Court

Minute of Meeting held on Wednesday 8 October 2014 in the Senate Room

Present:

Mr Dave Anderson Employee Representative, Mr David Anderson General Council Assessor, Mr Graeme Bissett Co-opted Member, Ms Heather Cousins Co-opted Member, Ms Jacqui Dowd (attending for Ms Margaret Anne McParland Employee Representative), Dr Marie Freel Senate Assessor, Professor Karen Lury Senate Assessor, Mr Brian McBride General Council Assessor, Dr Morag Macdonald Simpson General Council Assessor, Mr Murdoch MacLennan Chancellor’s Representative, Mr Donald Mackay SRC Assessor, Mr David Milloy Co-opted Member, Ms Margaret Morton Co-opted Member, Professor Anton Muscatelli Principal, Ms Breffni O’Connor SRC President, Mr David Ross General Council Assessor (Convener of Court), Dr Duncan Ross Senate Assessor, Dr Donald Spaeth Senate Assessor, Ms Lesley Sutherland General Council Assessor

In attendance:

Ms Ann Allen (Director of Estates & Buildings), Ms Christine Barr (Director of Human Resources), Professor John Briggs (Clerk of Senate), Professor James Conroy (Vice-Principal Internationalisation), Professor Jon Cooper (Vice-Principal Innovation & Knowledge Exchange), Professor Frank Coton (Vice-Principal Learning & Teaching), Professor Anna Dominiczak (Head of College of Medical, Veterinary and Life Sciences and Vice-Principal), Professor Frank Coton (Vice-Principal Learning & Teaching), Professor Anna Dominiczak (Head of College of Medical, Veterinary and Life Sciences and Vice-Principal), Professor David Fearn (Acting Head of College of Science & Engineering and Vice-Principal), Mr Robert Fraser (Director of Finance), Professor Neal Juster (Senior Vice-Principal), Ms Deborah Maddern (Administrative Officer), Professor Miles Padgett (Vice-Principal Research), Dr Dorothy Welch (Deputy Secretary)

Apologies:

Members: Mr Ken Brown Co-opted Member, Professor Christine Forde Senate Assessor, Cllr Pauline McKeever Glasgow City Council Representative, Ms Margaret Anne McParland Employee Representative

Attenders: Professor Anne Anderson (Head of College of Social Sciences and Vice-Principal), Mr David Newall (Secretary of Court), Professor Murray Pittock (Head of College of Arts and Vice-Principal),

CRT/2014/1. Announcements

Court welcomed Morag Macdonald Simpson and Lesley Sutherland (General Council Assessors), Breffni O’Connor (SRC President), Jon Cooper, Miles Padgett and David Fearn (Vice-Principals), and Dr Dorothy Welch (Deputy Secretary) to the Court meeting.

Marie Freel and Donald Mackay were attending their final meeting of Court. Nick Jonsson had demitted office as Senate Assessor over the summer. Court thanked them for their contributions to Court and wished them well in the future.
CRT/2014/2. Minutes of the meetings held on Wednesday 25 June 2014

The minutes were approved.

CRT/2014/3. Matters Arising

There were no matters arising.

CRT/2014/4. Report from the Principal

CRT/2014/4.1 Universities Superannuation Scheme USS

Earlier in the year, Court had heard that USS was continuing to engage in dialogue with the regulator, employers and UCU on the issues raised by the Trustees’ first consultation on the Financial Management Plan associated with addressing the deficit in the scheme. At that point it had been intended to complete the valuation process and agree the Plan by the end of 2014, with discussions being held over the summer months between UUK and UCU on the Plan’s elements.

Court heard that there had been close dialogue between UUK and the Joint Negotiating Committee (which included employer and union representatives) over the summer, as well as discussions between UUK and UCU. A possible solution to funding the deficit was a hybrid scheme, involving at its core a defined benefit scheme which would aim to protect lower earning staff, and a defined contribution scheme for more highly paid staff. At present the outcome was not finalised for reasons including a valuation of the scheme being undertaken. Employers had indicated that affordability was vital to the viability of the scheme, and that there needed to be flexibility if yields improved or worsened.

Court would be kept updated.

CRT 2014/4.2 Student Admissions including RUK.

Court noted details of student admissions figures for 2014 entry, for Undergraduate and Postgraduate (PGT/PGR), Home, RUK and International students.

CRT 2014/4.3 National Student Survey and University Rankings

Court noted details of recent University rankings tables and the NSS outcome. In August, the University had achieved its highest ever result in the NSS, with results showing that over 91% of students were satisfied with the quality of their course, a significant increase of 2 percentage points on last year’s survey. This put the University second equal in the Russell Group and second outright in Scotland in terms of student satisfaction.

In the annual QS World Rankings, the University had been ranked equal 55th, a small drop from last year’s 51st position. In the THE World University Rankings the University had risen from 117th last year to 94th this year. The Sunday Times/Times University League Table 2015 had placed the University 26th, a small drop from last year’s 25th.

The University had been shortlisted for the THE University of the Year and had also been shortlisted in three other categories.

CRT 2014/4.4 New arrangements for SMG & PAG

Court noted new meeting arrangements for the SMG and Principal’s Advisory Group, the latter of which was being expanded to comprise: members of SMG; Heads of School; Directors of Research Institutes; College Secretaries; the SRC President; the University Services Leadership
Team and the Director of the Development & Alumni Office.

**CRT 2014/4.5  Update on Transnational education (TNE) developments**

Court noted an update on TNE, including those involving the University of Glasgow Singapore and Singapore Institute of Technology; the University of Glasgow and the UESTC Joint Education Programme; and the University of Glasgow and Nankai University

**CRT/2014/4.6 Key Activities**

Court noted a summary of some of the main activities in which the Principal had been involved since the last meeting of Court, covering internal and external activities beyond daily operational management and strategy meetings. The activities were under the broad headings of: Academic Development and Strategy; Internationalisation activities; Lobbying/Policy Influencing and Promoting the University; Internal activities and Communications.

**CRT/2014/5. Report from the Secretary of Court**

**CRT/2014/5.1 Court Strategy Day**

Court noted a report of the Strategy Discussion Day held on 30 September, which had included discussions about the development of the University Strategic Plan 2015-2020 and the Estate Strategy.

With respect to the Estate Strategy, Court agreed recommendations that:

i) the draft Estate Strategy be endorsed so that it could be used as a framework for the ongoing work and refined and developed into a brief summary document;

ii) the Teaching and Learning Hub proposals be developed to full business case stage; and

iii) Master planners and infrastructure consultants be appointed.

Court agreed that the Court Estate Strategy working group would continue to exist.

Court noted the key milestones identified, and agreed that that the next substantial report to Court would be in February 2015, when, following review by the Court Working Group, a series of recommendations would be presented on the business cases, which would include indicative costs, programme and funding arrangements.

**CRT/2014/5.2 Ordinance on Composition of Court**

An Ordinance on the composition of Court had not proceeded to the Privy Council in the summer. This had been because the Lord Advocate’s Department had been concerned that in modernising its terminology - replacing “assessor” with ”member” or “representative”- the University might appear to be changing the nature of the relevant persons’ position on Court. This had not been a concern when the same changes were submitted in 2011.

Court agreed that:

i) Ordinance 206 be withdrawn, and that a new Ordinance should be taken forward, which would address the concerns raised by the Lord Advocate’s Office;
ii) a draft new Ordinance should be sent to the Privy Council for advice before Court consulted on the new Ordinance; while this could not guarantee that the ordinance would be granted if it ultimately went to the Privy Council, it was hoped that it would provide helpful assistance;

iii) subject to having received feedback from the Privy Council, Court should then decide at its December meeting to initiate the statutory consultation process.

Lesley Sutherland commented that she was not persuaded about the merits of the reduction in General Council Assessors, since this would diminish the General Council’s capacity to contribute to University business, and reduce the plurality of appointment methods for members of Court. It was noted that these issues were ones that might be raised were the matter to proceed to consultation later in the year.

CRT/2014/5.3 Socially Responsible Investment Policy – Fossil Fuels

In June, Court had discussed a paper from the working group, which had been formed to consider the case for disinvestment from the fossil fuel extraction industry. A range of views had been expressed, and the working group had been asked to consider the matter further and report back, presenting more fully the case for disinvestment, and addressing concerns raised by Court members. A paper had been provided for Court’s consideration.

Graeme Bissett explained that the paper reiterated the case for disinvestment in the wider context of the University’s taking a responsible approach to climate change and making a commitment to reduce carbon consumption. The recommendation from the group was the University should gradually reduce its investment in the fossil fuel extraction industry; a short period was not considered realistic given that fossil fuels would be a reality for many years. It was also recognised that the position should not be a fixed one and that it should reviewed from time to time, suggested as every 2 years. The group had also been mindful of Court’s need to manage the institution’s resources prudently and therefore for the need to look in more detail at the financial impact on the University; this included research and philanthropic funding. At the core of the considerations had been the question of whether the terms of the policy had been met, in particular whether the criterion of such investments being ‘wholly contrary to the University's value systems either as reflected in the Mission Statement or the Strategic Plan or in regard to wider issues of social, environmental and humanitarian concern’. The group had concluded that if investments continued in fossil fuels, this was not aligned to the University’s policy of reducing reliance on fossil fuels: it would be contrary to the University’s value systems to take no action on fossil fuel investment.

Accordingly, these various matter having been considered, the revised recommendations to Court, from the group, were:

.1 that the University’s direct investment in the fossil fuel extraction industry should be managed in a controlled manner such that the value of such investments does not exceed the current level of 10% of the endowment portfolio for any appreciable time period; and

.2 that the current level of investment should be reduced to zero over the next 10 years, subject to Recommendation 3 and biennial re-evaluation of the financial and other impacts of the divestment policy on the University along with the scope for increased investment in renewable energy sources.

.3 that prior to executing Recommendation 2, a further examination of the financial impact of that Recommendation be conducted through dialogue with the Glasgow University Climate Action Society (GUCAS) and the University’s Investment Committee [IAC] to provide assurance to Court as to the limited scale of the prospective financial impact.

In discussion, views were expressed by some members of Court that the approach being recommended was too blunt; that the group had not taken a balanced approach, by only allowing the Climate Action Society to put forward a case; that the Scottish economy and many
jobs were underpinned by the industry, from which economy the University benefitted in terms of government HE funding; that steps were already being taken by the University to reduce its carbon emissions; that fundraising might suffer, including in the context of the re-development of the campus; that more detail on which companies would be involved was needed, since many were multi-disciplinary; that the ‘wholly contrary’ test was not met; and that there might be wider implications in terms of the University’s other activities being open to question. A question was raised about whether Court members, as trustees associated with the relevant funds, were legally permitted to take a decision to disinvest as was being proposed, given the duties to beneficiaries. A further comment was made about insufficient financial information having been made available.

It was clarified that the group’s focus was on companies whose primary activity was fossil fuel extraction. The University’s current investment in these companies was valued at approximately £18M. A comment was noted to the effect that a staged approach was being recommended, and that there were various steps, including consideration by various University committees, where the issue might be revisited if circumstances changed, therefore the approach was a measured one.

