

**MINUTES OF UNIVERSITY COURT**  
**30 November 2017**

**Present:** Dame Sue Bruce (Convener), Ronnie Cleland, Gillian Hastings, Malcolm Roughead, Alison Culpan, Dr Jane Morgan, Paula Galloway, Principal Professor Sir Jim McDonald, Vice-Principal Professor Scott MacGregor, Dr Andrew McLaren, Professor Erling Riis, Amanda Corrigan, Dr Kathy Hamilton, Gillian Pallis, Louise McKean, Calvin Hepburn, Taylor Wong

**Attending:** Professor Douglas Brodie, Professor David Hillier, Professor David Littlejohn, Professor Atilla Incecik, Professor Sara Carter, Professor Tim Bedford, David Coyle, Dr Veena O'Halloran, Rona Smith, Sandra Heidinger, Darren Thompson, Kirsty MacLeod (for item 6)

**Apologies:** Kerry Alexander, Dr Archie Bethel, Dr Jeremy Beeton, Susan Kelly, Marion Venman, Councillor David McDonald

**Welcome and apologies**

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

No interests were declared.

**1. Minutes**

Court **approved** the minutes of the meeting held on 28 September 2017.

**2. Matters arising**

**[RESERVED ITEM]**

- Universities Superannuation Scheme (USS): The CFO reported the results of a recent consultation by Universities UK (UUK) on the current funding position of USS. On the basis of responses received from participating employers, UUK had proposed that the USS defined benefit scheme be closed to further pension accrual and that, in future, pension savings should be made via a defined contribution arrangement. The Director of Human Resources confirmed that initial discussions had taken place with trade union representatives at a meeting of the University's Joint Negotiating and Consultative Committee (JNCC). Court noted that the relevant trade unions were currently balloting their members and that any resulting industrial action was likely to take place early in 2018.
- Advertising Standards Authority: Following previous correspondence to Court, the Principal updated members on a recently published decision by the Advertising Standards Authority (ASA). The ASA had received and upheld a complaint about a statement published on the University's website. Although the ASA had not disputed the veracity of the University's statement, "The University is ranked number one in the UK for Physics research according to REF 2014", it believed that the Times Higher Education (THE) should have been clearly referenced on the University's website as the source of the ranking position. The University had expressed its disappointment with the ASA's approach to the issue and with its ultimate finding but had agreed to adjust the wording of the statement accordingly.

**3. Principal's Report**

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

QS Stars award: Following an independent benchmarking exercise, the University had recently been rated as a “Five Star Institution” by Quacquarelli Symonds (QS), achieving the maximum five-star rating in all eight categories of assessment. This represented an improved result, compared to the last such audit undertaken by QS in 2014.

Public policy and funding environment: There were a number of recent or anticipated developments in this area, including:

- The expected announcement of the Scottish Government’s Draft 2018/19 Budget on 14 December 2017. Representations to the Government from the Scottish higher education sector had focused on the protection of core funding and the sector’s strong record in delivering positive outcomes;
- The recent announcement of the composition of the Enterprise and Skills Strategic Board. Court welcomed the appointment of Professor Sara Carter, Associate Principal (Learning & Teaching);
- The receipt, in late October, of a Ministerial Letter of Guidance and the Scottish Funding Council’s subsequent guidance on the Outcome Agreement process for 2018/19. This had been followed by a meeting on 8 November between the Minister for Further Education, Higher Education and Science and University and College Principals;
- Continuing sector-level efforts to seek clarity and assurances from both Scottish and UK Governments on post-Brexit arrangements. The Scottish Government had confirmed that EU students commencing a course of study in 2018/19 would be guaranteed tuition support for the duration of their course;
- The publication of the UK Government’s Industrial Strategy on 27 November and the accompanying commitment to increase Government Research & Development spending (GERD) to 2.4% of GDP over the next ten years. Court noted the potential opportunities for the University to engage and contribute significantly to the delivery of the Strategy; and
- The announcement of the final arrangements for the Research Excellence Framework (REF) 2021 and the University’s continued preparations.

Global Talent Attraction: the response to a recent recruitment initiative to attract up to 60 internationally-leading Professors and Readers had been very positive. A number of Professorial offers had been made so far and selections were currently taking place for potential Reader appointments.

Research grants: The Principal highlighted a range of recent major research awards across all four Faculties.

