

UNIVERSITY COURT – AGENDA

Wednesday 17 June 2020, 14.00-17.00
By videoconference

Apologies: None received

Declarations of interest: None

Introduction		
1.	Minutes of the meeting held on 5 May 2020	Paper A 5 mins
2.	Matters arising	Oral
3.	Principal's Report and update on COVID-19 pandemic response <i>Principal, Vice-Principal, University Secretary & Compliance Officer</i>	Oral 40 mins
Substantive items		
4.	Q3 Business Report <i>Chief Financial Officer, Director of Strategy & Policy</i>	Paper B 15 mins
5.	Budget 2020/21 <i>Chief Financial Officer</i>	Paper C 15 mins
6.	Climate Change and Social Responsibility Plan <i>Associate Principal (Research & Innovation), Director of Strategy & Policy</i>	Paper D 15 mins
7.	REF update <i>Deputy Associate Principal (Research, Knowledge Exchange & Innovation), Research Policy Manager</i>	Paper E 15 mins
8.	TIC Zone development update <i>Chief Commercial Officer</i>	Oral 5 mins

Items for formal approval		<i>15 mins</i>
9.	Court and Committee membership 2020/21 <i>University Secretary & Compliance Officer</i>	Paper F
10.	USSA Financial Statements 2018/19, Budget and Plan <i>President, StrathUnion and Chief Executive, StrathUnion</i>	Paper G
11.	Re-appointment of Associate Principal & Executive Dean	Paper H
Items for information		<i>5 mins</i>
12.	Scottish Funding Council Review of Payment to the Former Principal of Aberdeen University	Paper I
Committee reports <i>(for noting, unless otherwise stated)</i>		<i>5 mins</i>
13.	Executive Team	Paper J
14.	Senate	Paper K
15.	Court Business Group	Paper L
16.	Court Membership Group	See item 9
17.	Audit & Risk Committee	Paper M
18.	Staff Committee	Paper N
19.	Enterprise & Investment Committee	Paper O
Closing remarks		<i>5 mins</i>
20.	Any other business	
	Date of next meeting <i>Tuesday 6 October 2020</i>	

MINUTES OF UNIVERSITY COURT

5 May 2020

Meeting held by videoconference

Present: Dame Sue Bruce (Convener), Paula Galloway (Vice-Convener), Professor Sir Jim McDonald (Principal), Dr Jeremy Beeton, Ronnie Cleland, Amanda Corrigan, Alison Culpan, Gillian Hastings, Stephen Ingledew, Susan Kelly, Professor Scott MacGregor, Councillor Ruairi Kelly, Peter Young, Dr Archie Bethel, Kayla-Megan Burns, Matt Crilly, Dr Kathy Hamilton, Dr Neil McGarvey, Dr Katharine Mitchell, Gillian Pallis, Malcolm Roughead, Heather Stenhouse, Marion Venman, Brenda Wyllie

Attending: Professor Tim Bedford, Professor Douglas Brodie, Adrian Gillespie, Sandra Heidinger, Professor Atilla Incecik, Dr Veena O'Halloran, Professor Eleanor Shaw, Rona Smith, Professor Iain Stewart, Steven Wallace, Dr Daniel Wedgwood

Apologies: None noted.

Welcome and apologies

The Convener welcomed Court members and attendees to the meeting.

No interests were declared.

1. Minutes

Court **approved** the minutes of the meeting held on 3 March 2020.

2. Matters arising

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

3. Principal's Report

The Principal outlined the University's response to the Covid-19 pandemic. He commended the work of the Executive Team, which had been meeting at least twice a week since the start of the crisis. Key points included:

- management of the University's student residences, support for those staying in them, and preparing to make residences available to NHS staff;
- support for Strathclyde students overseas, whether to return to their homes or on-going support for those remaining abroad;
- a successful transition to online teaching and working, demonstrating the robustness of established frameworks such as Strathclyde Online, with provision of IT equipment to students needing it;
- creation of a dedicated student hardship fund in relation to the pandemic situation, to which members of the Executive Team had made significant donations and to which other members of staff were able to contribute;
- provision of online wellbeing resources to staff and students, including an expanded offering from the counselling service;
- sector-leading decisions on releasing students from residential contracts, exemplifying the University's compassionate approach;

- co-ordinated regular communications with staff and students, directly from the Principal and other senior officers;
- creation of an Operational and Business Continuity Team, which included representatives of the student body;
- regular contact with the Scottish and UK governments and higher education sector bodies, including close engagement with Ministers and the SFC;
- significant contributions to national efforts to combat the pandemic, including the provision of experts to national advisory bodies, co-ordination of manufacturing and supply chains and research efforts: Strathclyde was the third highest recipient of pandemic-related research funding from the Scottish Chief Scientist's Office.

Anticipating the Chief Financial Officer's contribution later in the agenda, the Principal noted that the University was in a strong financial position in the context of the sector, while recognising the significant levels of uncertainty inherent in the pandemic situation and its potential consequences on a global scale. The University would monitor finances closely on an on-going basis and, where actions were required, act in a timely way and with the involvement of Court.

Overview of Positive Response & Planning Groups

The Principal gave an overview of the initial work carried out by three high-level groups to draw lessons learned and identify opportunities arising from the pandemic situation and to stimulate innovation as the University moves forward. It was noted that the University's Leadership Group had been involved in this initial work and had given excellent feedback, creating a sense of ownership of future planning across the institution.

Court members commended the University's response to the crisis and the leadership shown in difficult circumstances. It was noted that the move to online provision had been achieved smoothly, as evidenced by low numbers of issues raised to the Students' Association. Effective partnership with industrial partners to expedite emergency manufacturing efforts was also noted.

Members discussed the potential effects of the cancellation of school examinations on the admission of students from areas of multiple deprivation. It was noted that the University's contextual admissions processes had the flexibility to account for the unusual circumstances.

In addition, members discussed possible future developments of online teaching provision. Members noted that the existing framework allowed significant flexibility and that the pandemic situation had provided very useful experience for assessing future options.

4. Corporate Risk Register and COVID-19 Register

The University Secretary & Compliance Officer (USCO) explained that the Corporate Risk Register had been prepared for presentation to Court immediately prior to the pandemic crisis and the decision had been taken to supplement this with a separate Covid-19 Risk Register. The latter incorporated elements of a planned new approach to risk management and risk appetite.

Members noted references to wellbeing in the risk register and commended the University's attention to this in its handling of the Covid-19 crisis and the importance of continued work in this area.

Further discussion focused on financial risks and risks involving partner organisations that might be affected by the pandemic and its wider consequences. The Chief Financial Officer (CFO) noted that the University's debt covenants were secure for 2019-20 according to the latest modelling and that the University was maintaining close communication with its major lender, the European Investment Bank. The Chief Commercial Officer (CCO) noted that the University was working closely with major industrial partners to understand the impact of the current situation on them and to ensure the continuation of major projects. It was noted that the pandemic was likely to stimulate opportunities for new knowledge exchange activities, given the likelihood that supply chains would be re-examined in many industries to create greater resilience and the concentration of relevant expertise at Strathclyde.

Court **noted** the two risk registers.

5. Budget setting: Update on Progress and Submission of Financial Forecast Update to SFC

The CFO summarised the budget process, as amended in the light of the pandemic situation and its anticipated impacts. A 'base' budget model would be developed, which could be adjusted according to different scenarios as the situation developed. Adaptive modelling would be introduced in estimating tuition fee income, allowing the flexibility to account for changes in patterns of data relating to applicants. If necessary, approval of the budget at the June meeting of Court could involve approval of a range of potential budget outcomes. There had been fruitful engagement between Finance and the Faculties, which would continue to develop and refine the modelling.

The University was closely monitoring its debt covenant position. This would depend on the impact of the pandemic both on the University directly and on the global economy. While the University was in a strong position overall, careful management of cash, continued scenario planning and agility would be critical over the coming months.

In addition to the internal budget process, the University had responded to a call from the SFC to submit specified data to inform a sector-level scenario-planning exercise. Due to a restricted timescale, the submission had been circulated to Court Business Group for comment and agreed by the Convener on behalf of Court.

In discussion, members noted that, while high levels of uncertainty remained in wider environment, the University was well placed to mitigate any loss of income. Current indications were that the University had the potential to still see growth in international student numbers in the next academic year, subject to movement in current external constraints such as those impacting applicants' fulfilment of entry requirements, ability to travel or eligibility for visas. Applications from key intake groups were up year on year and remained under constant review. It was noted that the University was placed to supply what both governments and industry would need in the wake of the pandemic, in the form of high quality graduates, relevant applicable research and key contributions to growth-generating innovation.

Court **noted** the budget process update and **homologated** the approval by Convener's Action of the Financial Forecast Update submission to the SFC.

6. Special Advisory Group

The Associate Principal (Research & Innovation) outlined the nature and purpose of the Special Advisory Group, consisting of the Principal's Special Advisors, external experts and the University's leads in compliance and policy. The group was able to provide experience and external perspectives to complex new challenges facing the University and to advise the Principal and Executive Team.

Members commended the calibre of the Special Advisory Group's members and noted that diverse perspectives were critical, given, as an example, the disruptive potential of new technologies. It was agreed that the University leadership would co-ordinate with the student members of Court to investigate ways to involve a range of younger contributors.

Court **noted** the presentation.

7. TIC Zone Development within the Glasgow City Innovation District: Update on progress and timing

The Chief Commercial Officer (CCO) and Chief Financial Officer (CFO) summarised how the TIC Zone project had been affected by the pandemic situation. Partners in the funding package had delayed decision-making and were re-assessing their future priorities and Scottish Enterprise would be re-assessing its future spend priorities across the board. The TIC Zone project was expected to remain highly attractive to funding partners as a generator of economic growth. Nonetheless, alternative sources of funding were being investigated as a contingency measure. Depending on the timescales adopted by partners, Court's approval for the final business case and funding model would be sought at either the June or October meeting of Court. Development of the research and innovation clusters associated with the Glasgow City Innovation District was continuing.

Court **noted** the progress report.

8. Amendments to Ordinances and Regulations

The USCO introduced this paper, noting that the majority of the proposed changes to the Ordinances and Regulations were required in order to ensure compliance with the Higher Education Governance (Scotland) Act 2016 and that the Scottish Government had had sight of proposed new Ordinances.

Court **approved** the proposed amendments to the Ordinances and Regulations.

Committee Reports

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

9. Executive Team

10. Senate

11. Court Business Group

12. Court Membership Group

Court **approved** the appointment of Virginia Beckett to be a lay member of Court from 1 August 2020.

13. Audit & Risk Committee

Court **approved** the Whistleblowing Policy. The USCO gave clarification on the approval process for this policy, which had been changed since the previous iteration of the policy.

It was noted that Audit & Risk Committee had reviewed management actions from internal audit reports and found a record number of implemented actions. The Executive Team was commended for driving improvement in this area.

14. Estates Committee

15. Enterprise & Investment Committee

16. AOB

There was no other business raised.