Others agreed with the recommendations, including the relatively long-term approach being put forward and the mindfulness towards the planet’s future that was being shown. The lead that would be shown if the recommendations were agreed would be a positive step and could benefit the University’s reputation, rather than disadvantage the institution. An ethical or principled decision of this nature should not be predicated upon financial considerations. There was not an inconsistency of approach, since the University was taking steps to reduce its carbon emissions, and disinvestment would be wholly in line with diversification away from reliance on fossil fuels.

Following the discussion, the working group’s recommendations were approved by a majority of those present and entitled to vote, subject to the condition contained in them with regard to assurances about the financial impact for the University being met, and subject also to advice being sought on whether the decision to disinvest could be made without breaching trustees’ fiduciary duties. It was noted that the investment managers would be aware of the activities of companies in the portfolio and would be able to advise on which were primarily engaged in fossil fuel extraction. Liaison by the group with that committee and the GUCAG would be taken forward by the Secretary of Court.

David Anderson, General Council Assessor, recorded a concern that from a governance perspective it was not satisfactory that Court had been asked to consider recommendations in the absence of detail about the full financial impact of disinvestment.

Court would be updated at its next meeting.

**CRT/2014/5.4 Conflict Minerals**

At the June meeting, Court had heard that the Students’ Representative Council had supported a motion relating to the Conflict Free Campus Initiative, by calling on the University to make the reduction of the use of conflict minerals a priority in its procurement policy. Court had agreed to defer discussion on next steps, given that the fossil fuel disinvestment item had not concluded.

Court agreed that it would ask a working group to consider the matter and report to the next meeting of Court, agreeing that it would be important for the group to have professional advice on procurement. The group would comprise two lay members, one Senate Assessor, one SRC representative, the Secretary of Court and the Head of Procurement.
CRT/2014/5.5 Nominations Committee Business

The Nominations Committee had met on 30 September and agreed that recruitment to ‘external’ lay vacancies on the Audit, HR and Remuneration Committees would be taken forward by advertisement, with recommendations to Court to follow in due course. Recommendations relating to lay Court members filling some Court Committee vacancies, including vacancies on Nominations Committee itself, would also be made.

CRT/2014/5.6 Scottish Code of Good Higher Education Governance

Court noted a response to a governance questionnaire from the Committee of Scottish Chairs, arising from the Code introduced in July 2013. The CSC had been monitoring implementation by all HEIs.

The Code envisaged an annual self-assessment by each governing body of its compliance with the code. A proposal for this would be developed in the current session.

CRT/2014/5.7 USS Consultation

Court noted a response as sent to USS, relating to the Universities UK consultation on USS funding and benefits. The overall message had been that given the level of scheme deficit, the University agreed that there was a need for reform, and believed that the proposed changes – including an estimated deficit reduction of £6bn - were the correct way to proceed if USS is to be sustainable into the future.

Court noted a comment from Dave Anderson, Employee Representative, that the response should more correctly have been referred to as Court response and not a University one.

CRT/2014/5.8 RUK Fees

Further information on RUK Fees had been provided for the June 2014 Court meeting. Court noted a clarification relating to the small number of RUK students who spent just three years at Glasgow; for this group, fees were not reduced.

CRT/2014/5.9 Court Business 2014/15

Court noted: Standing Orders for Court including appendices with details of Court committee dates for this session; the Statement of Primary Responsibilities; and the Schedule of Court Business for the coming year, for reference.

The attendance lists for meetings of Court and its committees for 2013/14 had been reviewed; there were no outstanding issues to report in connection with this.

CRT/2014/5.10 Senate Assessors on Court

Professor Miles Padgett had demitted office following the May Court meeting, given his appointment as Vice Principal. Over the summer, Professor Nicholas Jonsson had stepped down as Senate Assessor wef 1 September; Dr Marie Freel would step down in early November following her appointment to a post outside the University. Senate would appoint three Assessors to replace them.
CRT/2014/5.11 Honorary Fellowship nominations
Details were provided, in confidence, of three nominations for Honorary Fellowships of the University, which Court approved. The nominations had been approved by the Honorary Degrees Committee.

CRT/2014/5.12 SFC Financial Memorandum
Court noted details of a new SFC Financial Memorandum for the HE sector.

CRT/2014/5.13 Genome Sequencing Equipment
Under delegated powers, the Convener of Court, Principal and Secretary of Court had approved the University spending £1.6m on genome sequencing equipment. The University was part of a consortium - funded by the Chief Scientist Office, Cancer Research UK and the Medical Research Council - which would sequence cancer samples to create a world leading database to underpin ongoing research. The University had been asked to underwrite capital expenditure totalling £1.6m. This would be completely funded if the project developed as envisaged. However, at this point there was a risk that some shortfall may be incurred.

CRT/2014/6. Learning and Teaching Strategy
Professor Frank Coton updated Court on the Learning and Teaching Strategy, including performance against Key Performance Indicators, which were noted by Court. These included: a KPI relating to Home/EU UG population, where the Home UG size was being reduced towards the target and EU admissions had been more tightly controlled; the overall Home/EU intake target has been achieved. A more granular approach to admissions was being developed to control numbers in high demand subjects; it was noted that admissions to General degrees would not be affected in a negative way by this approach. RUK student numbers continued to be healthy, with recruitment this year and last significantly above historic levels. Court also noted KPIs in relation to student progression, employment and UG entry tariff.

The Strategy’s guiding principles were excellence in teaching, the learning environment, and in the physical and virtual infrastructure; fostering investigative learning through research-led teaching; inclusion, access and opportunity; and a truly supportive environment. Court noted updates under the nine key objectives. Progress in relation to priority areas included: Retention, where the MD40 support group was providing additional support to new WP students and there had been improved progression of MD40 students; Assessment and Feedback where there was a two-year collaborative project targeted at improved efficiency and effectiveness in assessment, and increased use of automated, targeted feedback via the VLE across a range of subject areas; Embedding Graduate Attribute development, where College Graduate Attributes “champions” were now developing College specific activities and a social media campaign was in progress; Sustainable Postgraduate Taught (PGT) Growth, where new distance learning Masters programmes in several areas of Health Sciences and Copyright Law were coming on stream in 2015; Innovation in our Provision, where a range of innovation projects were being supported through the Learning and Teaching Development fund, with a significant focus on technology enhanced learning and teaching.

Development of a new Learning and Teaching Strategy was now underway in parallel with development of University Strategic Plan. Other priorities for the coming year were the development of the estate to support student number growth and the evolution of the teaching model, and continued roll-out of online learning activity.

The University had undergone the Enhancement Led Institutional Review (ELIR) in the past
year. The outcome had been that the University’s approach to the maintenance of quality and standards was “effective” with no caveats. This was the best possible outcome from the ELIR process. Particular areas of good practice included an effective culture of self-evaluation, student engagement and a strategic approach to widening participation.

Court noted continuing excellent performance in the NSS. Court also noted highlights relating to online learning, where SMG had agreed to invest £2.3m in an online learning initiative to develop Masters level programmes with high market potential aligned to the University’s strengths; and on-campus courses to help create a more flexible learning environment on campus. New programmes and courses were now under development in Medicine, CREATe, the Business School and in the College of Arts. The University had delivered two MOOCs through a partnership with FutureLearn.

Professor Coton was thanked for the briefing.

CRT/2014/7. Reports of Court Committees

CRT/2014/7.1 Finance Committee

CRT/2014/7.1.1 Capex applications

The Finance Committee had approved capital expenditure for refurbishment of the University Corridor premises at South Glasgow Hospital, with the £3m required for the refurbishment being covered by a grant agreed by the Scottish Government. Finance Committee had also approved a capital expenditure request for £4.26m of funding to undertake infrastructure works on the Gilmorehill campus, taking advantage of the district heating CHP installation planned during 2014/2015. Finance Committee had also approved a capital expenditure request for £0.5m to provide a new state-of-the-art facility for Mass Spectrometry (MS) in the School of Chemistry.

CRT/2014/7.1.2 Endowments Investment Reports

Court noted endowments investment reports

CRT/2014/7.1.3 Financial reports

Court noted an Overview of Performance and a debtors report as at 31 July 2014.

The report was noted.

CRT/2014/7.2 Audit Committee

The Committee had welcomed its new chair, Dr Paul Brady. The Committee’s business had included receiving: updates on the pensions schemes and on the development of the Estate Strategy; the draft Internal Audit plan 2014/15 including the methodology used to compile the plan, which the Committee had approved; reports on recent internal audits; update reports on actions against recommendations from prior internal audits; and details of the University risk register.

The report was noted.

Dr Welch would update Dr Ross more fully on the audit of data assurance with regard to Performance and Development Review for Academics, and on the timing of the audit that would include MyCampus performance.
CRT/2014/7.3 Estates Committee

CRT/2014/7.3.1 Estates Strategy

Court noted progress made on the Estates Strategy.

CRT/2014/7.3.2 CapEx Applications

Court noted and endorsed Estates Committee’s approval of CapEx applications in respect of: Gilmorehill Infrastructure Improvement Works £4,256,188 incl. VAT; and Refurbishment of University Corridor at South Glasgow Hospital £3m incl. VAT.

The report was noted.

CRT/2014/7.4 Human Resources Committee

The HR Director had provided an update to the HR Committee highlighting a number of substantive areas including an update on proposed changes to USS; the co-location of University Service areas; early career researcher development; internationalisation; gender pay; performance pay and reward; an update from an equality and diversity perspective on applications for Athena SWAN recognition; and recruitment.

The Committee had received presentations from the HR Director providing an update on Staff Survey outcomes - further details of which would be provided to Court in December - and on the People & Organisational Development Strategy, with particular emphasis being placed on the action planning and subsequent implementation.

The report was noted.

CRT/2014/7.5 Health, Safety & Wellbeing Committee

The Committee had received: an update on the stress indicator section of the staff survey; reports from Occupational Health and the Safety & Environmental Protection Services; a report on the take-up of the Employee Assistance programme; and details of a survey of directors of professional services in relation to routes for staff to raise health and safety issues.

Following a review of the effectiveness of the committee, a subgroup of the committee was being formed to discuss changes to its operation.

The report was noted.

CRT/2014/8. Communications from Meeting of Council of Senate held on 2 October 2014

The report was noted. Senate had received updates on: the Ordinance relating to the composition of Court, the development of Policy and Questionnaire for Course Feedback, and the recent staff survey. Senate had received details of recent league tables and the NSS.

In line with the previously agreed arrangement with Senate to allow members of Court to submit observations on nominations for honorary degrees, the Clerk of Senate John Briggs advised Court of the 2014/2015 nominations, on a confidential basis. Members of Court could contact the Clerk of Senate should they have observations to make.
Statement of Assurance

Court had received a copy of the University’s draft annual report to the Scottish Funding Council (SFC) on institution-led review of quality for AY 2013-14. The contents were specified by the SFC. The statement summarised review activity undertaken by the University of its provision for students, i.e. Periodic Subject Reviews (PSR), Graduate School Reviews and the University Services Administrative Review Programme (ARP) carried out in respect of student-facing University services. Information concerning review activity carried out at the University by Professional, Statutory or Regulatory Bodies was also included.

