



MINUTES OF UNIVERSITY COURT

1 December 2022

Ross Priory, Gartocharn

Present: Dame Sue Bruce (Convener), Paula Galloway (Vice-Convener), Professor Sir Jim McDonald (Principal), Neelam Bakshi, Virginia Beckett, Elaine Blaxter, Linda Brownlow, Melfort Campbell, Alison Culpan, Gillian Hastings (by videolink), Mary Jo Jacobi, Susan Kelly, Lewis McDermott, William McLachlan, Adam Morrow, Fiona Salzen, Peter Young

Attending: Professor Douglas Brodie, Gillian Docherty, Dr Stuart Fancey, Professor Duncan Graham, Beth Lawton, Professor Stephen McArthur, Louise McKean, Wesley Rennison, Gordon Scott, Professor Eleanor Shaw, Steven Wallace, Dr Daniel Wedgwood, Kirsty McLeod (items 4 and 5), Lucy Noble (items 4 and 5)

Apologies: Councillor Richard Bell, Professor Jonathan Delafield-Butt, Andrew Eccles, Stephen Ingledew, Professor Scott MacGregor, Malcolm Roughead, Professor Jan Sefcik

Welcome and apologies

The Convener welcomed Court members and attendees to the meeting and noted apologies as above.

No interests were declared.

1. Minutes

Court **approved** the minutes of the meeting held on 5 October 2022, subject to a correction to the attendance list.

2. Matters arising

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

3. Principal's Report

The Principal welcomed attendees to Ross Priory and updated Court on recent developments, including the following:

- As had already been communicated to Court, there had been a fatal accident in the Lightweight Manufacturing Centre (LMC) involving a subcontractor's employee. The University was supporting affected staff members and had offered support to the two external companies involved. LMC staff were commended for their immediate response. The Health & Safety Executive had begun an inquiry and the University was launching its own investigation. The Principal commended the University Compliance Officer and the Director of Safety, Health & Wellbeing for their careful and thorough response to the situation. Court expressed its sadness at this tragic incident and its sympathies for the family of the deceased and all those affected.
- National strike action by the UCU and UNITE unions had been announced and was taking place on particular dates in November and December. The University's industrial action planning group had been convened and measures to mitigate the impact on students had been put in place.
- A series of highly successful graduation ceremonies had taken place, the first since the Covid-19 pandemic to be unaffected by Covid-related restrictions. Honorary graduates had included a number of former members of Court and the present Treasurer.
- The contributions of University staff had been recognised in long service awards and a ceremony for the award of Strathclyde Medals.

- The post-pandemic return to campus had continued, with new expectations set out for all staff regarding on-campus working. A pulse survey was to be carried out to gauge staff reactions and morale.
- The University had issued a non-consolidated payment to all staff, excepting the Executive Team and weighted towards those on lower pay, in recognition of the rising cost of living. This had been well received. The University had also brought forward its implementation of the latest rise in the Voluntary Living Wage.
- Measures to help students overcome a shortage of accommodation in Glasgow had successfully placed all those who required it in the first semester. This work was now focused on accommodation needs for those starting courses in January. The University was preparing to use a combination of additional hotel accommodation and University accommodation that was coming back into use following refurbishment. The Principal commended those involved in this effort, including the leaders and officers of the student association.
- The University's Executive Team and the student Executive had signed a new strategic alliance and had held a highly constructive joint awayday. Opportunities were being identified for joint work and co-investment without compromising the autonomy of either organisation.
- The Director of Innovation & Industry Engagement, Dr Olga Kozlova, was shortly to leave the University. The Principal and the Chief Commercial Officer paid tribute to her important and substantial contribution to the University.
- Strathclyde academics had won a number of large research grants.

4. 2021/22 Financial Statements

The Chief Financial Officer (CFO) presented the draft Financial Statements for the year ending 31 July 2022.

The CFO summarised the accounts as demonstrating resilient performance in a volatile context. The year to July 2022 included a period of emergence from the Covid-19 pandemic and part of the year was affected by continuing pandemic-related restrictions on University activity. Wider economic volatility was significant, an existing inflationary context, affecting in particular utility costs, having been exacerbated by the beginning of the conflict in Ukraine and its consequences for international trade and economic confidence.

Against this context, the University had completed the year with a strong cash position and significant headroom on all debt covenants. Cost control and other mitigations effected during the year had enabled the University to exceed its underlyingly budget. However, the timing of the recognition of the NMIS capital grant had a significant impact on the overall results.

Key points included the following:

- Tuition fee income had increased by over 14%, largely due to increased overseas PGT provision, including programmes with January commencement.
- Research income had increased by 23%.
- Underlying staff costs had increased by 7.2%.
- The USS pension provision had increased resulting in a charge of **[RESERVED]** in the accounts, reflecting the revised valuation and movement in investment markets. The University's provision in this area followed sector norms. Overall, the USS scheme was undergoing positive movement. Its next full valuation was due to begin in March 2023.
- A large philanthropic donation had contributed significantly to the University's cash position and headroom on the net operating cashflow covenant. However, covenant health was not dependent on this: there was also a strong cash position and ample underlyingly covenant headroom.

Looking forward, the focus would be on navigating the volatile external environment while achieving the University's strategic vision.

The external auditor, EY, had finished their work on the financial statements.