Date of next meeting

- Wednesday, 17 June 2020

Q3 Business Report
[RESERVED ITEM]

**2020/21 Budget, Financial Forecasts and Operating Plan
[RESERVED ITEM]**

Climate Change and Social Responsibility Plan: Accelerating Net Zero

Introduction

1. The University's Net Zero emissions KPI in its 2025 Strategy was accompanied by a commitment to consider the scope of coverage of the KPI and to publish a *Climate Change and Social Responsibility Plan* in early 2020. Accelerating Net Zero has also been identified as a key theme from the Executive Team's Visioning Covid-19 Positive Response and Planning Group. This paper introduces the draft Plan, which is attached for comment, noting that wider inputs are being gathered.
2. The focus is on Strathclyde achieving net zero as a campus and as a community, in the context that Covid-19 has brought dramatic and unforeseen change in our ways of working which is anticipated to impact on our future use of space on campus, approach to travel, etc. The 2025 Strategy sets out the University's commitments beyond delivering net zero, in shaping climate change policy, adapting to the changing climate, undertaking research and innovation activity, and upskilling our students, as well as in relation to the UN Sustainable Development Goals. These commitments are inextricably linked to our overall mission and vision, and to our drive towards net zero.
3. The University's existing [Climate Change and Social Responsibility Policy](#) is structured around four aims:
 - Tackle climate change and reduce resource use
 - Be socially responsible
 - Collaborate with others to embed sustainability across the institution
 - Share learning and knowledge to help ensure continuous improvement
4. The University is forecasting to exceed its 2020 target of a 25% reduction of greenhouse gas emissions relative to the 2009/10 baseline (Scope 1 and 2 only). Although there was a small year-on-year increase in 2018/19, emissions reduced in 2019/20, even prior to the campus 'lockdown', enabling the 2020 target to be met. The 2009/10 baseline we were referring back to for our 2020 target was 29,994 tonnes (t) CO₂e¹ (Scope 1 and 2), and our current annual (2019/20) emissions are forecast to be 21,449 tCO₂e (Scope 1 and 2). Achieving this forecast would represent a 28% reduction over the past 10 years.
5. Significantly greater intensity of action and changes to working practices, with clear leadership and collaborative commitments, is however now required within a changed context: during 2019, actively and quickly responding to climate change shifted from secondary activity to business imperative for all organisations. Our 2025 Strategy set out the University's intention to drive towards net zero emissions, now with timed/quantified milestones – the KPI16 trajectory towards net zero is as follows:

¹ CO₂e takes account of other greenhouse gases and expresses the total emissions in equivalent tonnes of CO₂e.

2025 Strategic Plan

KPI16: Year on year reduction in greenhouse gas emissions, leading to 70% reduction by 2025, 80% by 2030 and Net Zero by 2040 at the latest

This KPI refers back to a 2009-10 baseline and will evolve over the period of the Strategy

6. We are continuing to refer back to our 2009/10 starting point, but seeking over the next period to take into consideration a broader range of emissions. To achieve a 70% reduction in *all* emissions (including all elements of Scope 3) by 2025, we would have to approximately quadruple² our rate of change, over a period when we have set out our plans to extend our campus footprint and grow our activity in general and in the context that we had already incorporated the impact of the CHP project and benefited from decarbonisation to date of the national grid. The following table sets out the various scenarios depending on the exact coverage of the KPI, with particular impact of the inclusion of Scope 3 emissions such as business travel, staff and student commuter travel, and procurement. Row 1 (current definition) represents the 2020 KPI; Row 3 represents the most straightforward approach to a broadened out KPI for 2025 and beyond. Row 2 additionally considers Procurement and presents a much more significant baseline/level of reduction required, based on much less robust data.

Scope 1, 2 and 3 Emissions Table – Scenarios

Note – figures rounded up.

		Baseline (tCO ₂ e)	Target reduction
1	2020 Target (25% reduction) Scope 1 and 2	30,000	<u>25% by 2020</u> 7,500 tCO ₂ e (Net 22,500)
2	2025 Target Scope 1, 2 and 3 (all of Scope 3) Note - Scope 3 in this scenario consists of: Business Travel 10,000 tCO ₂ e Student and Staff Commuting 5,000 tCO ₂ e (estimate) Procurement 42,000 tCO ₂ e (estimate)	77,500	<u>70% by 2025</u> 54,250 tCO ₂ e (Net 23,250)
3	2025 Target Scope 1, 2 and 3 (business and commuter travel only; excludes procurement) - <i>RECOMMENDED</i> Note Scope 3 in this scenario consists of: Business Travel 10,000 tCO ₂ e	37,500	<u>70% by 2025</u> 26,250 (Net 11,250 tCO ₂ e)

²Scale of challenge depends on the exact coverage of the KPI. Baseline data for staff and student travel and procurement is much less robust than that for business travel, and even the latter is recognised to be incomplete at present due to a combination of factors including use of own transport and direct purchasing of flights and train tickets. Work is underway with Finance and Procurement to address this through a combination of actions.

	Student and Staff Commuting 5,000 tCO ₂ e (estimate)		
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7. Executive Team established a Climate Change and Social Responsibility short-life Steering Group in February 2020, with reference to significant expertise via a broader Advisory Group (see Appendix A for membership). This wider Advisory Group met in March 2020 and discussed the scope of the KPI and the broad approach to be taken to developing an initial high-level medium-term CC&SR Plan. Against the above table and in the context of understanding of accuracy of current ability to measure Scope 3, the Steering Group **recommend** the 2025 target be set against **Scope 1, 2 and 3 (*initially* excluding procurement)**, with a view to progressing towards *including* procurement once the underlying data becomes more robust. In other words, we **recommend option 3** in the above table, with accompanying commitment to progress work to quantify embodied carbon in activities such as construction and consumables. Strathclyde staff are working with the rest of the UK HE sector to better understand and address this. Within this, it is fully recognised that, whilst many colleagues have continued to work on campus providing critical services throughout the pandemic, overall, both business travel and commuting patterns have been significantly impacted by Covid-19. It is not yet clear how much of the current change will be embedded.
8. Achieving the challenging 2025 milestone and the overall net zero target requires concerted action, with close student, staff and community involvement in design and delivery of change. Through the establishment of clear structures, governance and leadership we will need to ensure integration of climate action into decision-making processes. This will include use of the new university Innovation process to stimulate creativity across the university in developing local and university-wide sustainability initiatives that contribute to the overall strategy.
9. Within the 2025 Strategy it was stated that a Climate Change and Social Responsibility Plan would be published in early 2020, and it was expected that this should present key deliverables and actions which build towards 5 year and 10 year milestones, ensuring our pace of change in delivering net zero is at least as fast as our wider institutional ambitions and that we regularly review progress and re-set our ambition. An extract from our 2025 Strategy is provided at [Appendix B](#) for reference. It will take time to understand the full and lasting impacts of Covid-19 on University operations and on the wider world, taking into consideration, for example, decreased travel-related emissions due to electronic communications and online learning, but also increased energy emissions linked to working from home (server farms and additional heating). The CC&SR Plan presented in the attached draft focuses on the near term to 2025, recognising it will require further refinement as longer-term plans and post-Covid19 ways of working and economic circumstances become clearer.
10. The full cost of delivering this Plan is not yet quantified, and it is recognised the attached draft is being brought forward during a time of significant economic uncertainty. Whilst this creates challenges, there are also opportunities brought by the current situation, and Government and other funders are resolute in their commitment to delivering Net Zero. The actions in this Plan are critical to our 2025 institutional strategy and our socially progressive ethos, which we know has wide-reaching benefits and is now an expectation of our students, staff and external stakeholders. In producing this paper, there is a clear commitment to follow on with the next level of detail and to regularly report on progress and adapt activity on an ongoing basis. We are seeking endorsement for this 'direction of travel'.
11. Although there is widespread and tangible enthusiasm for the University's commitment to sustainability and Net Zero, we fully recognise that refining and implementing this plan requires effective communication and engagement with individuals, teams, communities and wider

stakeholders. We will draw on expertise in individual and community engagement to ensure the Plan is supported by a Communications Strategy and that stakeholders are kept informed as to how they can contribute to progress, and how this is impacting on the University's trajectory to Net Zero.

12. Additional detail on current activity is provided in a recent update presented as Appendix C to this paper (for information; not intended for publication).

Recommendations

13. This paper is provided for **discussion** and initial feedback. Court is invited to:
 - **consider** the recommendation re the initial scope of the KPI, as set out in paras 6-7 above; and
 - **comment** on the attached draft Plan, with the intention that the Plan is then shared more widely internally and ultimately put in the public domain, as part of a broad Communications Strategy, but also kept under regular review as more data emerges, the University's medium term position in relation to Covid-19 response becomes clearer, and the wider context, for example the plans around Sustainable Glasgow, develop.

Climate Change and Social Responsibility Plan: Accelerating Net Zero
WORKING DRAFT
[RESERVED ITEM]

REF2021: Submission Development

Report to Court, June 2020

Introduction

1. This report summarises the current state of preparations for the submission to REF2021. At the last reporting point, in March 2020, it was expected that this would be the penultimate report to Court ahead of the REF2021 submission deadline. As a result of disruption due to COVID-19, this is no longer the case, and for reasons discussed below, this report is not a complete forecast of performance in the REF2021 exercise. In addition to completion of elements based around the census dates, there remains progress to be made to complete narrative elements of Impact and Environment and to gather impact evidence. Therefore the report combines forecasts where possible with current progress and potential outcomes where there remains work to be completed.

Background information on REF2021 is provided for reference on the Court Sharepoint site.

COVID-19 Impact on REF2021

2. REF2021 preparations across the sector have been impacted by COVID-19. In recognition of the level of disruption experienced, the REF2021 team at Research England put the exercise on hold in March 2020 and removed the submission deadline of 27th November 2020. The census date of 31st July 2020 remains in place for staff, research income, PGR awards and, currently, as the end of the impact period. The deadline for publication remains 31st December 2020.
3. During April and early May 2020, the REF2021 Team at Research England outlined the areas of adjustment being considered and sought views from the sector. Further information outlining new submission deadlines and any other adjustments was expected at the end of May 2020. Detailed information will now not be available for some weeks but the REF2021 team have stated that they are “exploring a revised submission deadline in March 2021”. As Strathclyde was on track to deliver submission on 27th November 2020, our submission will be ready whatever the outcome.
4. Disruption to submission preparations at Strathclyde has been minimal. Despite the transition to remote working, progress in relation to output review, impact development and environment has continued:
 - The outputs element has been largely unaffected. Publications that may have happened between March and Dec 2020 may be delayed but our forecast profiles have never included unpublished outputs so there would have been only a small impact on profiles. These publications may yet be published.
 - There are a small number of impact cases (in units of assessment (UoA) A3 Allied Health and B10 Maths) where case authors’ time has been redirected to urgent COVID-19 work and therefore development has slowed. However extended deadlines

will leave adequate time for cases to be completed. We expect that it will be difficult, and certainly take longer, to gain evidence for all impact cases from partner organisations. This is a problem affecting the whole sector and we expect that REF2021 changes will help to mitigate the impact of this issue. Again, extended deadlines will support completion of this part of preparations to the highest possible standard.