Having noted details of how the University assured the effectiveness of arrangements for maintaining academic standards and quality, Court agreed that the required statement of assurance could be signed off by the Convener of Court, as follows:-

“On behalf of the governing body of [University of Glasgow], I confirm that we have considered the institutions arrangements for the management of academic standards and the quality of the learning experience for AY 2013-14, including the scope and impact of these. I further confirm that we are satisfied that the institution has effective arrangements to maintain standards and to assure and enhance the quality of its provision. We can therefore provide assurance to the Council that the academic standards and the quality of the learning provision at this institution continue to meet the requirements set by the Council.”

CRT/2014/10. Any Other Business

There was no other business.

CRT/2014/11. Date of Next Meeting

The next meeting of the Court will be held on Wednesday 17 December 2014 at 2pm in the Senate Room.
Items A : For Discussion

1. Vice-Principal appointments

This item will be taken at the beginning of the Court meeting, and in the absence of Court attenders.

2. Universities Superannuation Scheme USS

At the last meeting, I updated Court on the dialogue between UUK and the Joint Negotiating Committee, which took place over the summer of 2014, as well as on discussions between UUK and UCU. I advised that a possible solution to funding the deficit was a hybrid scheme, involving a defined benefit scheme for all staff up to a salary threshold which would aim to protect lower earning staff, and a defined contribution scheme for more highly paid staff. Employers have advised the discussions that affordability is key to the viability of the scheme, and that there needs to be flexibility in the event that yields on investments improve or worsen.

Since our last meeting the USS trustees have been consulting on the technical provisions assumptions behind the scheme valuation. There have also been continuing discussions through the Joint Negotiating Committee of USS between the employers and UCU. I will update Court further on the national position, at the meeting in December.

3. Research Excellence Framework REF

The REF results will be announced in the period 16/17/18 December. Professor Miles Padgett, Vice Principal Research, will provide a brief summary of details that are available by 17 December, at the Court meeting.

Items B: For Information

4. Key activities

Below is a summary of some of the main activities I have been involved in since the last meeting of Court, divided into the usual 4 themes: Academic Development and Strategy; Internationalisation activities; Lobbying/Policy Influencing and Promoting the University; Internal activities and
Communications and Alumni events. In order to cut the length of this report, I have provided brief headings and can expand on any items of interest to Court.

4.1 Academic Development and Strategy

21 October: I attended the Growing Value in Scotland Steering Group Meeting and Dinner. This group comes under the umbrella of the National Centre for Universities and Business (NCUB). The Task Force was established to help get the most value out of the Scottish research base, and the objective of the meeting was to provide a background to the NCUB, discuss the research plans and scope of the Task Force.

3 November: hosted a dinner in relation to a Greener Aeronautics Symposium (3-4 November 2014) which was organized and hosted by the University.

6 November: attended the Scottish Funding Council - Strategic Development Meeting, at Robert Gordon University Aberdeen and the SFC Board meeting, the following day.

4.2 International Activities

From the 9 to 19 October, I undertook a trip to Singapore, China and Hong Kong. In addition to various meetings, the trip included presiding at the Graduation ceremony for University of Glasgow Singapore students; meetings with the Ministry of Education and Nankai University in Tianjin in relation to our proposed Joint Graduate School with Nankai; an Alumni dinner in Beijing; a visit to Fan Zeng the Chinese artist and honorary graduate, and meeting with alumni and potential supporters in Hong Kong.

November 12: welcomed Professor Sung, Vice Chancellor of the Chinese University of Hong Kong to the University and hosted a lunch in the Lodging.

4.3 Lobbying/Policy Influencing and Promoting the University

20 October: hosted a dinner for the Italian Ambassador and Consul General.

23 October: attended the CASE Europe Pre Board Meeting University of Nottingham, Dinner and then CASE Conference the following day.

26 October: hosted an MVLS Industry Day Dinner in the Lodging.


28 October: attended a regular Dinner meeting with the Principals of the 5 most research intensive Universities in Scotland, held in Edinburgh.

29 October: hosted a prospects dinner in London, Citibank Offices, and the next day attended the Russell Group Board meeting.

5 November: attended the Joint Skills Committee Meeting (SDS & SFC).

5 November: welcomed and introduced Councillor Gordon Matheson, Leader of Glasgow City Council to the University, who delivered a lecture entitled Glasgow City Deal - The Way Forward for the city region, chaired the Q&A session, and hosted a Lodging dinner.
Under the auspices of Glasgow City Marketing Bureau, I attended the MTV Europe Music Awards at the SSE Hydro on Sunday, 9th November.

10 November: attended a reception to mark *The Lost Tomb of Robert the Bruce* exhibition in the Hunterian. The event was attended by Cabinet Secretary for Culture, Europe and External Affairs, Fiona Hyslop MSP.

13 November: attended the Scottish Funding Council, *Learning for All* conference which focused on widening access and was targeted at College and University Principals, University Senior Managers for Access and College Regional Chairs.

12 and 14 November: met with George Black, Annemarie O’Donnell (current and future Chief Executive of Glasgow City Council) and David Coyne, Head of Programme Management Office Glasgow and Clyde Valley City Deal and am due to meet with him again on 11th December.

18 November: met with the Russian Consul General, Mr Andrey Pritsepow and Timofey Kunitskiy the Vice Consul.

19 November: attended the Scottish Parliament Finance Committee, Scottish Parliament, to provide oral evidence to the Scottish Parliament’s Finance Committee as part of a series of evidence sessions it is holding in relation to the proposed devolution of further financial powers to the Scottish Parliament.

On the same day met with Linda Murray of Scottish Enterprise.

I delivered the David Hume Institute Presidential Lecture at the RSE on 20 November. My title was *Tackling Trends in inequality – an International Perspective*. The lecture was followed by a reception and dinner.

26 November: hosted a dinner with College Principals and Henry McLeish.

27 November: attended the THE awards in London and although the University did not win the ‘University of the Year’ award and the other categories we were nominated in, it was a notable achievement to be shortlisted for the main and three other awards.

3 December: I attended a Policy Scotland Smith Commission event.

I will attend the National Economic Forum on 10th December.

4.4. Internal activities and Communications and Alumni events

20 October: attended and welcomed guests and alumni to the Mackintosh Architecture Reception held in Hunterian Art Gallery.

25 October: attended and spoke at the Walton Foundation 50th Anniversary Dinner, held in the University and hosted by the Foundation.

9 November: attended the Service of Remembrance in the Bute Hall. The guest preacher was John Lowrie Morrison and on the 11th, took part in a brief act of remembrance, planting a cross in the Memorial Garden.
13 November: attended the Senate Guest night where we awarded an Honorary Fellowship to Robert Rennie. Gordon Smith was the speaker.

I gave an interview on 17 November for GU Magazine which is celebrating 125 years.

17 November: hosted a dinner in the Lodging for some key supporters focusing on the campus development. In addition, throughout October-December, I had a number of meetings with alumni and donors in London and Glasgow and hosted a number of visiting alumni in the Lodging.

20 November: attended the opening of new lab facilities and the inaugural lecture of Professor Rob Liskamp. These events formed part of a symposium, ‘Chemistry Past, Present and Future’.

22 November: attended the Scottish Society of Jersey, St Andrew's Dinner and Ceilidh in Jersey and gave the toast ‘To Scotland’. The next day I was able to meet with some more alumni before returning to London.

On evening of 24 November, I attended an event for alumni and donors hosted in the House of Lords, sponsored by Lord McFall.

25 November: the University held the second Andrew Carnegie Lecture in the Bute Hall which was given by Paul Tudor Jones II. We also awarded him an honorary degree for his contribution to conservation, business and philanthropy.

From the 2 to 5 December, I presided over the winter graduations. These included honorary degrees for Karyn McCluskey, the Hon Lord Hodge, Graeme Waddell, Robin McLaren and Professor Parveen Jane Kumar and Teaching Excellence Awards for Willie McGuire, School of Education, and the MSc Medical Genetics Teaching team.

I will be hosting a Sports Bursary Programme – Reception in the Lodging, 8 December and a Teaching Excellence Awards Buffet Supper on 11th.

14 December: I will participate in the Service of Lessons and Carols.

15 December: I will be hosting a Lodging diner to mark Professors Steve Beaumont and Murray Pittock’s retirement from the SMG and will attend a College reception for Murray on 16th.

I have continued my monthly meetings with SRC.

5. Senior Management Group business

In addition to standing and regular items the following issues were discussed:

SMG Meeting of 15 October, 2014
- Erasmus+Funding: funding support for Erasmus students
- Financial Sustainability Model
- Future MOOCs Strategy
- Report on the Partnership Review for Validated Provision & GSA Relationships

SMG Meeting of 20 November
- Risk Management Policy
- Maternity/Paternity Support at the University
- Update on Review of Atypical and Zero Hours employment
- Industrial Dispute: Update
- Complaints Reports: Annual Report for 2013-14 and First Quarter report
SECTION A - ITEMS FOR DISCUSSION / DECISION

A.1 Consultation Paper on Higher Education Governance Bill

As Court members are aware, the Consultation paper was issued in early November. With Court members’ agreement, I invited members of the Court Governance Working Group - Dave Anderson, David Anderson, Ken Brown, Margaret Morton, Breffni O’Connor, David Ross and Duncan Ross - to meet to discuss how we should respond to the Consultation and prepare an early draft response for discussion at Court. A report from the group, containing key points for further discussion, is Annexed. It also contains two areas (highlighted) where Court’s views are specifically sought. The paper has the full consultation appended, for reference. The Code of Good HE Governance, which is referred to in the group’s report, is available from: http://www.scottishuniversitygovernance.ac.uk/

Is Court content with the responses suggested by the working group? Subject to any points which Court wishes to make at the meeting, the group will agree the full text of our response, which will be shared with Court members by mid-January for comment. For Court’s information, the Council of Senate Business Committee has also discussed a response to the consultation, which will be discussed by the Council of Senate on 11 December. Court will be briefed on 17 December on the key points that Council of Senate would intend to make in response to the consultation.

A.2 Ordinance on Composition of Court

At the October meeting, Court agreed: that Ordinance 206 be withdrawn, and that a new Ordinance should be taken forward, which would address the concerns raised by the Lord Advocate’s Office. It also asked that a draft new Ordinance should be sent to the Privy Council for advice before Court consulted on the new Ordinance; and that, subject to having received feedback from the Privy Council, Court should then decide at its December meeting to initiate the statutory consultation process.

The Privy Council advisors were contacted after the October Court meeting and they have responded with suggestions on a small number of drafting points, which have been incorporated in the draft Annexed. Feedback from the consultation would be provided to Court at the February 2015 meeting.