Court members welcomed the information provided and, in regard to the significantly complex and fast-changing public policy environment, discussed how the University might positively influence the nature and tenor of the sector’s engagement with the Scottish Government. It was suggested that this issue could be considered further, outside the cycle of normal Court business.

#### **4. Health, Safety & Wellbeing Moment**

The University Secretary and Compliance Officer (USCO) presented headline statistics on recent incidents reported to the University’s Occupational Health, Safety & Wellbeing Team. In addition to the information provided, it was noted that:

- An increase in the number of reported incidents corresponded with an increased level of awareness amongst staff and reflected an enhanced institutional focus on reporting;
- The University planned to launch a targeted initiative to further encourage greater reporting, specifically in regard to near misses and in recognition of the importance of these incidents in identifying areas of potential risk to be addressed;
- A new University-wide online reporting system would be introduced in 2018. This was expected to deliver further enhancements in reporting; and
- The University intended to introduce and promote a culture of “zero harm”, recognising that, whilst the number of incidents reported would never, realistically, fully reduce to zero, such an approach was consistent with the intention to achieve an environment that is safe and healthy for all.

#### **5. Confucius Institute for Scotland’s Schools at the Ramshorn**

The Associate Principal & Executive Dean of the Faculty of Humanities & Social Sciences introduced a business case for the investment required to establish the University's Confucius Institute for Scotland's Schools (CISS) within new accommodation at the Ramshorn Theatre. He explained that the CISS, hosted by the University for a number of years, had grown significantly and had recently been granted the status of a Model Confucius Institute by Hanban, the Confucius Institute Headquarters. This had generated an opportunity to relocate the CISS to a more suitable location which in turn would support a further expansion of activity, greater levels of collaboration within the Faculty, and greater opportunities for income generation.

The overall value of the investment (£2.1M) was such that Court's approval was required to proceed. It was indicated that the majority of funding would be provided via a contribution of £1.2M from Hanban, with the University providing a central contribution of £0.8M. A further £0.1M would be provided via a contribution from the CISS itself.

Court members considered the proposal, discussing the following key issues:

- The proposal provided a unique opportunity to refurbish the Ramshorn Theatre and bring it back into regular use. There were no competing requests for the use of the building;
- It was agreed that responses made by the University to previous information requests on the work of the CISS should be circulated to Court members, for information. Feedback from local schools had been overwhelmingly positive;
- The Estates Committee had considered the proposal in detail, acknowledging the additional benefits likely to arise from closer engagement with China (e.g. student placements, collaboration agreements, etc.), and had agreed to recommend this to Court for approval;
- The University had significant and longstanding experience of collaborative activity with other Chinese academic, industry, and government partners and was well attuned to the environment.

Court **approved** the overall investment of £2.1M (£0.8M from the University) required to establish the CISS within new accommodation at the Ramshorn Theatre.

## 6. Financial Statements 2016/17

The Chief Financial Officer (CFO) and Deputy Finance Director presented the draft Financial Statements 2016/17. The CFO provided a commentary on the statements, reminding members of the increased volatility in reported year-end figures as a result of the new accounting standard (FRS102) which had been introduced for the previous year's Statements. He highlighted a positive year-end result, including the delivery of an operational surplus, which was impacted by several significant items. These items included unrealised gains on investments, gains from the disposal of spin-out investments, an underspend in regard to restructuring costs, and the in-year costs associated with the development of a new Student Information Management System (SIMS). The following additional factors underpinning the year-end position were highlighted:

- Whilst strategic and research funding from the Scottish Funding Council (SFC) had increased, income from SFC in the form of recurrent teaching funding had decreased;
- Tuition fee income had increased across all areas of activity, with significant increases in non-EU fee income, despite on-going, sector-wide challenges;
- Staff costs had increased, in line with the University's growth trajectory. It was noted that the pattern and volume of new strategic staffing appointments correlated strongly with recent increases in research income;
- A significant proportion of the increase in staff expenditure during 2016/17 could be attributed to sector-wide increases in National Insurance and pension contributions;
- The University's cash balances had increased due to recent capital disposals. These were expected to decrease in subsequent years as a result of planned investments in the University estate;
- The University's position in regard to borrowing and liquidity, relative to the Scottish and UK higher education sectors. Both would reduce in subsequent years as borrowings were repaid and cash reserves expended;
- The expectation that SFC income would remain flat for the foreseeable future whilst institutions in England would seek to fund a significantly increased level of investment through additional borrowing.