- The impact of additional research income and postgraduate student awards between April 2020 and July 2020 would always have been minimal. We have however continued to make progress, for example, with the swift establishment of online viva by Faculties enabling doctoral completions to continue.
- Environment statement development has continued unaffected and the statements are now well developed, enabling the scoring reported below.

Preparation Progress

5. This report is based on a 'snapshot' compiling all the available information in the form of REF2021 outcomes. A meeting was held for each UoA to which the relevant Head of Department/School, Research Director, UoA lead, Vice Dean Research and Dean were invited. A summary sheet was prepared for each Unit of Assessment (UoA) to allow assessment of progress in Outputs, Environment and Impact. These summary sheets are available on the Court Sharepoint Site.
6. Monthly meetings with the Vice Deans Research continue as a means of ensuring consistent approaches and communication. Separate monthly meetings are also held with the Deans to ensure that each is fully briefed on progress and any concerns.
7. The REF team meets weekly to co-ordinate activity and monitor progress. Contact between REF team members and UoA leads focus on particular elements (outputs, impact and environment) where attention is required and occurs on a weekly basis or more frequently. All these interactions are directed at maximising the progress being made week to week and resolving any issues before any impact on preparations takes place.
8. Despite the disruption, in the last 3 months, progress in development of all elements but particularly in relation to impact cases and environment narratives has continued. Cases and narratives affected by the disruption are not as close to complete as would have been the case without COVID-19. However, we are certain that any delays will be overcome by the new submission deadline.

Summary Assessment of Preparation by Content Type

[Reserved]

Table 1: Summary Assessment of Preparation by Element

[Reserved]

Table 2: GPA and FTE by UoA at 2nd June 2020

[Reserved]

Timeline

12. While the new submission deadline and other adjustments to the exercise have not been announced, we cannot be certain of the final timeline. At the moment we are basing our planning on a submission deadline of 31st March 2021. This has the benefit of continuing the momentum of preparations thus far and maximising the opportunity of early completion of REF2021 actions; freeing academic staff to focus on other priorities.

The following timeline is suggested:

Date	Details	Reporting
31 st July 2020	Census date for staff, research income and PGR awards.	Passing this date will enable final output selections to be made (with the caveat that publication census date is not until 31 st Dec 2020).
31 st July 2020	End of Impact period (i.e. impact can no longer be created or measured)	Narrative will be able to be completed for cases with active impact development. Narrative and evidence gathering can continue until submission.
October 2020	HESA data for research income and PGR awards will be available.	Final environment metrics will be able to be compiled.
October 2020		Report to ET & Court
November 2020		Report to ET & Court
31 st Dec 2020	End of Publication period	Final output profile possible.
March 2020		Report to ET & Court.
31 st March 2021	Submission	

Paper F

Court and Committee Membership 2020/21

Introduction

1. This paper sets out the proposed membership of Court and relevant committees for 2020/21.
2. The paper is divided into two sections:
 - Section A provides information and recommendations relating to the expected membership of Court for 2020/21;
 - Section B provides information on the membership of Court's committees and other relevant committees for 2020/21.
3. Updated projections of Court and committee memberships are provided in Annexes A and B, respectively.
4. Court is invited to approve both a specific recommendation for re-appointment of Court members (highlighted in a red text box below) and the overall membership of Court and committees that is explained in the paper and set out in the annexes. Court Membership Group (CMG) has considered all of the details as laid out here and recommends them for Court's approval.
5. Some details of membership remain to be established, being dependent on the outcomes of on-going processes (notably the election of Senate members to Court). CMG and Court will be contacted in due course to finalise these matters.

Section A: Court Membership

Lay member recruitment

6. At its meeting on 21 April 2020, on the basis of a recruitment exercise carried out over the preceding months, CMG agreed to recommend to Court the appointment of Virginia Beckett as a lay member of Court from 1 August 2020 for an initial one-year term. Court approved this recommendation at its meeting on 5 May 2020.

Lay member reappointment

7. Two lay members reach the end of a term of office on 31 July 2020 with the possibility of re-appointment. They are Stephen Ingledew and Peter Young, who have completed their initial one-year terms. They have indicated their willingness to continue to serve on Court. Statute 2.5.11 states that lay members of Court are eligible for appointment/re-appointment of up to four years at a time, subject to a maximum total continuous period of office of nine years.

8. Court is therefore invited to approve the re-appointment of Stephen Ingledew and Peter Young as lay members of Court for a four-year term, 1 August 2020 – 31 July 2024.

Staff membership

9. Implementation of the Higher Education Governance (Scotland) Act 2016 by the start of the 2020/21 academic year requires three new staff members of Court. These are:
 - one person appointed by being elected by the academic professional staff of the University from among their own number,
 - one person appointed by a trade union from among the academic professional staff of the University;
 - one person appointed by a trade union from among the professional services staff of the University.
10. Statute 2.5 states that these three positions will each have an initial term of office of 3 years.

Elected Academic Professional Member

11. In April, an election was run, in line with Ordinance 2.1.28, to elect an Academic Professional member of staff to serve on Court. The election was won by a member of staff who subsequently indicated that they would be leaving the University and would therefore be unable to take up the position. Given that the election had been run to a single transferrable vote system, votes were re-allocated according to voter's indicated preferences in the absence of the withdrawn candidate. On this basis, the election was won by Dr Barbara Keating, who will take up office on 1 August 2020 for a three-year period.
12. Note that the existing position of elected Professional Services member of Court will continue, with Heather Stenhouse remaining in this role until 2021.

Trade Union membership

13. In early April, the University's formally recognised Trade Unions, namely UCU, Unison and Unite, were invited to begin the process to nominate appropriate members for Court membership in line with Ordinances 2.1.15-2.1.21. The process requires the Trade Unions to invite applications from their members, to consider the nominees and, collectively, to select two from the appropriate staff categories.
14. The Trade Unions collectively nominated the following staff members to serve on Court:
 - nominee from Academic staff: Andrew Eccles, UCU (Lecturer, Social Work & Social Policy); and
 - nominee from Professional Services staff: William McLachlan, Unite (Security Warden)

Senate membership

15. The revised statutes have reduced the number of Court members elected by and from Senate from five in 2019/20 to two from 2020/21.
16. Four of the current Senate members of Court, Amanda Corrigan, Dr Kathy Hamilton, Gillian Pallis and Dr Neil McGarvey, are due to demit office in July 2020 (with implications for Court committee memberships; see below). Senate will therefore need to elect a new member of Court for 2020/21 via the usual election procedures. This election is due to take place in June 2020 and to be reported to Senate in September.
17. Dr Katharine Mitchell remains as a Senate member of Court until July 2021.

Student membership

18. The terms of office of USSA's elected officers begin on 1 July this year, slightly later than most years because of delays and re-prioritisation brought about by the Covid-19 outbreak. In contrast to other years, the current student Court members will therefore continue to serve on Court for the final Court meeting of the academic year, on 17 June.
19. Kayla-Megan Burns, who served on Court last year as Vice President (Community), has been elected as USSA President and will continue to serve on Court. The second USSA Executive member to serve on Court will be confirmed in due course via the usual USSA procedures.

Local Government member

20. Councillor Ruairi Kelly is the current Glasgow City Council representative on the University Court. He is eligible to continue to serve on Court.

Section B: Committee Membership

Lay Members' Committee Roles

21. The **current** Committee responsibilities of lay members of Court are as follows (an asterisk indicates 'committee convener'):

Lay Member	Responsibilities
Sue Bruce (Convener)	CBG*, CMG*, Remuneration
Paula Galloway (Vice-Convener)	Audit & Risk*, CBG, CMG
Ronnie Cleland (Senior Deputy Convener & Deputy Convener, Staff)	CBG, CMG, Remuneration*, Staff
Gillian Hastings (Treasurer)	CBG, CMG, Remuneration, Estates, EIC*
Marion Venman (Deputy Convener, Estates)	CBG, CMG, Estates
Jeremy Beeton	Estates, Audit & Risk
Archie Bethel	--
Alison Culpin	CMG, Audit & Risk
Susan Kelly	EIC
Malcolm Roughead	Staff, EIC
Brenda Wyllie	Audit & Risk
Stephen Ingledew	Staff
Peter Young	SACSOH*

22. Annex B sets out the expected membership of each committee for 2020/21, indicating where vacancies lie. No changes to convenerships are expected.

Other Court members' committee roles

23. Two of the out-going Senate-appointed members of Court hold positions on Court committees that are reserved for staff members of Court: Amanda Corrigan is a member of CBG and Dr Kathy Hamilton is a member of CMG. It will be necessary to appoint new occupants of these positions for 2020-21. It will be appropriate to address these vacancies when the full set of staff members of Court is known; that is, following the outcomes of

Senate elections to Court. CMG and Court will be consulted by correspondence at this stage.

Co-opted members of Committees

24. As noted above, Virginia Beckett will join Court from 1 August. She has agreed to continue as a member of Estates Committee. Estates Committee does not have a requirement for any fixed number of lay Court members or of co-opted members but, instead, has the ability to co-opt anyone it considers has the relevant expertise. This means that Virginia Beckett's change of status does not necessitate any further changes to the Committee's membership.
25. Audit & Risk Committee currently has two co-opted members, both of whom are expected to continue in these roles, having time remaining in their current terms of office.
26. The co-opted members of Enterprise & Investment Committee (EIC) were recently appointed or re-appointed and are expected to continue in these roles.

Recommendations

27. Court is invited to **approve**
 - the re-appointment of Stephen Ingledew and Peter Young as lay members of Court, each for a second term of office running from 1 August 2020 to 31 July 2024; and
 - the overall membership of Court and its committees as established to date, as set out in the paper, including appointment of:
 - the Academic Professional member of staff elected to Court; and
 - the two proposed members of Court nominated by Trade Unions.