Is Court content to proceed with the consultation?

A.3 HE Governance Code

Since the Scottish Code of Good HE Governance was published in July 2013, Court has taken several steps to amend its practice in order to follow the guidance contained
within the Code. Aside from the issue of Court membership, which is the subject of the draft Ordinance (item A.2 above), there are two matters remaining to be addressed:

.1 Court is expected to appoint an 'Intermediary' from among its lay members, whose role is 'to serve as an intermediary for other members who might wish to raise concerns about the conduct of the governing body or the chair' and 'to appraise the chair's performance'. Now, in practice, Murdoch MacLennan and Don Spaeth have addressed the first part of that role in recent years. However, Court has not required anyone to appraise the Convener's performance. Nominations Committee has considered this matter, and recommends to Court that Murdoch MacLennan should be asked to undertake an appraisal of the Convener's performance. If Court is content to approve this recommendation, Murdoch will take this forward and in doing so will take soundings from Court members.

.2 The Code requires an annual self-assessment by each governing body of its effectiveness (in addition to the externally-facilitated effectiveness review that should take place every 5 years). To that end, a questionnaire will be circulated to members in the New Year 2015, to enable Court to provide feedback on its performance. Annexed proposed form of the questionnaire.

It is suggested that the governance working group might meet in March each year to consider the outcomes of the annual effectiveness review and also, with reference to the Code, to ensure that the University is addressing all its responsibilities in terms of good governance. The working group would report on this to April Court.

Is Court content to proceed in this way?

A.4 Court Procedural Review Group

In April 2013, Court approved a revised Management of Organisational Change/Redundancy Policy and Procedure. Under the policy, proposals within “Tier 2” are considered by the Court Procedural Review Group, which can make recommendations about whether the proposal should be discussed further by Court (on strategic and/or key reputational grounds, or for other exceptional reasons) prior to initial sign-off, or whether the issue should remain in the management sphere.

The Court Procedural Review Group, comprising Ken Brown, Don Spaeth and Morag Macdonald Simpson, has met recently to consider a proposal for staff restructuring relating to Transforming Research Management (TRM). The group has been guided by Richard Claughton, Depute Director of HR.

The Review Group concludes that:

The members of the CPRG consider the changes outlined in relation to the TRM project fit within Tier 2 of the Management of Organisational Change Policy.

The members of the CPRG do not believe there is cause for Court to further discuss this matter and recommend to Court that the project should remain in the management sphere.

They further recommend that management be asked to formally update the CPRG prior to any decision being taken to implement any compulsory redundancies if it is felt by management that these cannot be avoided.

Is Court content to approve the CPRG's recommendations?
A.5 GU Holdings Ltd

GU Holdings Ltd is the University's investment company for subsidiary and spin-out company activity.

Annex discusses new arrangements for the operation of GUHL, covering the visibility of decision-making and the appointment of Directors. **Court is asked to consider the recommendations** contained in the paper.

A.6 Socially Responsible Investment Policy

As Court is aware, the issue of fossil fuel disinvestment will come back to Court in February 2015, with advice on the possible financial impact that a policy of disinvestment would have on the University's investment returns and on its academic and philanthropic income.

A.7 Conflict Minerals

As Court is aware, the SRC supported a motion relating to the Conflict Free Campus Initiative, by calling on the University to make the reduction of the use of conflict minerals a priority in its procurement policy.

As previously advised, this issue does not come within the scope of Court’s Socially Responsible Investment Policy. Court has however agreed to ask a working group to consider the matter. The group would have professional advice on procurement and would comprise: two lay members, one Senate Assessor, one SRC representative, the Secretary of Court and the Head of Procurement.

Following Court's decision on fossil fuel disinvestment at its meeting in October, concerns were expressed that Court had not consulted more fully on the matter with University staff, including academic staff whose work might be impacted by the Court decision. I undertook therefore, in preparing a remit for the Conflict Minerals Group, to seek to address that concern (Annexed). While the issue raised in relation to Conflict Minerals is not one of Socially Responsible Investment, it has some similarities. If Court is content with the remit for the Conflict Minerals Group, then this may be used in future as a template remit for any future working group on Socially Responsible Investment.

**Is Court willing to approve the remit?**

SECTION B – ITEMS FOR INFORMATION / ROUTINE ITEMS FOR APPROVAL

B.1 Nominations Committee Business

The Nominations Committee met on 30 September and agreed that recruitment to ‘external’ lay vacancies on the Audit, HR and Remuneration Committees would be taken forward. The level of applications was low but strong candidates for the positions on the Human Resources and Audit Committees have been identified and interviews have been scheduled for December / January.

Following a meeting on 30 September, Nominations Committee is also recommending that the following lay member of Court be appointed to Court Committee vacancies; all are willing to serve on the Committees:

Audit Committee - Lesley Sutherland
HR Committee - Morag Macdonald Simpson
Nominations Committee - Heather Cousins, Brian McBride, Murdoch MacLennan.

Is Court willing to approve these recommendations?

B.2 Staff Survey 2014

The report from HR Committee provides some headline outcomes from the 2014 staff survey. Christine Barr, Director of HR, will brief Court on the Survey at the February 2015 meeting, including actions being taken forward by management in response to the survey.

B.3 SRC Constitution

At a recent Council meeting, the SRC approved some amendments to its constitution. I have reviewed the proposed amendments, which are minor in nature, and approved them on Court's behalf.

B.4 Senate Assessors on Court

As Court is aware, Professor Miles Padgett demitted office following the May Court meeting, given his appointment as Vice Principal. Over the summer, Professor Nicholas Jonsson stepped down as Senate Assessor wef 1 September and Dr Marie Freel stepped down in early November following her appointment to a post outside the University.

Senate has appointed three Assessors to replace the above; these are (respectively):-

Professor Paul Younger, School of Engineering
Professor George Baillie, Institute of Cardiovascular and Medical Sciences
Dr Carl Goodyear, Institute of Infection, Immunity and Inflammation

All are appointed to July 2018.

The Assessors will also serve on the Estates Committee, HR Committee and Finance Committee, respectively.

B.5 SRC Assessor on Court

Marvin Karrasch has been appointed as SRC Assessor on Court until 31 October 2015, replacing Donald Mackay.

B.6 James Wards Cusator Committee

The committee administers a fund established in 1981 with a donation of £200,000 by the parents of the late James Cusator Wards, a BAcc graduate. The fund is used for promoting research in accounting and finance at the University. Heather Cousins has been appointed to chair the committee in succession to Michael Scott Morton.
Consultation Paper on Higher Education Governance Bill

Report from Court Governance Working Group

Introduction
The Court governance working group met on 2 December to consider how Court might be advised about a response to the consultation paper on the proposed introduction of legislation relating to the HE sector (Appendix 1). Since the consultation paper was issued, the Cabinet Secretary who presented it has demitted office. However, the Government has recently confirmed its intention to legislate in this area. It is therefore important that Court responds to this Consultation. The deadline for response is 30 January 2015.

Consultation Topics
There are 31 questions in the consultation paper, divided (broadly) into 6 sections relating to:
- The Privy Council
- Academic Freedom
- Role of Principals
- Chairing of governing bodies
- Membership of governing bodies
- Composition of academic boards

After the Court meeting on 17 December, a full draft response will be prepared to the consultation paper in good time for the deadline of 30 January, and will be shared with Court ahead of being submitted. At this stage, points of advice are being provided to Court on the main areas, to assist Court in agreeing the general messages that it wishes to submit.

Main Conclusions
The overall conclusion of the group is that it would wish Court to engage positively with the consultation, but that legislation is not actually necessary and indeed could not in practical terms cover such a richly diverse sector. The group’s view is that the Code of Good HE Governance (‘the Code’) already covers many of the areas in question, and that continuous improvement under the Code should instead be the way forward. Legislation could become very complex, given the different sizes, aims and modes of operation of HE institutions. The Code has the benefit of being more flexible and dynamic (open to relatively quick change if needed), and is less technical in the way it needs to be drafted, but is nevertheless formulated in the appropriate spirit to achieve continuous improvement in governance. Compliance with the Code, or provision of a satisfactory explanation about non-compliance, is a condition of funding, therefore it has force.

The group also noted that the University already meets many of the intentions listed in the consultation.

Advice to Court on Individual aspects of Consultation

The Privy Council
The University’s experience to date is that, in practice, on the matter of Ordinances, it is the Scottish Committee (comprising the First Minister, Lord Advocate and Lord President of the Court of Session) that already advises the Privy Council, when Ordinances are proposed by the University.
On this basis, the group agrees that, as suggested in the paper, responsibility in this area might be transferred to the Scottish Committee entirely. Should this happen, it would be important that the new arrangements should involve greater transparency and accountability within the Scottish Parliamentary system, and greater speed of processing.

There is also a question in the paper about greater autonomy potentially being given to individual institutions to change their governance, without seeking permissions from the Privy Council. The group agrees that this should occur. The current position is that the legislation lists areas where Ordinances are required. It is difficult to see why some of these areas should require external scrutiny. Examples of areas where an Ordinance is still required are: the election processes for the Chancellor and General Council Assessors; regulations about Boards of appointment for Theological Chairs; and provisions about the election of readers and lecturers to Senate. The group agreed that rather than continuing to have a list of prescribed areas where Ordinances are needed, only (solely) amendments to the composition and main functions of the Court, Senate and General Council (as set out in Acts of Parliament) should be the subject of Ordinances.

These two areas might be regulated in Miscellaneous provisions under other new legislation, without the need for a new specific HE-related Act of Parliament.

**Academic Freedom**

The consultation paper proposes a revised definition of this term, to include specific reference to ‘freedom to encourage new ideas’

While the group has no difficulty with the additional words proposed, which seem entirely consistent with a University's commitment to research, its conclusion is that this area is already referred to in the Code, which is a more appropriate location than revised formal legislation. The Code requires a governing body to ensure the protection of the academic freedom of relevant staff in compliance with relevant legislation and its own governing instruments; if necessary it could be amended to augment references to academic freedom. The Code has force, and the principle of Academic Freedom is also well understood already in the wider sense within this institution and the sector.

**Role of Principals**

There is a suggestion that the head of a University be described as the ‘chief executive officer’ (CEO), retaining the working job title as Principal. The group’s conclusion is that this is neither desirable nor necessary, on grounds including the fact that the term ‘Principal’ is very well understood in the HE sector (and more widely) both in the UK and abroad; of potentially negative perceptions by stakeholders of such a commercially-associated term in the context of leadership in academia; and of the term ‘the Principal’ already being understood as ‘the CEO’ within the Code of Good Governance and within the Financial Memorandum with the Funding Council.

**Chair of governing bodies**

The paper proposes an advertising/shortlisting process followed by an election of the ‘chair’ of the governing body by a ‘balanced and representative electorate’. The composition of the electorate is not further defined.
The paper is not absolutely clear in its definition of ‘chair’, therefore the group considers that this fact should be mentioned in Court’s response. Given the explanatory text in the consultation paper, the implication is that ‘chair’ means the person who in practical terms undertakes the day to day interaction with the University; however, it is unclear whether the statutory role of Rector in the ancient Universities has been properly considered in drafting the consultation.