The CFO also outlined the Going Concern assessment that had been completed as a basis for the financial statements. This had involved modelling, on a two-year timescale, of a plausible worst case scenario, along with reverse stress testing. The plausible worst case modelling resulted in a hypothetical breach of the University's debt covenant with the European Investment Bank, but to a limited degree, such that it that could easily be addressed were it to occur. The reverse stress testing showed that extreme, implausible conditions would be required to threaten the University's financial viability. Court was reminded that none of this modelling included available mitigation measures, meaning that many of the negative outcomes modelled would be avoidable in practice.

The Treasurer expressed her confidence in the financial statements and the University's overall financial position and commended the work of the CFO and Finance team.

The Convener of Audit & Risk Committee noted that the committee had held highly constructive discussions with the external auditor and had had no difficulty in recommending the financial statements to Court.

Members discussed the potential need for financial mitigations, given the volatile environment. It was noted that contingency measures had been considered and could be activated as required. The wider environment would also bring opportunities. given the value to the government of stimulating innovation and entrepreneurship in the current economic context.

The Convener paid tribute to the Treasurer, who was in her last year as a member of Court and therefore overseeing the completion of the Financial Statements for the last time after many years of service in this role.

Court **approved** the Financial Statements.

5. Q1 2022-23 – Quarterly Business Report

The Chief Financial Officer (CFO) summarised the core financial elements of the Q1 Business Report and financial forecast.

It was noted that the forecasts were tipped to risk, given significant uncertainty in the wider environment and the specific issue of student accommodation shortages, which could impact on student recruitment. Inflationary pressures were being managed as far as possible, for example through utility prices set through joint procurement, but significant uncertainty remained. The University had incurred increased costs in relation to student accommodation as a values-based decision, but this had also brought net financial benefits, by enabling more students to take up their places.

Both forecast income and, to a lesser extent, forecast expenditure were higher than budget. Covenant headroom was forecast, albeit at a reduced level.

Members discussed the management of inflationary pressures. It was noted that prices relating to capital projects provided the greatest source of volatility, in terms of impact on the University, given that fee levels were set well in advance and national pay bargaining determined salary increases.

The Director of Strategic Planning gave a summary of the non-financial elements of the business report. It was noted that student recruitment was strong at undergraduate level. Recruitment from the most deprived quintile of postcode areas (SIMD0-20) had increased and was above target. Recruitment from the next quintile (SIMD20-40) had slightly reduced. The number of care-experienced entrants had risen. January starts provided the opportunity for PGT recruitment to approach targeted levels. PGR indicators remained below targeted levels.

It was noted that the UK higher education sector was engaging with the UK government to seek to ensure continued support for growth in international student numbers, noting that this represented a significant expert market and a source of talent and support for innovation.

Court **noted** the Business Report.

6. SFC Outcome Agreement 2022-2023 and Self-evaluation Report 2021-2022

The Director of Strategy & Policy presented the University's Outcome Agreement for 2022-23 and Self-evaluation Report for 2021-22.

It was noted that this was the second year in which the Scottish Funding Council (SFC) was running the Outcome Agreement process in-year. The process was expected to change for 2023-24, following a review by the SFC.

Court **approved** both the draft Outcome Agreement and the Self-evaluation Report for submission to the SFC, **delegating authority** to the Principal to approve any appropriate final amendments ahead of the SFC submission deadline.

7. Report from the Effectiveness Review Response Group

The University Secretary presented a set of proposed responses to the recommendations of Sir Pete Downes' report on the Court Effectiveness Review that had been conducted over the summer of 2022. These proposals had been prepared by a Working Group, as agreed at the meeting of Court on 5 October 2022.

In all cases, the report's recommendations were accepted. Proposals for implementation had been put forward where appropriate and these were agreed by Court. Court also confirmed that the report would be published on the University website.

It was also noted that Senate's effectiveness review had been completed and the report of that review made available to Sir Pete Downes, thus completing the whole effectiveness review process in line with the Code of Governance.

Court **approved** the responses put forward by the Working Group to the recommendations of the report of the Court Effectiveness Review, including proposed further work where appropriate.

Items for formal approval

8. UK Research Concordats: Annual Reporting

On the recommendation of Senate, Court **approved** the Research Integrity Concordat Annual Statement 2021-22 and the Researcher Development Concordat Annual Statement 2021-22.

9. Re-appointment of the University Chancellor

In line with the recommendation of Court Membership Group and the results of consultation with Senate, Court **approved** the re-appointment of the University Chancellor for a further term of five years, from 1 August 2023 to 31 July 2028.

Court members noted the Chancellor's commitment to the University and his substantial contributions in the role and warmly welcomed his willingness to serve for a further term.

Items for Information

Committee Reports

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

10. Executive Team

11. Senate

12. Court Business Group

13. Audit & Risk Committee (including Annual Report to Court)

Court **approved** the Management Letter of Representation, relating to the financial statements approved earlier in the agenda.

14. Staff Committee

15. Remuneration Committee

Court **approved** the policies brought forward for Court's approval:

- the Contribution Pay Policy;
- the revised Remuneration Committee Terms of Reference and Composition;
- Voluntary Severance Approval arrangements;
- the Discretionary Policy on Salary Supplements in lieu of Pension Contributions; and
- the Remuneration Committee Policy on Principal's Remuneration

16. AOB

It was noted that a business case was near completion for the refurbishment of the John Anderson Building to create additional laboratory facilities for Quantum research. This would be brought to Court for approval in due course.

No further business was raised.

Date of next meeting

- 2 March 2023

DW, 13 December 2022