Annex A

University Court

Provisional Membership 2020/21

Subject to approval of proposals put to the present meeting

Convener of Court	Dame Sue Bruce (CBG, CMG, R) <i>(Re-appointed as Convener to 2022)</i>
Vice-Convener of Court	Paula Galloway (CBG, CMG, A) <i>(Appointed as Vice-Convener to 2021)</i>
Senior Deputy Convener and Deputy Convener (Staff)	Ronnie Cleland <i>(to 2022)</i> (CBG, S, CMG, R)
Treasurer	Gillian Hastings (CBG, E, CMG, R, EIC) <i>(Re-appointed as Treasurer to 2022)</i>
Deputy Convener (Estates)	Marion Venman <i>(to 2021)</i> (CBG, E, CMG, R)
Co-opted Members	Brenda Wylie <i>(to 2022)</i> (A,) Dr Jeremy Beeton CB <i>(to 2021)</i> (E, A,) Dr Archie Bethel CBE <i>(to 2021)</i> Alison Culpan <i>(to 2021)</i> (CMG, A) Malcolm Roughead OBE <i>(to 2021)</i> (S, EIC) Susan Kelly <i>(to 2021)</i> (EIC) Stephen Ingledew <i>(to 2024)</i> (S) Peter Young <i>(to 2024)</i> (SACSOH) Virginia Beckett <i>(to 2021)</i> (E)
Ex Officio	
Principal	Professor Sir Jim McDonald
Vice-Principal	Professor Scott MacGregor
Appointed by Senate	Dr Katharine Mitchell <i>(to 2021)</i> TBC <i>(to 2023)</i>
Elected Staff	Heather Stenhouse <i>(to 2021)</i> Dr Barbara Keating <i>(to 2023)</i>
Trade Union Appointments	Andrew Eccles <i>(to 2023)</i> William McLachlan <i>(to 2023)</i>
Students' Association Appointments	Kayla-Megan Burns (CBG, E, CMG) <i>(to 2021)</i> TBC <i>(to 2021)</i>
Local Government	Councillor Ruairi Kelly

Committee Membership: CBG: Court Business Group; CMG: Court Membership Group; R: Remuneration Committee; E: Estates Committee; S: Staff Committee; A: Audit & Risk Committee; EIC: Enterprise & Investment Committee, SACSOH: Statutory Advisory Committee on Safety & Occupational Health)

** As agreed by Court on 1 March 2018, one Senate member of Court will be appointed for a shorter period of two years in order to support the transition to the revised membership of Court required to comply with the Higher Education Governance (Scotland) Act 2016

Attending

The following Officers of the University normally attend meetings of the University Court:

University Secretary & Compliance Officer	Dr Veena O'Halloran
Chief Commercial Officer	Adrian Gillespie
Chief Financial Officer	Steven Wallace
Chief People Officer	Sandra Heidinger
Associate Principal & Executive Dean	TBC, Faculty of Humanities and Social Sciences Professor David Hillier, Strathclyde Business School (subject to re-appointment in June 2020) Professor Atilla Incecik, Faculty of Engineering Professor Iain Stewart, Faculty of Science
Associate Principal	Professor Tim Bedford (Research & Innovation) Professor Douglas Brodie (Social Impact & Progression) Professor Eleanor Shaw (Entrepreneurship & Education)
Director of Strategy & Policy	Rona Smith
Head of Governance & Public Policy (Clerk to Court)	Dr Daniel Wedgwood

Vacancies highlighted in yellow.

Co-opted member
(Court member) –
Virginia Beckett

****The University's Statutory Advisory Committee on Safety and Occupational Health (SACSOH) is formally a committee of Court, but has a large membership drawn from across the University. Only Court's appointee is listed here.**

**USSA Financial Statements 2018/19, Budget and Plan
[RESERVED ITEM]**

**Re-appointment of Associate Principal & Executive Dean
[RESERVED ITEM]**



Scottish Funding Council
Comhairle Maoineachaidh na h-Alba

Paper I

Payment to the former Principal of the University of Aberdeen

A review by the Scottish Funding Council



February 2020

Cover photo credit: University of Aberdeen

About us

LEADING, INSPIRING, INVESTING

We are the national, strategic body that funds further and higher education and research in Scotland.

- We invest in education that is accessible to learners from all backgrounds, gives them a high-quality learning experience, supports them to succeed in their studies, and equips them to flourish in employment, further study and fulfilling lives.
- We invest in excellent research and innovation that adds to current knowledge, delivers economic and societal value, enhances Scotland's international reputation and attractiveness, and makes the world around us prosperous, healthier and more sustainable
- We ensure our autonomous colleges, universities and specialist institutions form part of a successful, world-leading, coherent and sustainable system of education that responds effectively to the future needs of learners and the skills needs of the economy and society, enhances our rich cultural life, and strengthens Scotland's international connections.
- We will be an excellent, outcome-focused public body that provides leadership, inspires confidence, models collaborative working, is committed to continuous improvement, and stewards public resources well.



**WE INVEST
£1.8BN
IN SCOTLAND'S
26 COLLEGES,
17 UNIVERSITIES AND
2 SMALL, SPECIALIST
INSTITUTIONS**



**WE SUPPORT ALMOST
500,000
STUDENTS EACH YEAR**

**OUR RESEARCH
EXCELLENCE GRANT
HELPS TO GENERATE
ALMOST**

**£800M
OF ADDITIONAL
RESEARCH
INCOME**



**OVER THE PAST 10 YEARS
WE HAVE INVESTED £1.8BN
IN COLLEGE AND UNIVERSITY ESTATES**



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Payment to the former Principal of the University of Aberdeen

A review by the Scottish Funding Council

Summary

The Scottish Funding Council (SFC) is the national, strategic body that funds further and higher education and research in Scotland. Our main statutory duties and powers come from the Further and Higher Education (Scotland) Act 2005. Universities that receive public funds must meet the terms and conditions set out in accepted offers of grant, Outcome Agreements, and a Financial Memorandum (which also includes compliance with the relevant Scottish Code of Good Higher Education Governance¹). In the round, these require universities to make best use of public funds and to exercise good governance. SFC can consider the clawback of grant or reduce future funding if these terms and conditions are not met.

We decided to review the payment made to the former Principal of the University of Aberdeen because the Financial Statements did not appear to accord with our understanding of the Principal's retirement and we were not satisfied with the University's response to our initial enquiries. The former Principal's total remuneration disclosed in the Financial Statements for 2017-18 was £601,000. In addition, a payment of £60,000 was made in relation to the former Principal, for "outplacement support".

Our review was conducted by an SFC Review Committee, including an independent external member, and involved liaison with the Office of the Scottish Charity Regulator and the examination of over 500 pieces of evidence. The University has been open and responsive over the course of this formal review.

Our review concludes that:

- 1) The University approved a settlement agreement with the former Principal without a documented assessment of value for money and it could have identified better-value options.
- 2) While the main "heads of terms" for the settlement agreement were approved by the University's Remuneration Committee, there were flaws in the conduct of that Committee and the University Court did not receive sufficient information to be assured of due process or to protect the University's interests.
- 3) The University's Remuneration Committee was not provided with specific written advice about its value for money responsibilities.

¹ The applicable version of the Code was that published in 2013: <https://www.scottishuniversitygovernance.ac.uk/the-2013-code-2/> It has since been updated: <https://www.scottishuniversitygovernance.ac.uk/2017-code/>

- 4) The University did not fully consider or meet the requirements of our Financial Memorandum in relation to severance payments.
- 5) The payments made under the settlement agreement were properly disclosed in the 2017-18 Financial Statements, but in our view an additional payment of £60,000 for “outplacement support” should also have been disclosed.
- 6) The University could not provide evidence that proper authorisation procedures had been followed in securing this outplacement support.

The SFC Board has, therefore, determined that the following actions should be taken:

- The University is notified that it has breached Financial Memorandum requirements.
- The University is required to undertake an externally-facilitated review of its governance procedures and culture. It will provide assurance to SFC about the actions and outcomes resulting from its review.
- The University is required to repay grant of £119,000, which represents an appropriate proportion of the payments examined in this review.

1. Introduction

- 1.1. The Scottish Funding Council (SFC) is the national, strategic body that funds further and higher education and research in Scotland. Our main statutory duties and powers come from the Further and Higher Education (Scotland) Act 2005. Universities that receive public funds must meet the terms and conditions set out in accepted offers of grant, Outcome Agreements, and a Financial Memorandum (which also includes adherence to the Scottish Code of Good Higher Education Governance). In the round, these require universities to make best use of public funds and to exercise good governance. SFC can consider the clawback of grant or reduce future funding if these terms and conditions are not met.
- 1.2. We decided to review the payment made to the former Principal of the University of Aberdeen because the Financial Statements did not appear to accord with our understanding of the Principal's retirement and we were not satisfied with the University's response to our initial enquiries.

2. Background

2017-18 financial statements

- 2.1. The 2017-18 Financial Statements of the University of Aberdeen include the following:
- 2.2. "In August 2017, Professor Sir Ian Diamond intimated his intention to retire to allow the University to begin the process of appointing a successor. Due to the considerable time required to complete the recruitment process, it was agreed that Professor Diamond would remain in office until his successor was appointed and in post. Professor Diamond formally gave his notice to retire in July 2018, he was entitled to a payment of £282,000 in respect of a contractual 12 month notice period. A further payment of £7,000 was in respect of related expenses."²
- 2.3. The Principal's total remuneration disclosed for 2017-18 was £601,000, consisting of salary of £282,000, pension contributions to the University Superannuation Scheme (USS) of £30,000 and contractual notice period payment and related expenses of £289,000. (Although not all of the additional payments were made before 31 July 2018, the University became liable for the payments before this date and so they were included within the total remuneration for the 2017-18 financial year.)

² Staff Costs: Note 7, page 79

- 2.4. The Principal's remuneration in 2017-18, including the additional payments, was disclosed as 15 times the median remuneration of the University's workforce. The accounts describe the payment as 'in respect of a contractual 12 month notice period' and this was consequent to 'Professor Diamond formally gave his notice to retire in July 2018.'

Retirement

- 2.5. Although the accounts stated that the Principal gave notice to retire in July 2018, SFC was advised in August 2017 of his intention to retire and there was media coverage to the same effect³. In the course of this review we established that the date of 'formal' notice to retire was defined in a settlement agreement as being "the date the successortakes up post assuming the responsibilities and duties of the University's Principal". That is, on the last day the Principal was the formal Principal of the University and immediately preceding a 12 month period of 'gardening leave'.
- 2.6. We also noted documentary evidence that the Principal proposed initial terms in relation to his retirement and that the terms considered by the Remuneration Committee were as a result of a period of negotiation. The Principal's right to a 12 month contractual payment arose as a result of these negotiations, with the settlement agreement defining his last day acting as Principal as described above.

3. Initial queries

- 3.1. SFC wrote to the University on 18 January 2019 seeking clarification of issues surrounding the payment. We received a reply dated 31 January from the University's Vice-Chancellor and Principal.
- 3.2. Following a review of the material supplied by the University, SFC determined that a formal review should be undertaken to examine if the circumstances and decisions taken in relation to the payment to its former Principal were in compliance with SFC's [Financial Memorandum with Higher Education Institutions](#)⁴ and with good practice in relation to corporate governance as detailed in the [2013 Scottish Code of Good Higher Education Governance](#)⁵.

³ Aberdeen Evening Express, 25 August 2017 (<https://www.eveningexpress.co.uk/fp/news/local/outstanding-principal-to-retire-from-uni-post/>) and BBC news website, 24 August 2017 (<https://www.bbc.co.uk/news/uk-scotland-north-east-orkney-shetland-41042369>).

⁴

http://www.sfc.ac.uk/web/FILES/Guidance_Governance/Financial_Memorandum_with_higher_education_institution_s_-_1_December_2014.pdf

⁵ <https://www.scottishuniversitygovernance.ac.uk/the-2013-code-2/>

4. Review Committee

Establishment

4.1. At its meeting on 25 June 2019, the Council agreed to establish a Review Committee for the purposes of conducting a review into the University of Aberdeen's (the University's) compliance with the Council's terms and conditions of grant in relation to a payment to its former Principal. The remit and standing orders were approved by the Council at its meeting on 25 June 2019.