At present, the Rector is the ‘ordinary president’ of Court and may ‘preside’ at meetings of Court with a deliberative and a casting vote. Under the current legislation, in the absence of the Rector, a ‘vice chairman elected by the Court’ (referred to at Glasgow as the Convener) presides. If the Rector were to be considered our governing body’s ‘chair’, then the electorate for that position (chair of Court) is already fixed, being prescribed originally in legislation and latterly by Ordinance: in both cases it is the student body. The proposal in the paper is that there be an open advertisement and interview process, followed by an election involving various stakeholders. The role of Rector as president (chair) of Court could therefore effectively be abolished.

If, by ‘chair’, the consultation paper means the role undertaken by our Convener, then Court has previously agreed that a senior lay member of Court (‘the Convener’) shall be appointed following the guidance contained in the Code of Good Governance. This addresses several of the aspects of the proposed legislation (a transparent process, a job description and essential criteria for the post including skills and attributes, public advertisement, competitive selection and shortlisting and interview). However, it does not involve the final aspect of the proposed legislation, which is ‘election by a balanced and representative electorate’.

The group’s conclusion in terms of a response is: that there are two existing roles (Rector and Convener) that are both highly valued, and that the role of Rector has not been properly considered in the consultation; that the Rector is elected by the student body and provides an important channel to strengthen the student voice, which the University would not wish to see diminished; that within our process there is already a commitment to openness in the appointment of the Convener, through advertisement and recruitment; that rather than an election being needed, this process might be further refined by an augmented Nominations Committee overseeing the appointment of the Convener; that an election process would politicise the position, potentially deterring some excellent candidates when what is needed is a person with the best possible skills and experience; and that for reasons of good governance, it is essential that Court as a whole has the full confidence in the Convener and that a politicised process via an election might negatively impact on this. The lack of definition of the proposed electorate should be referred to in the response. In addition, the Code’s provisions relating to the appointment of a Chair through an open process should be referred to in the response.

There is a reference in the consultation to possible remuneration of the chair. While noting the time and personal commitment required of the Convener, but also that care would needed because of the law relating to charity trustees, the group agrees that Court’s views on this matter should be sought at the meeting.
Membership of Governing Bodies
The paper refers to the governing body having: a minimum of two students nominated by the student association; at least two directly elected staff members; at least two staff nominated by (different) unions; and up to two alumni representatives.

Our current Court composition already includes *ex officio* the SRC President and a SRC assessor elected by the SRC Council itself. There are seven staff members elected by Senate and drawn from Senate; and two employee representative members who are appointed by a process involving nomination from the Joint Union Liaison Committee, but then with an open nominations process whereby staff from across the University may be nominated. An election ensues if necessary (this is rare but it does occur). There are restrictions with regard to the grade and job family of one of the two employee representatives.

The group’s conclusion is that in the interests of democracy, there should be staff representatives - rather than specifically union representatives - on Court and that as such our current system is appropriate. It is concerned also that the selection of Court members as representatives of trade unions would be contrary to good governance, which requires that all members of Court act in the best interests of the University rather than of a constituency. The group concludes that the response to the consultation should question the need for, and the practicality of, all governing bodies being required to be in the same format for these categories of members, given that the size of governing bodies varies across the sector. If necessary, the Code could be amended to make recommendations in these areas. On this basis, legislation is not necessary.

While not a subject of formal consultation, gender balance is identified in the introductory paragraphs of the paper as an issue on which the Scottish Government would like to introduce legislation if it were empowered to do so, with a view to moving to a position where at least 40% of Court members would be women. The group has mixed views on the desirability of a quota and the level (40%) stated, as well as on the practicalities of implementation given various ‘constituencies’ on Court, very few of which can be managed by Court itself in terms of appointees; and on whether a gender balance on appointing committees is a better way forward. **Court’s views on this matter are sought.**

Composition of Academic Boards
The proposal refers to a body that is very similar to our existing Council of Senate, which is a 121-member body, chaired by the Principal, and including ex-officio academic managers, student members, and a majority of members elected by Senate, with a balance of representation across Colleges. Given that Glasgow has been able to create such a body through its own internal processes, other institutions may also be able to act without the need for legislation. The proposal also has implications for the future of the wider Senate. The size and diversity of the sector makes the suggestion impractical. If necessary, the Code could be amended to make recommendations in these areas. On this basis, the conclusion of the group is that legislation is not necessary.
Consultation Paper on a Higher Education Governance Bill
MINISTERIAL FOREWORD

Scotland can be proud of its higher education system. Our universities fulfil a vital role, and join a common purpose, in contributing to Scotland’s prosperity through their teaching, research and links with business and the community.

They are diverse organisations, characterised by a distinctive ethos with autonomy at the core. The 2012 Review of Higher Education Governance in Scotland, undertaken by Professor Ferdinand von Prondzynski, stated that ‘for universities to be successful, and in order to avoid undue influence from outside, they need to be autonomous institutions’. This is a view which is shared by the Scottish Government.

However, Scotland’s universities also receive a substantial amount of public investment. For that reason, it is important that an appropriate level of democratic accountability is embedded in the governance arrangements for each institution and to ensure public confidence in the sector is maintained.

Existing governance structures, influenced by introduction of the new Scottish Code of Good HE Governance, have served our higher education institutions well enough, but I am confident that the system is capable of further improvement. The Scottish Government does not want to increase Ministerial control over universities, but support them to refine their governance systems, enabling an evolution that can enhance their important contribution to Scotland and the advancement of its people and economy.

This Scottish Government has demonstrated its commitment to the higher education sector through continued investment. As Cabinet Secretary for Education and Lifelong Learning, I want further success for our higher education institutions. And I believe continued success can be delivered if we work in partnership to continuously improve the governance of Scotland’s excellent universities.

Michael Russell MSP
Cabinet Secretary for Education and Lifelong Learning
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CONSULTATION PAPER ON A HIGHER EDUCATION GOVERNANCE BILL

INTRODUCTION

This is a Scottish Government consultation paper on higher education governance.

Your views are invited on the proposed introduction of legislation to the Scottish Parliament aimed at enhancing and improving governance in higher education institutions in Scotland.

The Scottish Government wants modern, democratic and accountable processes to inform governance arrangements in higher education institutions in Scotland.

The overarching aim is to strengthen governance in the higher education sector in Scotland, ensuring that it remains fit for purpose. The aim of the legislative change that is proposed is not to increase Ministerial control over our institutions, but to support them to develop and refine their own governance systems by introducing a limited number of new statutory measures aimed at embedding greater consistency of approach.

Our aim in this consultation is to invite views on specific proposals in relation to higher education governance. The views received will help shape the legislation that we intend to present to Parliament.

We would like to hear your views on our proposals. This paper covers a range of complex issues and we appreciate there is a lot to consider. That is why we wanted to set out these ideas at an early stage, to ensure we develop impactful legislation.

Background information on higher education governance is contained in this consultation at Annex A together with questions to assist you in framing your consultation response (Annex C). However, in responding to this consultation paper, please do not feel constrained by the questions set. We would also like to hear your views on any potential impact of the proposals (Annex D).

In considering your response to all questions, and in particular those on the proposals in sections D, E and F, due consideration should always be given to applicable law in terms of the principles of equality and diversity.

We appreciate some people will have a particular interest in certain areas. We would encourage you to respond to any or all of those areas where you feel you have a contribution to make.
HIGHER EDUCATION GOVERNANCE REVIEW

In June 2011, the Cabinet Secretary for Education and Lifelong Learning asked Professor Ferdinand von Prondzynski, Principal of Robert Gordon University, to chair a panel to review the governance of Scottish higher education institutions. The Review panel’s membership included representatives from a wide range of stakeholder interests from across the higher education sector and included a University Rector, President of the National Union of Students Scotland, a trade union representative, and a representative of the Chairs of University Courts.

The panel was invited to identify and examine proposals for change which would recognise the benefits of an autonomous sector but which would also consider the importance of transparency as well as the effectiveness of management and governance, the clarity of strategic purpose and its efficient implementation. This included looking at where governance worked well, where it could work better, and what standards of good practice all governing bodies should observe.

The panel invited, and considered, written and oral evidence from a wide range of interests and experience - from the public, academics, staff and student representatives in Scotland and from across Europe and the USA.

Review Recommendations

The panel’s report, the Report of the Review of Higher Education in Scotland (“the Review”) was published in January 2012 and contained 17 recommendations aimed at strengthening the higher education sector in Scotland. These included recommendations that there should be:

- a new statute setting out key principles of governance and management,
- elected chairs of Court,
- a Scottish Higher Education Advisory Forum,
- a minimum of 40% female court members,
- more transparency around senior management pay,
- a new Scottish Code of Good Governance for Higher Education Institutes (HEIs).

Of the 17 recommendations, a number have already been taken forward by the sector and by intermediary organisations within the sector. For example, the new Scottish Code of Good Governance ("the Code") was developed on behalf of the Chairs of University Courts by a steering group chaired by Lord Smith of Kelvin and published in July 2013. This voluntary code is implemented on a ‘comply or explain’ basis. The Scottish Further and Higher Education Funding Council (SFC) established a University Sector Advisory Forum in 2013, chaired by the Cabinet Secretary for Education and Lifelong Learning.

The proposed legislation will take forward some further elements of the Review recommendations. In terms of gender balance on university courts, the Scottish Government aspires to gender balance on governing bodies. In his Letter of Guidance 2015/16 issued to the SFC on 31 July 2014, the Cabinet Secretary for Education and Lifelong Learning said:
“I look to you to consider how the SFC can support practical action to improve the gender balance on governing bodies… In the HE sector, I want you to discuss with the sector how women’s representation on governing bodies and in senior positions can be improved”.

Currently the Scottish Parliament does not have the legislative powers to consider setting a minimum percentage of female court members.

Following the Scottish Government consultation “Women on Board – Quality Through Diversity”, published on 30 April 2014, dialogue was opened up with the UK Government on transferring powers. Such powers would give the Scottish Parliament additional levers for change, should it choose to use them, where other mechanisms are not working, or are not delivering change fast enough.

In addition, the Scottish Government, in response to the Smith Commissions on the post Referendum devolution commitments on further powers for the Scottish Parliament, has proposed that:

“Scotland should have full devolved responsibility for equality and be empowered to design and implement equality legislation. This would guarantee the strength of existing legislation and provide the power to make reasoned choices about the use and extension of measures in combination with other devolved responsibilities. More specifically, it will create opportunities to address gender balance on boards and to strengthen the representation and voice of under-represented communities in Scotland’s civic institutions and public life”

However, how that might be implemented for organisations like universities which are not public bodies, but are recipients of government funding, would require further consideration.
CONSULTATION PAPER ON A HIGHER EDUCATION GOVERNANCE BILL: LEGISLATIVE PROPOSALS

POLICY PURPOSE

The Scottish Government is committed to excellence in higher education in Scotland and to continuous improvement.