The CFO confirmed that the University retained the financial strength required to resource major planned investments and take advantage of emerging opportunities. Notwithstanding this, the continued and future growth of non-governmental funding streams remained a priority.

The Treasurer welcomed the Financial Statements and commended members of the University's Finance Team for their efforts. The Convener of the Audit & Risk Committee noted a positive report from the University's External Auditors and signalled the Audit & Risk Committee's formal recommendation to Court that the draft Financial Statements be approved and signed.

Court members discussed the optimal level of liquidity and borrowings. It was considered that the University's targeted future growth would include significant cash generation, as a means of ensuring financial sustainability. The CFO confirmed that the University was currently well within its borrowing limits, as defined by the European Investment Bank's own lending parameters. Court members asked that further information be provided in graphical form.

Court **approved** the draft Financial Statements for 2016/17.

## **7. Q1 Business Report 2017/18**

The CFO and the Director of Strategy & Policy introduced the Q1 Business Report for 2017/18. Following previous discussions at Court, the content of Business Reports had been reviewed to ensure that they continued to meet the needs of the Executive Team and Court over the course of 2017/18.

### **[RESERVED]**

Court welcomed assurances from the Executive Team that positive steps were being taken to drive additional income growth and monitor and control in-year expenditure, wherever possible.

The Director of Strategy and Policy highlighted several non-financial indicators within the Business Report, including:

- Postgraduate Research (PGR) recruitment: growth in the overall population had slowed and there was a consequent significant internal focus on increasing intakes. The Executive Team was monitoring this closely and taking appropriate action;
- Postgraduate Taught (PGT) recruitment: a decrease in the intake of PGT students from the rest of the UK had contributed to the overall shortfall in tuition fee income. There remained significant potential for in-year recruitment of overseas PGT students; and
- Widening Access: the University had already achieved and surpassed its 2020 target for SIMD0-40 entrants and had significantly increased the percentage of total entrants from SIMD0-20 backgrounds, to 17.3%. The gap in the retention rates for SIMD0-40 students had widened slightly and this would continue to be monitored closely.

Court noted the report. Members particularly highlighted the significance of achieving an increase in the number and percentage of widening access student entrants whilst also protecting high entry standards.

## **8. Strategic Plan 2015-2020: year-end progress report 2016/17**

The Director of Strategy & Policy introduced the year three progress report on the 16 KPIs contained within the University's Strategic Plan. Members welcomed positive year-on-year performance in relation to a range of measures, noting that the majority of KPIs were 'on track' or ahead of relevant milestones. A small number of KPIs had been flagged to indicate that further work was required. Court also noted that KPI 15 had been revised from a measure of 'operating surplus' to one focused on cash generation. This followed changes to financial reporting in 2015/16, with the implementation of FRS102 and the new Statement of Recommended Practice (SORP), which had resulted in greater volatility in the presentation of the annual Financial Statements.

Court noted that a mid-year Report would be provided in March 2018.

## **9. Outcome Agreement 2017-2020: Draft Annex 2018/19**

The Director of Strategy & Policy presented an early working draft outline of the 2018/19 Supplementary Annex to the University's Outcome Agreement for 2017-2020. This was intended to address additional requirements set out in the SFC's most recent guidance, whilst maintaining and supporting the University's overall strategic objectives.

Members noted that the University was in a strong position to be able to address the additional requirements and that the Annex would be developed further ahead of the submission of a 'well-developed' draft to the SFC by the required deadline of 15 December 2017. Members were encouraged to offer any additional comments ahead of this date but were reassured that a final version would be provided for Court's input and approval in due course.

## **10. Governance Act 2016: Future composition of Court**

The USCO presented recommendations from the Court Membership Group (CMG) for a revised future composition of Court intended to support compliance with the requirements of the Higher Education Governance (Scotland) Act 2016. Court noted that, whilst the Act required changes to the University's governing instruments in several areas, the proposal for consideration, at this time, was restricted to Court's future composition. Following approval, the University would commence informal discussions with the Scottish Government. Work would also be undertaken to draft revised governing instruments and develop proposals for the underpinning operational arrangements.

