Associate Principal & Executive Dean of the Faculty of Science, who would both retire in the summer. She reflected upon their exemplary service and the significant contributions that each had made to the success of the University over a number of years. Court wished them both well for the future.

Date of next meeting

- Thursday, 4 October 2018