Our vision for this legislation is to build on the strengths the sector already has by creating provisions which will modernise and strengthen governance, and embed the principles of democracy and accountability in the higher education sector now and for the future. Our aim is not to increase Ministerial control over institutions, but to support our institutions to develop their own governance systems to enable them to continue to reach their full potential.

PROPOSED LEGISLATION

As already set out, the Review included a recommendation to introduce ‘a new statute of the Scottish Parliament setting out key principles of governance and management’. Repealing all existing legislation would have the effect of removing all historical weight currently attached to the legislation around ancient and chartered universities. We would like to preserve this historical significance and are not proposing to repeal all existing legislation, but to provide for implementation of elements of a number of key recommendations of the Review.

Taking account of the recommendations already implemented, we propose that the new legislation should focus on six key areas. These are:

A. transfer of the Privy Council’s role, in relation to higher education governance, to a new Scottish based committee subject to the scrutiny of Parliament in order to simplify the current process for making amendments to the existing governance instruments,
B. setting out in legislation a new definition of Academic Freedom which is more explicit than the current definition,
C. clarifying that the role which the Principal has in an institution is that of chief executive officer and involves the leadership, administration and management of the institution,
D. creating a more transparent process for selecting the Chair of an institution’s court/governing body, as well as making the position more accessible to a wider audience through open advertisement, and election at the final stage of the selection process,
E. ensuring the composition of the memberships of governing bodies are fully representative, and
F. ensuring that the composition of the academic board or senate is fully representative and that the board itself can function efficiently.
A. PRIVY COUNCIL

Current Position

The Privy Council ("the Council") is a formal body of advisers to the Queen. It comprises around 600 members and membership includes all members of the UK Cabinet, past and present, the Speaker of the House of Commons, the leaders of all major UK political parties, Archbishops and various senior judges as well as other senior public figures. Their role is to advise the Queen in carrying out her duties as Monarch. Most functions of the Council are exercised through a single committee, the Cabinet. The Council may meet wherever the Queen decides, although normally at Buckingham Palace, Windsor Castle, or, occasionally, Balmoral Castle. There are usually 9 scheduled Privy Council meetings held each year by The Queen. The meetings are presided over by the Lord President of the Council and 3 other Privy Counsellors must be present for the meeting to have enough members present to allow official decisions to be made. These are invited on a rota basis and will not necessarily have any link with the business being submitted, their only role is to be present at the meeting. Only Privy Counsellors from the serving government are generally invited to attend. The Clerk of the Privy Council, or a Deputy Clerk, must also be present to witness business being approved. All business presented at those meetings has already been considered and recommended for approval beforehand by the Privy Counsellors with responsibility for the relevant policy areas.

In relation to higher education, the Privy Council has a role in terms of the three categories of institution, the ancient universities, chartered universities and post-1992 universities (further details on the three categories of institution can be found at Annex A). The role of the Privy Council is set out in greater detail next.

Ancient Universities

The Court is the governing body of the university. The powers of the court have been developed over time, and are set out in the Universities (Scotland) Acts 1858 to 1966. The court can exercise its powers by making ordinances or resolutions. The Universities (Scotland) Act 1966 sets out that certain powers of the university court, for example amendment of the composition of the court, are exercisable by ordinance and such ordinances do not come into operation until they have received the approval of Her Majesty in Council. In practice, before the approval is given, advice on any proposed changes is sought from the Scottish Universities Committee set up under section 9 of the Universities (Scotland) Act 1889. The functions of that Committee are usually discharged by three of its members, namely the Lord Advocate, the First Minister and the Lord President of the Court of Session who will provide a recommendation on whether or not changes should be approved by the Queen.

Chartered Universities

These are universities which are established through royal charter. A royal charter is a formal document issued by a monarch granting a right or power to a university. In
order to make any amendments to their charter, these universities need to seek the approval of the Queen. The Privy Council is responsible for advising Her Majesty on proposals from universities to amend their royal charter. The universities also have statutes which regulate their internal governance arrangements and these also require approval of the Privy Council before any amendments can be made. In practice, advice is sought from the Lord Advocate and the First Minister before any changes are approved.

Post-1992 Universities/ Glasgow School of Art/ Royal Conservatoire of Scotland

These universities and institutions predominantly have 'governance orders' which are made by the Privy Council under the Further and Higher Education (Scotland) Act 1992 ("the 1992 Act"). Such orders are approved by the First Minister and the Lord President of the Privy Council and made by the Privy Council as Orders of Council. However, there is no absolute requirement for institutions' governance arrangements to be set out in an order made by the Privy Council.

Privy Council Role

In general terms there is a two stage process for providing advice to Her Majesty in relation to amending governance instruments.

The first stage is informal and involves the Privy Council Office (PCO) seeking the views of the First Minister, and, the Lord Advocate (and Lord President of the Court of Session, if the changes relate to an ancient university) on the proposed governance changes. Informal views are given to the PCO. The PCO feeds those views back to the university. The university then has the opportunity to amend their draft instrument before submitting it to Privy Council formally for approval. This process can be very time consuming and involve multiple exchanges.

The formal process involves the university, having received informal views, formally submitting their final draft instrument to Privy Council for approval. The PCO then reissues the final draft instrument to the First Minister and the Lord Advocate (and in the case of the ancient universities, to the Lord President of the Court of Session as well) requesting their approval or otherwise of the instrument. The committee members again seek advice from their officials on the final draft instrument. Only when the relevant members of the Privy Council have given their approval for the instrument is it laid before Her Majesty in Council at one of the meetings or, in the case of the post-1992 universities, made as an Order of Council. As a result of this process being undertaken the overall timescales involved in undertaking functions such as approval of changes to an instrument can be very long.

By transferring the functions for approving amending instruments to a committee entirely based within Scotland, the timing of the process could be compressed allowing amendments to be implemented more quickly.

The Privy Council is also concerned with the affairs of chartered bodies, over 1000 institutions, charities and companies who are incorporated by royal charter. Whilst we are proposing to replace the functions of the Privy Council in relation to higher
education institutions in Scotland with a new Scottish Committee, we would not wish chartered universities to lose their chartered status. It would therefore be our intention to retain the role of Her Majesty The Queen in amending governance instruments of the chartered universities royal charter.

What are we proposing to do and why?

We propose that the functions of the Privy Council to approve changes to governance instruments, as outlined in the 1966 Act for the ancient universities, to amend statutes of the chartered universities and outlined in the 1992 Act for the post-1992 universities, are transferred to a new committee comprising the First Minister of Scotland, the Lord Advocate and for governance issues relating to the ancient universities, the Lord President of the Court of Session. This committee would be subject to scrutiny by the Scottish Parliament. The aim of this would be to expedite the undertaking of these functions more quickly and efficiently.

In examining change that could improve the efficiency and effectiveness of alterations to the governance of individual HEIs, institutions may have ideas about the further delegation of the ability to make changes without referring to the Privy Council or a replacement Committee in Scotland.

Benefits

The Privy Council is the oldest form of legislative assembly still functioning in the UK, and introducing a Scottish Committee to carry out the functions as set out above would enable us to adopt a flexible approach. We would intend that universities would liaise directly with officials in advance and potentially reduce the length of the process for institutions to make changes to their governance instruments.

Questions

1. Do you think that the mechanism for approving governance changes through the Privy Council should be retained?

2. Do you agree that the functions of the Privy Council, as set out above, should be transferred to a committee which operates entirely in Scotland?

3. Do you agree that any such committee to which those current functions of the Privy Council as already set out should comprise the First Minister, Lord Advocate and the Lord President of the Court of Session?

4. Do you agree that any such committee, to which those current functions of the Privy Council as already set out are transferred to, should be subject to the scrutiny of the Scottish Parliament?

5. Could individual institutions be afforded greater autonomy to make changes to their governance without seeking permission from the Privy Council, or a replacement Scottish Committee? If so, what functions might this cover?
B. ACADEMIC FREEDOM

Current Position

The principle of academic freedom which applies to fundable bodies, including HEIs, is set out in Section 26 of the Further and Higher Education (Scotland) Act 2005 ("the 2005 Act"). This is derived from the UNESCO recommendation concerning the Status of Higher Education Teaching Personnel made in Paris on 11 November 1997.

Section 26 of the 2005 Act places a duty on post-16 education bodies, including universities, to have regard to the desirability of ensuring academic freedom for those involved in teaching, learning or research in relation to their appointment, or any entitlement or privileges they may enjoy. This includes the freedom (within the law) to hold and express opinions, question and test established ideas and received wisdom and present controversial or unpopular points of view.

What are we proposing to do and why?

Section 26 of the 2005 Act has served our institutions well. However, within the proposed legislation there is an opportunity to make provision for a definition of academic freedom which explicitly refers to freedom to encourage new ideas.

Our intention would be to replace the current definition of academic freedom with a definition which contains a provision that “academic freedom” includes freedom to encourage the exploration of new ideas, alongside the testing of received wisdom and the expression of points of view whether controversial or otherwise. Our aim would be to remove any threat to academic freedom, within the law, and hence to freedom of intellectual enquiry and expression thus enhancing the protection currently offered to academic staff.

We further propose to make provision within the legislation to require HEIs to adopt a statement on their implementation of the statutory protection of academic freedom and present it to the SFC. This statement would then be treated by SFC as a condition of grant.

Benefits

By making the current definition of academic freedom more explicit we would hope to encourage diversity of opinion. Our aim is that this in turn will lead to staff seeking knowledge for its own sake and putting forward new and innovative ideas without feeling constrained by popular opinion.

Adopting a statement on the implementation of the statutory protection of academic freedom will, we hope, enhance the value of freedom of expression and the benefits it brings to the academic community and the wider society.
Questions

6. Do you agree that the principle of ‘academic freedom’ currently defined in legislation should explicitly refer to freedom to encourage new ideas?

7. If you do agree, what might the risks be?

8. Do you agree that HEIs should be required by legislation to adopt a statement on their implementation of the statutory protection of academic freedom which they should present to the SFC and which would be treated as a condition of grant?

9. Do you think there are any further measures which should be included in a new definition of academic freedom?

C. ROLE OF PRINCIPALS

Current Position

In Scotland, the Principal is appointed by the governing body of the university and will be chair or President of the body of academics. In the case of the ancients the Principal is President of the Academic Senate. The Principal also holds the title of Vice-Chancellor but their powers with regard to this position extend only to the awarding of degrees, as both the Vice-Chancellor and Chancellor are titular posts.

The Code requires the governing body to adopt a Statement of Primary Responsibility which includes provisions relating to the appointment of the Principal as Chief Executive Officer of the institution.

The Principal leads the management and day to day running of the institution, subject to the general control and direction of the university governing body. The Principal is also accountable to the SFC for use of public funds.

What are we proposing to do and why?