Membership

4.2. The membership of the Committee was:

- Karen Watt Chief Executive Officer (Chair of the Committee)
- Martin Fairbairn Chief Operating Officer
- Ali Jarvis External member

Remit

4.3. The specific duties of the Review Committee agreed by the Council Board are listed below:

- The Review Committee will conduct the review of the University's compliance with the Council's terms and conditions of grant (including as set out in the institution's outcome agreement and in the Financial Memorandum).
- At the conclusion of the review the Committee will produce a draft report with its:
 - Findings of fact.
 - Recommendations to the Council board as to whether or not the institution has complied with the Council's terms and conditions of grant.
 - Recommendations to the Council board on any sanctions to be applied, including repayment of grant.
- The Committee will share its factual findings with the University's Principal and Senior Governor and any other key organisations and individuals the Committee believes is appropriate, to provide them with an opportunity to comment on the factual findings before the report is finalised by the Committee.
- The Committee will then finalise its report and confirm its recommendations.

- The Committee reserves the right to make recommendations to the Council board on improvements to sector governance, if the Committee considers it appropriate to do so.

5. Liaison with the Office of the Scottish Charity Regulator (OSCR)

- 5.1. All universities funded by SFC are also registered charities. A [Joint Working Agreement](#) (JWA)⁶ is in place between SFC and OSCR. The purpose is to ensure effective liaison, where appropriate, in the development of guidance for the sector; and set out the circumstances in which OSCR and SFC will share information and collaborate. In accordance with Section 3 of the JWA, SFC and OSCR agreed to share information in relation to the review.
- 5.2. After reviewing the information held to date OSCR determined that it should undertake its own inquiry. The purpose of the two reviews is distinct and related to the differing powers and responsibilities of each agency. The SFC's purpose in undertaking a review is set out in the remit at paragraph 4.3 (above). OSCR is undertaking an inquiry using its statutory powers as the regulator of the charitable sector and in relation to the duties and responsibilities of charity Trustees.
- 5.3. After consultation between SFC and OSCR, OSCR wrote to the University with a request for documents in relation to the departure of the former Principal and advised that such information would be shared with SFC. SFC received the University's response on 26 August 2019.

6. Collection and collation of documentation

- 6.1. The University's Director of Planning (who had not been involved in the events under review) wrote to all those who were members of University Court in academic years 2016-17, 2017-18 and 2018-19 to bring the letters from OSCR and the SFC to their attention and to inform them that the reviews were to take place. An individual follow-up email was sent to relevant members of University Court in academic years (AYs) 2016-17, 2017-18 and 2018-19 to request information pertaining to the review. All members of University Court in 2016-17, 2017-18 and 2018-19 were contacted for information, with four exceptions (on the basis that they were appointed to the University Court after the former Principal's retirement date of 31 July 2018 and were thereby deemed to hold no information relevant to the review). A total of 40 Court members were contacted and 35 responses were received by the University.
- 6.2. An individual email was sent to all those who were members of the University's Senior Management Team (SMT) in AYs 2016-17, 2017-18 or 2018-19, to inform them

⁶ <https://www.oscr.org.uk/media/3145/2016-10-10-sfc-policy-statement-review.pdf>

of the review and request information pertaining to the review. Six members of SMT were not contacted as they were either not in the University's employment in the period under review or had been contacted as members of Court. All those members of SMT who were contacted responded to the request.

- 6.3. All evidence collected from Court members, senior members of staff and from University records which addressed seven main areas listed in the letter of 10 July issued by OSCR was collated with an index consisting of 19 pages and 503 numbered entries. We should like to thank the University of Aberdeen for the co-operation and assistance afforded us during the conduct of this review and in particular the University's Director of Planning who collated and referenced a considerable amount of documentation.
- 6.4. The documentation starts in December 2016, eight months before the settlement agreement between the University and the Principal. These documents were included as they refer to events that had a bearing on the Principal's decision to announce his intention to retire. The narrative extended to summer 2019 in order to include all discussion at Court and Court committees about the remuneration received by the former Principal as reported in the University's 2018 Accounts.

7. Examination of documentation

- 7.1. SFC examined all the documentation received to understand the sequence of events, the processes undertaken, the nature of decisions taken, and the governance oversight exerted in relation to the departure of the former Principal. This evidence was assessed against relevant SFC governance and funding requirements and expectations. The relevant SFC requirements are contained within the Financial Memorandum which itself requires compliance with the 2013 Scottish Code of Good Higher Education Governance. The review focused on the University and the way in which policies and procedures were followed, rather than on any particular individual.

8. Issues addressed by the SFC Review Committee

Did the University properly consider Value for Money in relation to the additional payment to the Principal?

- 8.1. Part 1 Paragraph 17 of the Financial Memorandum states ‘The institution strives to achieve value for money and is economical, efficient and effective in its use of public funding’ (see Annex A). There are a number of processes which are generally expected to be in place to comply with this requirement, including financial and procurement regulations. Where large amounts of expenditure are incurred we would expect to see the development of a business case stating the objectives to be achieved together with an option appraisal detailing and comparing the costs and benefits of several options. The preferred option, having the optimal balance between cost and benefits, should be identified.
- 8.2. We found no evidence that a formal documented business case, including an appraisal of different options, was made in relation to the financial arrangements agreed with the former Principal. The payment was made under a settlement agreement, negotiated between the Principal and the University, represented by the previous Senior Governor and the Chair of the Remuneration Committee, in close consultation with some other non-executive governors and advised by senior managers. The relevant minutes of the Remuneration Committee do not reveal any formal documented option appraisal with a clear examination of the relative costs and benefits.
- 8.3. We saw evidence (for example, an email from the Chair of the Remuneration Committee to three other members of the Committee, the University Secretary and the Director of HR) that one driver of the agreement made with the Principal was to secure continuity in the operation of the Senior Management Team through to a successor Principal being appointed and in place. However, we also saw emails (for example, an email from the University Secretary to four members of the Remuneration Committee and the Director of HR) which show the Remuneration Committee was aware that the same objectives could have been achieved at a considerably reduced cost to the University.
- 8.4. We saw documentation which indicates that, during the negotiations with the former Principal concerning his departure, management arrangements were being put in place for the Principal to move to an external role with internal senior management being led by a Senior Vice-Principal, who had an official start date of 1 September 2017. One of the ‘Heads of Terms’ agreed at the Remuneration Committee held on 29 July 2017 stated “Until ID successor is appointed MG [Senior Vice-Principal] will host monthly meetings with SMT and VPs.” It appears that internal senior management matters were no longer within Professor Diamond’s full responsibilities once the settlement agreement was signed, though he kept the title of ‘Principal’ and the role of titular head of the institution, along with his full salary until his ‘formal’

notice was given. We consider this arrangement to have further implications for the value for money obtained by the University.

8.5. We were advised by the University, in its initial response dated 31 January 2019, that during his period of 'garden leave' Professor Diamond "was available to provide support to the University if required". We are unaware of any advice being sought from the former Principal following his move to gardening leave on 1 August 2018.

8.6. We conclude that:

- In approving the terms of the settlement agreement, there was no documented assessment of value for money.
- There is evidence that, if a proper and documented assessment had been undertaken, better-value options would have been identified.
- By defining the former Principal's 'formal' notice date as the date immediately preceding both the successor Principal taking up his post and the former Principal moving to a 12 month period of 'gardening leave', the University incurred the cost of two Principals over the 2018-19 financial year. In addition, over the 2017-18 financial year, the Principal received his full salary while having significantly fewer duties and responsibilities than those constituting the full role of Principal, and we have seen no evidence that the value for money consequences of that arrangement were assessed.

Were the payments approved by the Remuneration Committee and were they reported to Court?

8.7. Good practice in relation to the responsibilities and conduct of remuneration committees is set out on page 30 of the 2013 Scottish Code of Good Higher Education Governance. It includes the statement that "The remuneration committee's reports to the governing body should provide sufficient detail of the broad criteria and policies against which decisions have been made".

8.8. The remit of the University of Aberdeen's Remuneration Committee is given at Annex B. The minutes of a meeting of the Remuneration Committee which took place on the morning of Saturday 29 July 2017 (though they bear the date 29 July 2019) confirm that the Committee agreed the 'Heads of Terms' of an agreement with the former Principal. Though the meeting was quorate we noted the following:

- The meeting was called for the morning of Saturday 29 July late on the evening of Friday 28 July. Though there is no specific requirement about the notice given for meetings of committees, it is a matter of good practice that a reasonable notice period is given to facilitate maximum attendance, and allow members to study relevant papers and to consider all the relevant issues.

- We saw evidence that efforts were made to telephone the President of the Aberdeen University Students Association (AUSA), without success. In the email calling the meeting the AUSA President was not included on the distribution list. We found no evidence that any consultations were undertaken with student representatives on this issue (although that was not a requirement of the 2013 Code of Good Higher Education Governance at that time).
- At the time of the meeting the staff position on the Remuneration Committee was vacant. We saw no evidence that any consultations were undertaken with staff representatives on this issue (although that was not a requirement of the 2013 Code of Good Higher Education Governance at that time).
- We examined the minutes and papers of the Court meeting of 4 October 2017, which was the first meeting after the meeting of the Remuneration Committee of 29 July 2017. Though the minutes show a report from the Remuneration Committee concerning its meeting on 26 June 2017, no reference is made to the meeting on 29 July 2017 and we saw no evidence that the details of what was agreed concerning the settlement with the former Principal being formally communicated to the governing body of the University. (See page 30 the 2013 Scottish Code of Good Higher Education Governance.)

8.9. We conclude that:

- The 'Heads of Terms' forming the main terms of the settlement agreement with the former Principal were approved by the Remuneration Committee.
- As noted at paragraph 8.8, there were omissions in relation to calling the meeting of the Remuneration Committee.
- There is no evidence that sufficient documented information was supplied to the Court so that members could be assured University policies were followed and the University's interests were protected.

Were decision-makers aware of the Governance requirements of SFC?

8.10. Page 30 of the 2013 Scottish Code of Good Higher Education Governance states: "In discussing these issues, and if considering severance arrangements for senior staff, the remuneration committee must represent the public interest and avoid any inappropriate use of public funds".

8.11. We saw evidence which confirms the Chair of the Remuneration Committee was provided with an extract from the Financial Memorandum relating to severance payments. We saw no communication with regard to the requirements of the

Financial Memorandum at Part 1 Paragraph 17, which requires that “The institution strives to achieve value for money and is economical, efficient and effective in its use of public funding”.

8.12. We conclude that:

- There is no evidence that the Committee was provided with specific written advice on its value for money responsibilities, which it was required to consider at its meeting on 29 July 2017.

Did the University comply with the requirements of the Financial Memorandum in relation to severance payments?

8.13. Paragraphs 29 to 34 of the Financial Memorandum (reproduced at Annex A) set out requirements in relation to severance payments.

8.14. As noted at paragraphs 2.1 and 2.4 above, the payment to the former Principal was described as both an amount due in respect of a contractual 12 month notice period and for ‘garden leave’. It was not described in the accounts or in the settlement agreement as a ‘severance payment’.