Court considered and noted CMG's recommendations on the future composition of Court which, in addition to ensuring compliance with the Act:

- strengthened the current lay majority;
- maintained the current number of *co-opted* lay member positions on Court;
- slightly increased the overall size of Court, whilst maintaining numbers within best practice limits;
- reduced the number of Senate-appointed representatives, but maintained the current overall number of non-ex officio staff representatives on Court;
- highlighted the importance of continued clarity in guidance for all Court members on understanding and accepting their responsibilities as trustees; and
- reinforced the need for subsequent work in order to ensure the appropriateness of underpinning processes for the future appointment or election of Court members.

In discussion, the current Senate members of Court indicated that they had discussed the proposals and were supportive of them. They also expressed understanding of the requirements that members appointed or elected by a particular constituency must act solely in the best interests of the institution and not as if delegated or mandated by any particular constituency.

Following discussions, Court **approved**:

- The core principles, as set out in the paper, as a suitable framework against which to assess the future composition of Court; and
- The future composition of Court, as recommended by CMG and set out within the paper.

It was noted that transitional arrangements and rules for the future election of Senate representatives would be considered by Court at a future date, following consultation with Senate.

## **Items for formal approval**

### **11. Convener's Actions**

There were no actions to report since the last meeting.

### **12. Change of Department Name, Strathclyde Business School**

Following consideration by Senate, Court **approved** a change in the name of the Strathclyde Business School's "Department of Human Resource Management" to the "Department of Work, Employment and Organisation". It was noted that the change would be implemented no later than 1 August 2018.

### **13. Annual Statement on Research Integrity**

Court reviewed and **approved** the University's Annual Statement on Research Integrity for 2016/17.

### **Items for information**

#### **14. Scottish Code of Good HE Governance 2017: update**

Court **noted** the publication of a revised Scottish Code of Good HE Governance. Members also noted a number of new requirements related to the University's governance practices and a range of recommendations to ensure future compliance.

#### **15. Prevent Strategy: Annual Report and update**

Court **noted** the annual update on the implementation of the Prevent requirements under the Counter Terrorism Security Act (2015) and on action taken by the University to ensure continued compliance.

### **Committee Reports**

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

#### **16. Senate**

Court **noted** the key matters discussed by the University Senate at its recent meeting on 15 November 2017. The following recommendations from Senate were **approved**:

- Department Change of Name – Strathclyde Business School (approved at Item 12, above)
- Amendment of Regulation 1.5.7: Court approved a minor amendment of *Regulation 1.5.7 (a) Composition of Senate Discipline Appeals Board* to permit the Vice-Principal to nominate an appropriate alternative Convener to be appointed when he is unable to act in this capacity.

#### **17. Executive Team**

Court **noted** the key matters discussed by the Executive Team at its recent meetings.

#### **18. Court Business Group**

Court **noted** and welcomed the Court Business Group's advance consideration and scrutiny of the Court agenda and its substantive items on 16 November 2017.

#### **19. Court Membership Group**

Court **noted** the report of the Court Membership Group (CMG) meeting on 16 November 2017. A recommendation from the CMG on the future composition of Court had been approved at Item 10 above.

In addition, Court **approved** the following recommendations from the CMG:

- Mrs Louise McKean to be appointed to the vacant staff member position on Court Business Group, for a period commensurate with her current term of office on Court; and
- Dr Andrew McLaren to be appointed to the vacant staff member position on Court Membership Group, for a period commensurate with his current term of office on Court

#### **20. Audit & Risk Committee (including the Audit & Risk Committee's Annual Report to Court)**

Court **approved** the recommendations made by the Audit & Risk Committee that:

- the draft Financial Statements for 2016/17 be approved;
- the relevant officers be authorised to sign the printed statements in due course; and
- Ernst & Young LLP be retained as the University's External Auditors for the audit of the 2017/18 Financial Statements.

## **21. Enterprise & Investment Committee**

Court **noted** the items discussed by the Enterprise & Investment Committee at its recent meetings on 21 September and 6 November 2017.

## **22. Staff Committee**

Court **noted** the items discussed by the Staff Committee at its recent meeting on 27 September 2017.

## **23. Estates Committee**

Court **noted** the items discussed by the Estates Committee at its recent meeting on 16 October 2017. A recommendation from the Estates Committee in regard to the Confucius Institute for Scotland's Schools had been considered and approved at Item 5, above.

## **24. Strategic Marketing Group**

Court **noted** the items discussed by the University's Strategic Marketing Group at its recent meeting on 16 November 2017.

## **25. AOB**

There was no other relevant business.

## **Date of next meeting**

- Thursday, 1 March 2018