The title of ‘Principal’ is well established in Scottish HEIs, however, the role which the Principal undertakes is that of chief executive officer of the institution. The legislative intention would be to clarify that role by describing the heads of Scottish HEIs as ‘Chief Executive Officer’ but retaining the working job title as ‘Principal’. We are proposing to introduce this provision to make it clear that the role which the Principal has in an institution involves the leadership, administration and management of the institution.

We believe that ‘chief executive officer’ better describes the responsibilities of the role than Principal does.
Benefits

Introducing this provision into legislation will, we believe, clarify that the role undertaken by the Principal is that of chief executive officer of the institution and embed consistency across all institutions.

Questions

10. Do you agree that a provision to describe the head of the university as the ‘chief executive officer’ should be introduced in legislation?

11. If the role of the Principal is set out in legislation as chief executive officer do you agree that the working job title should continue to be ‘Principal’?

12. If you do not agree, what do you think the head of the university should be called?

D. CHAIRING OF GOVERNING BODIES

Current Arrangements

The current process for selecting the chair of the court/governing body is not the same across the sector. The four ancient universities retain a position of Rector, an elected lay member, and in those institutions the Rector has the right to chair the governing body. This is laid out in legislation under section 4 of the Universities (Scotland) Act 1858 where it is stated that the Rector ‘shall be the ordinary president’ of the university court. The University of Dundee also has a Rector, who is elected by the students, but does not chair the governing body.

Outside of the four ancient universities, there is little conformity on the selection process for chairs across the sector. Universities use various processes for selecting chairs, including selecting them from existing lay members for a specified period of office (typically 3 years), however there are also institutions that advertise the position externally.

One of the aims of this legislation is to aid the modernisation of our universities and increase the levels of accountability across the sector. The introduction of the Scottish Code of Good HE Governance has taken the first steps to this. The Code states at page 4:

“The chair shall be responsible for the leadership of the governing body, and be ultimately responsible for its effectiveness. The chair shall ensure the institution is well connected with its stakeholders, including staff and students”.

The current process for selecting chairs, as has been described, is varied and in some cases not as conducive as it could be to attracting a wide pool of potential candidates from a broad range of backgrounds and experience who have the potential to bring a wider range of qualities to the roles of Rector or chair.
What are we proposing to do and why?

Given that the chair undertakes an important role within the university governance structure, it is vital that the process of ‘selecting’ this position be rigorous and transparent. Chairs play a key role in meetings of the university courts, ensuring the agenda is discussed sufficiently and the tone of meetings fits with the university which they represent.

We propose that all chairs are appointed at the culmination of a transparent process which includes development of a job description and essential criteria for the position including both skills and attributes, public advertisement, competitive selection including shortlisting, interview, and finally election by a balanced and representative electorate.

The job specification and essential criteria should be made publicly available. The selection process should be transparent and a panel structure should be used when interviewing candidates. The interview panel should contain both lay members of the governing body and other university stakeholders, including staff and students.

The chair should ultimately be elected from a pool of shortlisted candidates who were successful at interview. The final stage of the selection process should be an election whereby the chair, selected from the aforementioned pool, would be elected by appropriate persons from within the university and potentially representatives of external stakeholders. In order to reflect the democratic ideal of the sector, votes would be weighted to ensure that staff and students are effectively represented in the election process.

Furthermore, to enable this position to be more accessible to prospective candidates it is proposed that universities are given a lever to offer a ‘reasonable’ remuneration to elected chairs to cover their expenses during their term. This may be in the form of a stipend or reasonable attendance allowance.

Benefits

Introducing a process for selecting a chair of an institution’s governing body will present an opportunity to introduce consistency across the sector and create a more transparent appointment process.

Creating a job description will enable the governing body to consider what skills and attributes they are potentially missing and would work in synergy with the skills and attributes of the current members. Publicly advertising posts will assist this by enabling courts/governing bodies to reach a wider pool of candidates and potentially attract more individuals who possess the skills and experience required by the post. Providing institutions a lever to offer a reasonable remuneration, if necessary, will further enhance this by opening the position to a wider field of candidates who may not be in a position to undertake the position without remuneration. An appointment process, as outlined above, including election of the chair from successful shortlisted candidates would embed greater transparency and democratic accountability across the sector.
Questions

13. Do you agree that a pool of candidates for the position of chair of the governing body should always be selected through an open and transparent process?

14. Do you agree that the recruitment process should include open advertisement of the position?

15. Do you agree that open advertisement of the position would help to attract a wider pool of candidates?

16. Do you agree that the selection process should culminate in an election by a group of representatives of key stakeholders both internal and external to the university?

17. What do you think the composition of the group of representatives that elect the chair should be?

18. Would you welcome universities offering suitable remuneration for elected chairs?

19. Do you have any other comments you wish to add?
E. MEMBERSHIP OF GOVERNING BODIES

Current Arrangements

Across Scottish universities there are a number of different models of governing body in place. Annex B sets out the detailed governance models employed by each of the HEIs (with the exception of the Open University) as at August 2014. These are structures which do not remain static. However, a shared principle across the sector is that the majority of court members are ‘lay’ or ‘independent’, meaning that they are neither directly employed by, or students of, the institution.

‘Lay’ membership is an important element of the governing body structure. This arrangement allows engagement with the wider community, and provides a mechanism for the governing body to integrate with persons from a wide variety of experience and backgrounds, bringing added value to the governing body.

The membership of the governing body is addressed within the Code which sets out the priorities for members who sit on governing bodies within universities. The Code states at page 22:

“There shall be a balance of skills and experience among members sufficient to enable the governing body to meet its primary responsibilities and to ensure stakeholder confidence. The governing body shall draw up and make public full evaluation of the balance of skills, attributes and experience required for membership of the governing body, which shall inform the recruitment of independent members of the governing body”.

The Code also provides direction on governing body structure, identifying the requirement for the governing body to have a clear majority of independent members defined both as external and independent of the institution. A governing body of no more than 25 members is cited as providing a benchmark of good practice.

To support the sector further and embed fair representation across institutions within their governing bodies it is proposed that all governing bodies have effective representation of internal stakeholders, and all governing body members are selected in a way which is transparent.

What are we proposing to do and why?

It is key to the effectiveness of the governing body that its membership should be fully representative. Consistency in approach to this will increase transparency and democracy within the governance of institutions across the sector. With regards to this we propose that it should be set out in legislation that, following a period of managed transition, the governing body should provide positions for a minimum of two students, nominated by the student association/union. There should be at least two directly elected staff members, as well as one member nominated by academic and related unions and one by administrative, technical or support staff unions. Governing bodies should also have up to two alumni representatives.
**Benefits**

Prescribing membership of governing bodies in legislation will ensure more effective representation of internal stakeholders and will help to create a more inclusive environment within the institution. Greater consistency of approach will also be achieved across all institutions.

Members should be selected from within their own representative group which will increase transparency and democracy across the sector.

**Questions**

20. Do you agree with the proposed requirement outlined for membership and composition of the governing body?

21. Is there any representative/body not currently proposed for inclusion in membership of the governing body that you believe should be represented?

22. If there is a representative/body you believe should be included in the membership of the governing body, what do you believe they would bring to the governing body that isn’t already there?

23. By what means do you think that the principle of equality should be embedded in establishing the membership of governing bodies?

24. Do you have any other comments you wish to add?

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**F. COMPOSITION OF ACADEMIC BOARDS AND APPOINTMENT OF MEMBERS**

**Current Arrangements**

In general terms the academic board/senate has an important role in setting the tone of the institution and in providing academic input into the institutional strategy. The Review highlights the importance of academic decisions not being simply seen as endorsements of previous management decisions and the importance of ensuring that staff are engaged, providing academic boards that are a genuine forum for academic debate and governance. However, there is a degree of variety across the boards in the sector. For example, existing legislation applying to the ancient universities provides a lever for academic boards to be the final arbiter on academic matters within the university. In addition, the composition of the academic board also differs between HEIs in Scotland. For example, St Andrews University has a senate membership in excess of 140 members whilst Edinburgh Napier University’s academic board consists of around 35 members. Currently, there is no national standard size of the academic board that sits within Scottish universities.
We consider that it is important to provide a clear indication that the academic board has an independent role in making decisions, providing a platform for genuine debate with meaningful consultation and participation on academic matters.

What are we proposing to do and why?

This consultation proposes three changes to current governance structures. We firstly propose that, in line with existing legislation applying to the ancient universities, the academic board should be the final arbiter on academic matters in all institutions.

We secondly propose that, with the exception of the Principal and the Heads of School (or equivalent) who should attend ex officio, all other members of the academic board should be elected by the constituency that they represent, and elected members should form a majority of the total membership.

Thirdly we propose that overall, academic boards should not have more than 120 members.

Benefits

We believe that the academic board should be the final arbiter on academic matters in all HEIs, providing for this in legislation to apply to all HEIs will embed consistency across the sector. It will also provide the academic board with a stronger purpose and identity within the institution. Introducing measures through which all members are elected by the constituency they represent will enable academic boards to ensure that staff and students are engaged in shaping the direction of the institution both in terms of teaching and research.

It is important that students are involved in collaborative decision making through the academic board and we believe this will be achieved by giving students significant representation.

The introduction of a cap of 120 members would enable academic boards to be contained at a manageable size.
Questions

25. Do you agree that the academic board should be the final arbiter on all academic matters in all HEIs?

26. Do you agree that, with the exception of the Principal and the Heads of School (or equivalent) who should attend ex officio, all other members of the academic board should be elected by the constituency that they represent?

27. Do you agree that elected members should form a majority of the total membership of the academic board?

28. By what means do you think that the principle of equality should be embedded in establishing the membership of academic boards?

29. Do you agree that academic boards should have no more than 120 members?

30. Do you agree that elected members should form a majority of the total membership?

31. Do you have any other comments you wish to add?

CONCLUSION

The responses to this consultation will help inform and shape the proposed legislation. As already outlined, the policy purpose of this legislation is not to increase Ministerial control but to modernise and strengthen the existing governance structures across the sector. By supporting the sector’s continuous improvement, and embedding democracy and clear accountability in each institution the legislation will ensure that public confidence both now, and in the future, is maintained.

We aim to support our institutions to continue to thrive and to maintain their world class reputation by introducing legislation which will provide the basis for modernising their approach to aspects of their governance.

We value your opinions and welcome your views on the proposed changes that we have identified in this consultation document.
CONSULTATION PROCESS

We are inviting written responses to this consultation paper by 30 January 2015.

A full list of the consultation questions is contained in Annex C of this document. We would be grateful if you would use the consultation questionnaire provided or clearly indicate in your response which questions or parts of the consultation paper you are responding to, as this will aid collation of the responses received.

This consultation, and all other Scottish Government consultations, can be viewed online on the consultation web pages of the Scottish Government website at http://www.scotland.gov.uk/consultations.

Please send your response with the completed Respondent Information Form to:

HEGovernance@scotland.gsi.gov.uk; or

Karen Frew
Employability, Skills and Lifelong Learning Directorate
Scottish Government
Higher Education and Learner Support Division
6th Floor
5 Atlantic Quay
150 Broomielaw
Glasgow
G2 8LU

If you have any queries please contact Karen Frew on 0300 244 6737 or by email HEGovernance@scotland.gsi.gov.uk.