8.15. We saw evidence to support a view that the payments to the Principal were, in essence, severance payments:

- Commentary on the initial terms which indicated that it was planned that the unexpired period of fixed term contract (to 31 October 19) would be paid as compensation for loss of office.
- Reference to the university not having a severance policy and a proposal that the termination not be handled as a severance but within the parameters of 12 months’ salary.
- Communication about the 29 July 2017 Remuneration Committee, attaching a draft ‘Heads of Terms of Agreement’ and stating “there will be an extraordinary meeting of the Remuneration Committee held tomorrow, Saturday 29 July 2017 at 11am to consider terms of a severance arrangement”.

8.16. It is our view, therefore, that the intention of the settlement agreement with the former Principal was to provide a payment in order to secure his orderly departure from his position as Principal of the University. Therefore the requirements of the Financial Memorandum at Part 2 paragraphs 29 to 34 (see Annex A) ‘Severance Payments’ should have been observed by both the parties who agreed the settlement agreement.

8.17. We have examined the agreement and the circumstances of its negotiation and

concluded there was non-compliance with several Financial Memorandum requirements:

- Non-compliance with both elements of paragraph 29.
- Compliance with only 3 of the 9 bullet points at paragraph 30.
- No evidence of compliance with paragraphs 31 and 32.
- Partial compliance with paragraph 33.

8.18. We saw evidence that the Audit Committee specifically requested the external auditor to examine the payment made to the former Principal.

Was the disclosure in the 2017-18 financial statements correct?

8.19. The mandatory disclosures for Scotland's universities were detailed in the [Accounts Direction for Scotland's universities 2017-18](#)⁷ (SFC/GD/11/2018) issued by SFC on 8 July 2018. Requirements for the disclosure of the head of the institution are given at paragraph 12: "The actual total remuneration of the head of institution which must disclose separately salary, bonus, employer pension contribution and benefits in kind. Where there is a change of head of institution during the year, details should be given separately for each person, noting the dates each was in post".

8.20. As stated at paragraph 2.1 above the payment was disclosed in the 2017-18 financial statements.

8.21. The external auditor, in his letter to management following his audit of the 2017-18 accounts, confirmed the payments to be a 'termination payment' under Financial Reporting Standard (FRS) 102, and that this treatment was correct.

8.22. In addition a payment of £60,000 (including VAT) was made to a third party in relation to the former Principal in October 2017 (see paragraphs 8.24 and 8.25 below). In our opinion this payment represented a benefit in kind. This amount was not included in the disclosure of the Principal's total remuneration at Note 7. Although the Accounts Direction at the time did not make a distinction between taxable and non-taxable benefits, we consider that a possible exemption from tax does not mean that the payment should not have been disclosed.

8.23. We conclude that the payments made under the settlement agreement were correctly disclosed in the 2017-18 accounts. However, in our view the additional payment of £60,000 should also have been disclosed.

⁷ <http://www.sfc.ac.uk/publications-statistics/guidance/guidance-2018/SFCGD132018.aspx>

Was the provision of outplacement support properly authorised?

- 8.24. Items forming part of the remuneration of the Principal fall within the remit of the University's Remuneration Committee. All payments should be made in accordance with the University's Financial Regulations. There is a requirement to obtain value for money in the Financial Memorandum Part 1: Paragraph 17.
- 8.25. The payment related to the provision of 'outplacement support' to the former Principal. Outplacement support or counselling usually involves professional advice or assistance designed to help an employee find a new job.⁸ The minutes of the Remuneration Committee meeting of 29 July 2017 stated "It was agreed that consideration would be given to the provision of outplacement support, following consultation with the University Lawyer on the matter." There was no quantification of the financial commitment this represented.
- 8.26. We saw no documentation to evidence that the University lawyer was consulted or provided advice on this matter, nor that the cost of the provision of such support had been considered prior to securing the services. We found no evidence of any formal authorisation for incurring the expenditure. Apart from the recommendation contained in the Remuneration Committee meeting minutes we found no other formal authorisation sign-off in relation to securing this additional payment.
- 8.27. We conclude that the Remuneration Committee agreed to consider providing outplacement support to the former Principal following consultation with the University lawyer. However, after its decision we saw no evidence that any such consultation with the University lawyer occurred or that authorisation to proceed with obtaining such support was properly concluded.

9. Summary of conclusions

Did the University properly consider Value for Money in relation to the additional payment to the Principal?

9.1. We conclude that:

- In approving the terms of the settlement agreement, there was no documented assessment of value for money.
- There is evidence that, if a proper and documented assessment had been undertaken, better-value options would have been identified.

⁸ A fuller definition can be found here: <https://www.gov.uk/hmrc-internal-manuals/employment-income-manual/eim13745>

- By defining the former Principal's 'formal' notice date as the date immediately preceding both the successor Principal taking up his post and the former Principal moving to a 12 month period of 'gardening leave', the University incurred the cost of two Principals over the 2018-19 financial year. In addition, over the 2017-18 financial year, the Principal received his full salary while having significantly fewer duties and responsibilities than those constituting the full role of Principal, and we have seen no evidence that the value for money consequences of that arrangement were assessed.

Were the payments approved by the Remuneration Committee and were they reported to Court?

9.2. We conclude that:

- The 'Heads of Terms' forming the main terms of the settlement agreement with the former Principal were approved by the Remuneration Committee.
- As noted at paragraph 8.8 there were omissions in relation to calling the meeting of the Remuneration Committee.
- There is no evidence that sufficient documented information was supplied to the Court so that members could be assured University policies and interests were observed.

Were decision-makers aware of the Governance requirements of SFC?

9.3. We conclude that:

- There is no evidence that the Committee was provided with specific written advice on its value for money responsibilities, which it was required to consider at its meeting on 29 July 2017.

Did the University comply with the requirements of the Financial Memorandum in relation to severances payments?

9.4. We have examined the agreement and the circumstances of its negotiation and concluded that there was non-compliance with several Financial Memorandum requirements.

Was the disclosure in the 2017-18 financial statements correct?

9.5. We conclude that the payments made under the settlement agreement were correctly disclosed in the 2017-18 accounts. However, in our view the additional payment of £60,000 should also have been disclosed.

Was the provision of outplacement support properly authorised?

9.6. We conclude that the Remuneration Committee agreed to consider providing outplacement support to the former Principal following consultation with the University lawyer. However, thereafter we saw no evidence that any such consultation with the University lawyer occurred or that authorisation to proceed with obtaining such support was properly authorised.

10. Actions

10.1. The SFC Board has determined that the following actions should be taken:

- The University is notified that it has breached Financial Memorandum requirements.
- The University is required to undertake an externally-facilitated review of its governance procedures and culture. It will provide assurance to SFC about the actions and outcomes resulting from its review.
- The University is required to repay grant of £119,000. This is the total of payments examined in this review (£289,000 + £60,000) multiplied by the proportion of total University income in 2017-18 represented by SFC funding (34%).

10.2. While the report focuses specifically on an individual institution, SFC expects all the institutions it funds to be familiar with SFC's requirements and the lessons to be learned from this particular case.

Annex A: Relevant extracts from the Financial Memorandum

17. SFC requires the governing body to comply with the principles of good governance set out in the Scottish Code of Good HE Governance. SFC also requires the governing body to ensure that:
- Public funds are used in accordance with relevant legislation, the requirements of this FM and only for the purpose(s) for which they were given. Strategic, Capital or other grant funding must only be used for the purpose for which it is provided by SFC.
 - Subject to any legal requirement to observe confidentiality, the institution will be open and transparent with SFC and other stakeholders, and will give, or be prepared to give, a public justification of its decisions in relation to the use of public funds.
 - The institution strives to achieve value for money and is economical, efficient and effective in its use of public funding.
 - There is effective planning and delivery of the institution's activities in accordance with its mission and its Outcome Agreement agreed with SFC
 - The institution plans and manages its activities to remain sustainable and financially viable. An institution is being managed on a sustainable basis if, year on year, it generates sufficient income to cover its costs and allow a margin of surplus for investment in its infrastructure – physical, human and intellectual – at a level which enables it to maintain adaptive capacity necessary to meet future demands. However, SFC recognises there could be strategic circumstances that result in the institution making a planned deficit over a short period of time; for example, strategic investment for growth, where the return on investment is not realised immediately.
 - The institution has a sound system of internal management and control, including an audit committee, an effective internal audit service, and adequate procedures to prevent fraud or bribery.
 - The institution has an effective policy of risk management and risk management arrangements.
 - The institution has regular, timely, accurate and adequate information to monitor performance and account for the use of public funds. Such information will be made available to SFC on request, as necessary, for the exercise of its functions and to gain assurance.
 - The institution is engaged actively in continuously enhancing the quality of its activities and involves students and other stakeholders in these processes.

Severance payments

29. The institution must adhere to the following principles when taking decisions about severance payments, including settlement agreements:
- The actions of those taking decisions about severance payments, and those potentially in receipt of such payments, must be governed by the standards of personal conduct set out by the Committee on Standards in Public Life (the Nolan Principles).
 - The governing body must take account of SFC's expectation of the institution in this FM regarding the use of public funds.
30. Based on the principles above, the following requirements must be met:
- The institution must have in place a clear policy on severance payments.
 - Severance packages must be consistent with the institution's policy and take into account contractual entitlements, for example, salary and period of notice, and any applicable statutory employment entitlements. This means that, when entering into employment contracts, care must be taken not to expose the institution to excessive potential liabilities.
 - The institution's policy must include a formal statement of the types of severance arrangements that should be approved by the Remuneration Committee or equivalent and approved formally by the governing body. These must include any severance package that is proposed for a member of the senior management team, in recognition of the particular level of accountability that is attached to senior management positions, and also any severance package that would exceed a maximum threshold agreed by the governing body.
 - Where a severance package exceeds the maximum threshold agreed by the governing body, the institution must consult with SFC's Accountable Officer prior to approving the proposed severance package.
 - The remuneration committee or equivalent, when overseeing and approving severance arrangements for staff, must ensure that all decisions are recorded.
 - Negotiations about severance packages and payments must be informed, on both sides, by legal advice where appropriate.
 - When a severance arises following poor performance on the part of an individual, any payment must be proportionate and there should be no perception that poor performance is being rewarded.
 - Final year salaries must not be inflated simply to boost pension benefits.
 - Notice of termination of appointments must not be delayed in order to generate entitlement to payments in lieu of notice.

31. The institution must ensure its internal auditor includes a regular review of systems for the determination and payment of severance settlements in their strategic audit plan.
32. The institution must seek the view of its external auditor if it plans to make what it considers to be any novel or potentially contentious severance payments, including those that exceed the maximum threshold agreed by the governing body.
33. The institution's external auditor must review severance settlements. Such a review will normally take place after settlements have been agreed (normally as part of their financial statements audit) and should be carried out by senior audit staff because of the complexity and sensitivity of the issues. If final settlements do not materially conform to the terms of this FM, auditors must report the facts to the institution in their management letter, and inform members of the governing body. The auditors should also recommend that the institution informs the SFC immediately.
34. Where there are settlement agreements, and it is felt that a confidentiality clause is necessary, this must not prevent the public interest being served and must be consistent with the institution's whistleblowing policy.

Annex B: University of Aberdeen Remuneration Committee Remit

- (i) To advise the Court on matters relating to the pay and conditions of senior staff;
- (ii) To seek comparative information on salaries and other emoluments and conditions of service in the university sector;
- (iii) To determine and review the salaries, terms and conditions (and where appropriate, severance payments) of the Senior Governor, Principal, Vice-Principals, the University Secretary, Professorial and Grade 9 officers and such other staff as the University Court may from time to time determine;
- (iv) to ensure that the performance of the Principal as head of the institution is assessed on an annual basis.
- (v) To oversee severance arrangements for senior staff and ensure that account is taken of the SFC Guidance on Severance Arrangements in respect of Senior Staff. Where consideration of severance arrangements is delegated, to ensure that the boundaries of delegated authority is clear, and to receive formal reports of any severance arrangements.



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Executive Team Report to Court

The Executive Team (ET) met formally on 26 May, in addition to regular meetings for management of the University's response to the Covid-19 pandemic, in its capacity as the University's Emergency Management Team. The following key items were discussed by the Executive Team and are provided here for Court to note:

1. Management of the Covid-19 pandemic response

ET took and/or reviewed a number of decisions in key areas, including management of the University estate, including residences, volunteering by University staff and students, establishment and funding of a dedicated hardship fund, appropriate use of the government Job Retention Scheme, application of regular HR procedures and policy in relation to workers and employees on atypical contracts.

2. Q3 Business Report

ET considered the Q3 business report ahead of transmission to Court Business Group and Court.

3. REF 2021

ET received updates on the University's preparation for the Research Excellence Framework 2021.

4. Climate Change and Social Responsibility Plan

ET considered an early draft of the University's proposed Climate Change and Social Responsibility Plan, presented as a work in progress, ahead of transmission to Court. It was noted that the Plan took a characteristic Strathclyde approach, in not only setting internal targets but also seeking to take leadership in inherently collaborative initiatives.

5. Budget 2020-2021

The Chief Financial Officer (CFO) gave regular updates on the development of the 2020-21 budget and associated plans for an agile approach to budgeting and financial management in the context of the COVID-19 pandemic.

6. USSA financial statements 2018/19 and 2020/21 budget

ET received and noted the financial statements and budget of the Student's Association, ahead of transmission to Court Business Group and Court.

7. International Business Engagement

ET discussed initial proposals for an enhanced approach to international business engagement.

8. Q3 Complaints Handling Report

ET received and noted the University's Q3 Complaints Handling Report.

Senate Report to Court

Senate met on 3rd June 2020. The Senate meeting took place online (via the Zoom platform) as a result of measures requiring all Universities in the UK to undertake lock down of the University due to the Covid-19 coronavirus.

This report provides Court with key points from the Senate meeting.

FOR APPROVAL

Senate invited Court to **approve** the following recommendation considered by Senate on 3rd June 2020:

1. Senate considered the ELIR Follow-up Report and **recommends** the report to Court for endorsement. The report indicates the actions taken (or in progress) by the University to address the outcomes of the ELIR, and these are required to be endorsed by the institution's governing body.

FOR NOTING

Senate invites Court to **note** the following items considered by Senate on 3rd June 2020.

2. Report from Senate Business Committee:

Senate Business Committee (SBC) noted at its meeting on 27th May 2020 that the Collaborative Provision Agreement (CPA) Subgroup had since the last meeting of Senate on 25th March had considered three articulation agreements and one International Joint Education Programme with China Pharmaceutical University.

Senate was invited to consider and approve the reports for the June Senate meeting. Senate approval was given where requested in the reports, and is documented in the formal minute of the Senate meeting. The following is noted from the Committee and Faculty reports to Senate:

Senate endorsed the ELIR Follow-up report, recommending the report for Court approval.

Senate approved the Policy on Flexible Learning Arrangements.

Senate homologated the Procedure for Markers & Boards of Examiners in Response to Covid-19, which had been approved this Procedure out of cycle on 14th May.

Senate homologated the Extended Timeline for Marks Return and Boards of Examiners Meetings following endorsement by QAC and SBC and approved by the Principal on behalf of Senate.

3. Principal's Report and Update

COVID 19 Update and Planning Activities

The Principal thanked staff for their dedication and commitment in undertaking necessary roles both on and off campus. The Principal informed Senate that the Covid-19 Hardship Fund is assisting students in meeting essential needs during the pandemic response to Covid-19 and that a total of £336,000 has been contributed to the Fund from alumni, donors, staff and the wider University community. The Principal informed Senate that the University's rest days will continue until the end of June.

Covid-19 News

The University continues to input to and influence government thinking around the impacts of Covid 19 on the HE sector and the economy. Our research is being applied across a number of NHS boards and care organisations and through seeking to influence UK Government and Scottish Government thinking. The Principal informed Senate of a range of ways in which the University was providing support in the national effort to combat the pandemic, for example by securing funding from the Scottish Government for specific Covid-19 related projects.

Launch of People Strategy

The University has launched its Strathclyde People Strategy. The strategy is built around our values and places staff at the heart of our plans and recognises that their collective talents, effort and commitment will deliver the University's ambitious Vision for 2025.

Staff engagement sessions

Through the Strathclyde engagement sessions the Principal and other Senior Officers have met around 1,200 staff so far, with more sessions to follow.

Research news

The Principal informed Senate of the wide variety of research projects being undertaken across the University. These projects demonstrate the breadth of the research that the University is at the forefront of.

4. Senate Updates

Senate received brief updates on the following items:

- i. The Chief Financial Officer provided Senate with a financial update focusing on the current forecast and an update on the 2020/21 budget and the impact of the pandemic. It was reported that the University is in a position of relative strength but is not complacent.
- ii. The Chief People Officer presented to Senate on staff support and wellbeing during the pandemic. In terms of future planning, Senate was informed of that the Strathclyde Innovation Forum was due to be launched. The Strathclyde Innovation Forum's aims are to enhance and formalise the University's approach to innovation and to encourage all staff to communicate and share innovative ideas, both as individuals and in teams.

- iii. The Student President spoke about the Black Lives Matter movement and the efforts being made to ensure that all of our students are supported throughout their time at Strathclyde. Earlier in the meeting the Vice President Education, Strath Union, asked what the University is doing to support students in light of recent events in North America. The University's Vision 2025 is predicated on a supportive environment for all staff and students. The Principal together with the Directors of Education Enhancement and Student Experience have been speaking to international students during the lockdown to ensure that their experiences on campus are positive.

The Student President was appreciative of the measures put in place by the University to support students during the pandemic, making particular reference to the No Detriment Policy and the Covid 19 Hardship Fund. Key questions for students are what semester 1 of Academic Year 2020/21 will look like and ongoing challenges around fees during a time of financial hardship.

- iv. The University Secretary and Compliance Officer presented to Senate on Return and Resume Planning activities. Senate was provided with an informative routemap and overview of the University's preparations for a phased return to work based on Faculty priorities, institutional capability and readiness. A link to this presentation was incorporated in the Principal's update to all staff, sent on 4th June.

5. Close of meeting

The Principal thanked staff for their ongoing support and engagement with Senate, noting this was the final Senate meeting of the academic year. The Principal expressed particular thanks to those demitting office in 2019/20.

Court Business Group Report to Court

The following items were discussed by Court Business Group on 5 June 2020 and are provided here for Court to note.

1. COVID-19 pandemic response and forward planning

The Principal outlined recent developments in the University's response to the COVID-19 pandemic, focusing especially on the University's contributions to wider efforts to manage the situation. These included manufacture of Personal Protective Equipment, development, with industrial partners, of a prototype proximity detector to facilitate social distancing and the application of Strathclyde to provide manufacturing solutions for a potential Covid-19 vaccine.

The University Secretary & Compliance Officer (USCO) outlined work to prepare for a staged return to campus-based operations, with a series of distinct work streams co-ordinated by a Return & Resume Development Group, working on the basis of guidance issued by the Scottish Government.

4. 2020/21 Budget and Financial Forecasts

The Chief Financial Officer presented an outline of the budget for 2020/21, noting that the budget process had been delayed in the unusual circumstances of the Covid-19 pandemic. The circumstances necessitated drawing a number of critical assumptions about both income and expenditure. Work would continue to anticipate the likely effect of different possible scenarios and associated risks, with a particular focus on student fee income from different sources.

The budget to be presented to Court maintained a robust cash position throughout and preserved reasonable headroom on the University's debt covenants. Members gave their support to a proposal to seek renegotiation of the debt covenant, as a prudent action taken from a position of strength.

2. Q3 Business Report

The CFO summarised the financial elements of the report, noting how the results supported the budget and forecasts outlined in the previous item. Elements of both income and expenditure had been reduced by the impact of the Covid-19 pandemic.

The Director of Strategy & Policy summarised the non-financial elements of the report, highlighting in particular:

- continued significant growth in the total value of research awards, extending a multi-year trajectory;
- a continued positive picture regarding student recruitment, although the pandemic situation had introduced much uncertainty.

3. USSA Financial Statements 2018-2019 and Budget

The Chief Executive of the Strathclyde Students' Union presented the organisation's 2018/19 financial statements and 2020/21 budget. It was noted that a change to accounting practices to include certain pensions liabilities on the balance sheet had turned a surplus into a loss for 2018/19. The Union's cash position had strengthened and enhancements had been made to governance and the assessment of risk.

Looking ahead, the Union's occupation of new premises within the Learning & Teaching building was likely to be delayed significantly as a consequence of the Covid-19 pandemic. This would impact on the ability to expand and improve the Union's commercial activities. The Union was working closely with the University to plan for different eventualities. The University's support in the form of an uplift to the Union's block grant had been greatly appreciated.

4. Climate Change and Social Responsibility Plan

CBG noted the draft Plan, noting that this was a wide-ranging document and still actively in development. CBG endorsed the proposal to present the plan to Court at this relatively early stage in order to keep Court apprised of progress on this important strategic aim and to ensure that the overall direction and further development of the work had Court's support.

5. REF update

CBG received an update on preparation for the 2021 REF exercise. This included the first overall estimate of institutional performance. Although based on a cautious approach, this projected a strong performance. There remained opportunities for further improvement in some areas before the submission date. In addition, it was likely to be possible to include the impact of work relating to the Covid-19 pandemic.

6. TIC Zone development update

The Chief Commercial Officer provided CBG with an update on the TIC Zone development. The business case has been developed and subjected to Internal Audit scrutiny. The process for approval of the intended funding package had been affected by the Covid-19 pandemic and the University was investigating alternative funding models as a contingency measure. The project continued to receive strong support from stakeholders.

7. Convener's Action: NMIS

CBG homologated approval given by Convener's Action to sign a notification to Morrisons (Galliford Try Construction Ltd), to facilitate a Scottish Government announcement of investment in the National Manufacturing Institute Scotland (NMIS), ahead of signing of the land lease with Renfrewshire Council, for which all negotiations were concluded.

8. Court agenda, 5 May 2020

CBG approved the agenda for the 3 March Court meeting.

Paper M

Report to Court from Audit & Risk Committee

The Audit & Risk Committee met on 20 May 2020 by videoconference.

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

1. COVID-19 Risk Management

The USCO noted that the COVID-19 risk register had been developed using the five strategic and five cross-cutting themes developed during the review of risk appetite. All the strategic risks were rated high along with three of the cross-cutting themes with the remainder rated medium. It was noted that the register presented in the paper was now one month old and circumstances were moving fast.

The USCO then updated members on the work that was ongoing in the University to respond to the disruption caused by the spread of COVID-19.

2. External Auditor's Audit Planning Report 2019/20

The External Auditor explained the proposed approach and scope for the audit of the 2019/20 Financial Statements which were in accordance with the requirements of the auditing standards and other professional requirements and aligned with the Audit & Risk Committee's service expectations. He noted that the plan would normally be finalised by this stage but, due to the uncertainty caused by the pandemic, it would remain in draft at present. An addendum would be brought to the September meeting if significant changes were required.

The key issues which drove the University's financial statement risks were considered to be:

- Risk of fraud in revenue recognition
- Risk of management override of controls
- Accounting for pension obligations
- Accounting for valuation of capital development programmes
- Accounting for defined benefit obligations
- Senior officer disclosures

The following was also noted:

- A new version of the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education which reflected the changes introduced by the review of FRS 102 would take effect for 2019/20. These changes were straightforward and no material changes were needed;
- Planning materiality had been set at 2% of total income (c£6.7m) and Performance materiality at 75% of planning materiality, due to the minimal number and value of audit adjustments arising in the prior year financial statements. These figures may be reduced to reflect the pervasive additional risk to the University's financial statements and the significant impact COVID -19 had had on the stability of the sector generally;
- The ongoing disruption to daily life and the economy as a result of the COVID -19 virus would have a pervasive impact upon the financial statements which would need to reflect the impact on the University's financial position and performance;
- Management's assessment of whether the University was a going concern would need to consider the impact of the current conditions on the University's future performance. Additional

narrative would be required, in the Financial Statements, including on the future principal risks and uncertainties;

- Any changes to the control environment during the pandemic would need to be considered in the context of internal audit's ability to issue the head of internal audit opinion for the year, depending on the ability to complete the remainder of the internal audit programme;
- The audit timetable had been agreed but would be kept under review as the disruption caused by COVID -19 may impact on management's ability to produce the financial statements and the External Auditor's ability to complete the audit to the planned timetable.

The Committee would be kept abreast of any changes to the planned approach. The Audit & Risk Committee considered and **approved** the proposed approach for the audit of the 2019/20 financial statements.

3. Financial Update

[Reserved]

4. 2020/21 Internal Audit Plan

It was noted that the Plan had been drafted prior to the development of the COVID-19 risk register. One review related to the pandemic was included which was a review of the University's response to the COVID-19 pandemic and would focus on the risk areas in the COVID-19 risk register. The Plan was designed to be fluid and could be updated as required. Most planned reviews would be impacted by the pandemic and the scope of each would be adjusted appropriately.

The Audit & Risk Committee **endorsed** the 2020/21 Internal Audit Plan noting that the impact of BREXIT negotiations would be kept under review.

5. IAS Activity Report

The Committee noted the progress against the delivery of the Audit Plan for the current academic year and also the following:

- Since the last report, five reviews had been completed and scope amendments made to the remaining three reviews to take account of the impact of the pandemic;
- IAS had audited the draft Institutional Efficiency Return;
- The Key Controls Checklist had been issued with a request that, where there had been any alterations to embedded key control practices, these are highlighted;

- The business as usual approach being taken by IAS should allow for the issue of a standard audit opinion at the year end.

6. Review of GCID Business Model

The Head of Internal Audit introduced the report noting that the objective of the review had been to provide assurance that the governance processes for the TIC Zone 2 Development were being followed in line with University policies and the financial modelling and other financial information contained within the Full Business Case had been robustly and accurately compiled. An overall assurance evaluation had not been assigned and audit recommendations had not been raised. Among the observations made in the review were the following:

- The TIC Zone Steering Group did not have formally documented terms of reference;
- The definition that had been used to categorise risks in the Risk Register did not align to the University's current Risk Management Framework;
- IAS was unable to verify the reasonableness of four assumptions within the Financial Model due to a lack of supporting documentation.

The CFO thanked IAS for their work noting that the review had provided real value. He also noted that the changes to the environment in which the University operated due to the pandemic meant that the University was unlikely to be able to continue as planned where it involved taking on additional debt. Potential, alternative funding paths were being explored to enable the project to continue.

7. Review of Governance Act Compliance

Members noted the Report on the review of Governance Act Compliance which had an overall grading of substantial assurance with no risks or improvement opportunities identified. IAS reviewed both the Creation Action Plan and the Implementation Action Plan. At the time of the review, the Creation Action Plan was complete and none of the remaining actions on the Implementation Action Plan were past the implementation date.

8. Review of UKVI Compliance

Members noted the Report on the review of UKVI Tier 4 Student Monitoring Arrangements. This was a follow up of a review 2 years earlier which had been graded limited assurance. The review had targeted areas of demonstrated weakness at the time of the previous review. This follow up review had an overall grading of substantial assurance. The Student Experience Directorate had invested significant time and effort in this area with the creation of a new UKVI Compliance Team.

9. Review of Cyber Security

Members noted the Report on the review of Cyber Security and the overall grading of reasonable assurance. Two medium risks and three low risks had been identified along with numerous examples of good practice. The medium risks related to staff and student awareness of cyber security threats and attacks and governance and oversight. The governance risk related to the documentation of information presented to governance groups and had already been actioned.

Current staff uptake of the cybersecurity training was 83% with student uptake only 15%. IAS recommended that consideration should be given to mandating the completion of cyber security

training by all staff and students. Members were supportive of making staff training mandatory in line with standards found in industry.

10. Review of USSA Relocation Readiness

Members noted the Report on the review of USSA Relocation Readiness and the overall grading of reasonable assurance. One medium risk, around finalisation of the budget for 2020/21, and three low risks had been identified.

11. Institutional Efficiency Return 2018/19

The CFO introduced the paper, noting that this was an annual process with a standard approach that must be followed. A robust and collegiate approach had been taken to collating the information and IAS had reviewed the return to ensure the guidance had been followed. The results confirmed that the University had exceeded the target set by SFC.

The Audit & Risk Committee considered and **approved** the return.

MATTERS TO BE NOTED FROM THE STAFF COMMITTEE MEETING HELD ON 21 MAY 2020

Coronavirus Response re Staffing Matters

The Chief People Officer provided an overview of the key staffing related decisions made by the Executive Team during the pandemic to date, noting that every decision was guided by our People Oriented Value.

As most staff moved off campus, operational staff who would normally undertake essential on-campus roles but who had relevant underlying health conditions or caring commitments were sent home with assurance that, whilst the University would attempt to support them in making an alternative contribution at home, in the final analysis they would still receive full pay during the current lockdown period. For those remaining on campus, mitigants were put in place, such as flexed working hours, open car parking and perspex screening.

For colleagues working at home, assurance was given to staff and managers recognising the need for flexibility, particular for staff with childcare and caring responsibilities. A Wellbeing & Working From Home Online Hub was created and a rest day each week, enabling staff to recuperate and care for family members, had been instigated. Clear and people oriented communications to staff had been sent and a further series of the Principal's Staff Engagement events via Zoom were commencing. Fortnightly meetings with the Campus Unions were also in place.

After careful consideration, the Executive Team had decided to make use of the Coronavirus Job Retention Scheme for around 200 staff.

Strategic Recruitment

The Acting Director of HR provided a summary of the Strathclyde Global Talent Attraction Programme (GTAP) 2019/20 which was nearing conclusion. This strategic recruitment initiative aimed to recruit exceptional staff at Professorial and Reader level as well as early career academics (Strathclyde Chancellor's Fellows). This year's campaign attracted an unprecedented level of interest, with 1358 applications received. 55 offers of appointment had been made with 38 already accepted and a number of conversations ongoing. Successful candidates represented a wide range of nationalities and 29% came from Top 100 universities. 31% of offers were made to female candidates which was broadly consistent with the previous year.

Employee Relations

The national Universities and Colleges Employers Association (UCEA) 2019/20 pay negotiations with the HE unions concluded with a final offer from the employers of a 1.8% increase in pay, which all five of the national unions rejected. At Strathclyde, the Universities and Colleges Union (UCU) held a total of 22 strike days between November 2019 and March 2020. Overall, the impact of the action at Strathclyde was low. UCU members also undertook continuous action short of strike action including working to contract and not participating in any voluntary duties. UCU were due to ballot their members for further industrial action during March and April but this was postponed because of Coronavirus. UCEA made a final offer on 1 April on the non-pay elements of the dispute (workload, gender equality, casualisation) and meetings of the national UCU HE Committee were being arranged to consider next steps.

The 2020-21 national pay negotiations were due to start on 31 March. Given the unprecedented disruption caused by the Covid-19 pandemic, UCEA and the five HE trade unions had agreed to pause the start of the negotiations.

At the beginning of the coronavirus outbreak a joint statement was agreed locally in which UCU and the Executive Team at Strathclyde thanked staff for moving quickly to on-line learning and home working, confirmed that UCU nationally had postponed the planned re-ballot for industrial action and announced that pay deductions for strike action taken earlier this year would be delayed until after the summer. This also confirmed that the University and the Campus Trade Unions would work together, via a series of joint working groups, on the implementation of the 'Strathclyde Pledge', which is a key part of our recently launched People Strategy 2025.

Pension Provision

The Acting Director of HR updated the Committee on the status of the Universities Superannuation Scheme (USS).

In parallel with the pay dispute outlined above, UCU also established a dispute with the employers over the USS; the action described above pertained to both pay and to pensions.

The national Joint Expert Panel (JEP), comprised of members nominated by UUK (who represent the employers on matters relating to USS) and by UCU, published its second report in December, focusing on Scheme governance and sustainability. The University provided responses to consultations on this report with input from the Convener and Senior Deputy Convener of Court.

There continues to be ongoing meetings of the tripartite group involving UUK, USS and UCU, chaired by the Independent Chair of the JEP to discuss the implementation of the JEP recommendations. UUK reports encouraging and collaborative progress from the meetings. The group last met on the 11 May and a further meeting is expected in June.

The current coronavirus epidemic has also had a significant impact on the value of the USS scheme. The scheme's self-sufficiency threshold was breached during March and as a result the Trustee Board was obliged to consider an appropriate response. In recognition of the uncertainty of current conditions, and the challenges currently faced by all parties, the Board decided against taking any immediate short-term actions but will continue to monitor the situation closely. It agreed that the most measured approach to striking a balance between these competing pressures was to go ahead with the 2020 valuation, as planned, at 31 March 2020. The valuation is due to be completed by the 30 June 2021.

SH/GS/JF
08.06.2020

Enterprise & Investment Committee
[RESERVED ITEM]