The Scottish Government has an email alert system for consultations http://register.scotland.gov.uk. This system allows stakeholder individuals and organisations to register and receive a weekly email containing details of all new consultations (including web links). This system complements, but in no way replaces Scottish Government distribution lists. It is designed to allow stakeholders to keep up to date with all Scottish Government consultation activity, and therefore be alerted at the earliest opportunity to those of most interest. We would encourage you to register.

HANDLING YOUR RESPONSE

We need to know how you wish your response to be handled and, in particular, whether you are happy for your response to be made public. Please complete and return the Respondent Information Form attached at Annex E with your response as this will ensure that we treat your response appropriately.

If you ask for your response not to be published we will regard it as confidential, and we will treat it accordingly.
All respondents should be aware that the Scottish Government is subject to the provisions of the Freedom of Information (Scotland) Act 2002. We would therefore have to consider any request made to it under the Act for information relating to responses made to this consultation exercise.

Further information about the Scottish Government consultation process is available on http://www.scotland.gov.uk/Consultations/About.

COMMENTS

If you have any comments about how this consultation exercise has been conducted, please send them to Karen Frew (karen.frew@scotland.gsi.gov.uk). We welcome your views on any or all of the issues covered by this paper.
GLOSSARY

**Academic Board:** has responsibility for academic matters (including curriculum content and student assessment), in some universities called the 'Senate' (and in others, the 'Academic Council'). Currently chaired by the Principal.

**Bill:** a draft Act, containing the text that will, if the Bill is passed and enacted, become part of the statute law.

**Chancellor:** the titular head of the University and is elected to the post by the General Council (all graduates and established academic staff).

**Chancellor Assessor:** appointed by the Chancellor to represent him/her on Court.

**Governing Bodies - Court/Board of Governors:** The governing body of most Scottish universities is called the 'court'. The governing body appoints the Principal. Governing bodies tend to be quite large, ranging from 17 to 28 members, and include representatives of staff and students. External or 'lay' members, who often form a majority of the total membership, are appointed by the governing body, or on its behalf by a nominations committee of it. In all Scottish institutions the Principal is a member (but not the chair) of the governing body.

**Papal Bulls:** documents issued by the Pope, these are the instruments which founded the 'ancient' universities. The name is derived from the lead seal (bulla) traditionally affixed to such documents.

**Privy Council:** the Queen’s own council. There are around 600 council members and they advise the Queen in carrying out her duties.

**Royal Charter:** A royal charter is a way of incorporating a body, that is turning it from a collection of individuals into a single legal entity. Royal charters were at one time the only means of incorporating a body, but there are now other means (becoming a registered company, for example), so the grant of new Charter is comparatively rare. New grants of royal charters are these days reserved for eminent professional bodies or charities which have a solid record of achievement and are financially sound.

**Scottish Further and Higher Education Funding Council:** the public body that distributes funding as grants from the Scottish Government to higher education institutes.
ANNEX A:
HIGHER EDUCATION IN SCOTLAND: IN CONTEXT

Scotland’s higher education system is world class, with 4 of our institutions in the top 200 in the world. It is a sector that is steeped in history with institutions founded as far back as St Andrews in 1410, alongside the University of Highland and Islands, which was founded in 1992. Governing the oldest of those institutions is legislation dating back as far as The Universities (Scotland) Act 1858.

Our institutions are regulated by a landscape made up of papal bulls, statutes, statutory instruments and royal charters. This landscape, which has evolved over a number of years, has created a diverse range of systems and approaches to governance across the institutions.

Existing Governance Arrangements

The 19 Scottish universities/higher education institutions (HEIs) are commonly divided into three groups:

- ancient universities;
- chartered universities of the mid-20th century; and
- post-1992 ‘new’ universities and ‘small specialist institutions’.

Ancient Universities

The ‘ancient universities’, (Aberdeen, Edinburgh, Glasgow and St Andrews), are subject to the Universities (Scotland) Acts of 1858, 1889, 1922, 1932 and 1966. These Acts make provision for the main statutory bodies and officers: the Court, the Senate (Academic Board), the General Council; the Chancellor, the Principal and Vice Chancellor, and the Rector, and set out the powers and duties of those statutory bodies, as well as specifying their composition. Governance is regulated by resolutions, made by the university, which do not require Privy Council approval and ordinances, which do require the approval of Privy Council. The Universities (Scotland) Act 1966 (“the 1966 Act”) sets out the procedure for making resolutions and makes provision for the University Courts to exercise, by resolution, a wide range of powers, including the institution of new degrees and degree regulations. Ordinances are required mainly for Court constitutional matters.

Chartered Universities

The ‘chartered universities’, (Dundee, Heriot-Watt, Stirling, Strathclyde and the Open University in Scotland), were established by royal charter in the 1960s. Each university’s charter sets out the powers and functions of the university as well as identifying the key officers and committees within the university’s structure. It sets the general framework under which the universities are governed through statutes, made by the University Court (governing body) but subject to Privy Council approval, as well as ordinances and regulations that are not subject to Privy Council approval. The Charter defines the objects, powers, officers, teaching, research and examining body and includes such fundamental powers as those of awarding degrees. The university’s statutes prescribe details concerning the members and officers of the
university, the membership and functions of statutory bodies (including Court and Academic Board), and other miscellaneous provisions.

Post-1992 Universities/Small Specialist Institutions

The ‘new’ universities, (Abertay, Glasgow Caledonian, Edinburgh Napier, Robert Gordon, Queen Margaret Edinburgh, Highlands and Islands, and West of Scotland), were designated as universities under the Further and Higher Education (Scotland) Act 1992 (“the 1992 Act”). The constitutional governance arrangements for the ‘new universities’ and the other higher education institutions, commonly known as the small specialist institutions, variously draw on a mixture of the 1992 Act, the Companies Acts and other legislation. In most cases governance arrangements are set out in a statutory order of the Privy Council made under section 45 of the 1992 Act. The ‘small specialist institutions’ are Glasgow School of Art, Royal Conservatoire of Scotland and Scotland’s Rural College (SRUC).

In addition to the instruments that established them, Scotland’s higher education institutions are also subject to various pieces of legislation, some of which apply across the whole sector, while others apply only to specific institutions or to sub-sets within the sector. For example, the Scottish Public Services Ombudsman Act 2002, which legislates for complaints handling, relates to all institutions across the sector.

While the legislative and constitutional arrangements vary, universities are all independent corporate institutions with charitable status and with a governing body that is responsible for the overall direction and strategy of the institution, and is accountable, alongside the Principal, for its resources.

General Governance Structures

Responsibility for governance within universities normally rests with the university court and the academic board. The court and academic board establish committees to assist them in their work.

The diagram below illustrates a typical organisational committee structure for the governing body of a Scottish university.
The Court/Governing Body

Every Scottish university is headed by a governing body (most commonly called the court) which carries ultimate responsibility for overseeing the institution’s activities and resources, determining its strategic direction and delivering the mission for the benefit of the institution and its learners. The governing body also ensures compliance with the provisions regulating the institution, its framework of governance and all other relevant legal requirements/obligations. Generally, there are around 25 members, with a clear independent majority, drawn from academic staff, senior managers, students, graduate alumni, the local authority and lay (independent) members from the local/business community. The chair is responsible for the leadership of the governing body and for its effectiveness, ensuring the institution is well connected with its stakeholders, including staff and students.

The Academic Board (or Senate /Academic Council)

Chaired by the University Principal, the Academic Board (or Senate /Academic Council) is the body within universities responsible for decisions relating to the academic work of the university and for considering the development of the institution’s academic activities. Academic Board decisions on academic matters which have financial or resource implications are subject to approval by the Court. Conversely, decisions by the Court which have academic implications are normally subject to consultation with the Academic Board. Membership is generally drawn from within the university and can be made up of Professors, Heads of Schools, non-professorial staff and student members.

University Committees

The university’s committee structure is an important part of its governance processes. It is common practice for the governing body to delegate some of its powers and work to committees. Committees commonly deal with matters such as finance, estates, staffing, audit, remuneration and nominations to the governing body.

The General Council

The General Council is a corporate body of all senior academics and graduates presided over by the Chancellor. It plays an advisory role to the Court in the governance of the University. The General Council elects the Chancellor, the nominal head of the university, and also elects its Assessors, who are their representatives on the University Court.

University Principal

The Principal (or Director in the case of the Glasgow School of Art and Open University in Scotland) is responsible for the executive management and day-to-day operations of the institution, and is appointed by and accountable to the Court. The Principal is the designated officer in respect of the use of SFC funds and compliance with the SFC’s Financial Memorandum which sets out the conditions of funding to institutions.
University Rector/Chair of Court

The four ancient universities and the University of Dundee have the office of Rector. The Rector is elected by the students, except in the case of Edinburgh, where the Rector is elected by the students and staff. In all but Dundee the Rector has the right to chair meetings of the governing body. The practice generally adopted in the other institutions is for there to be a chair that is elected by the independent members of court.
ANNEX B:
GOVERNANCE STRUCTURES

University of Aberdeen has a total possible membership of 28 on the University Court comprising: Rector; Rector's Assessor, Principal, Chancellor's Assessor (Senior Governor); Vice-Principals (to a maximum of 3); City of Aberdeen Council Assessor; Aberdeenshire Council assessor; 4 General Council Assessors; 6 Senate Assessors; President of the Students' Representative Council; up to 8 co-opted members; with other Vice-Principals in attendance. The Senate is chaired by the Principal and includes all Vice-Principals, Heads of College, Heads of School, elected representatives of the academic and research staff of each School, representatives of the Students' Association and a number of ex officio members who hold University, College or School appointments.

Abertay University has a total possible membership of 25 on the University Court with 13 forming the independent lay core (including chair), 6 being co-opted, 4 being ex officio (Principal, 2 Vice-Principals, President of the Students' Association) and 3 representing academic and non-academic staff. The Senate is chaired by the Principal as defined in the governing Order, and consists of ex officio, elected, co-opted and professorial members. The elected membership comprises members of the full-time academic staff of the University, and a full-time matriculated student as a representative of the Students' Association. The number of elected members shall not be less than one third and not more than two thirds of the ex officio members of Senate and up to 4 co-opted persons and such other persons the University Court may approve.

University of Dundee has a 23-member Court, chaired by a lay member, and comprising: The Chairperson, The Principal, Assessor nominated by the Chancellor, Assessor nominated by the Rector (or the Rector), The Lord Provost of Dundee City Council (or his/her nominated assessor), 2 Assessors elected by the Graduates' Council, 2 Professors and 2 Readers, Senior Lecturers or Lecturers elected from among its members by the Senate, 2 members elected by the Academic Council, a member elected from and by non-academic staff, President of the Students' Association, a matriculated student elected by the student body, 7 other co-opted persons, not holding full-time appointments from Court. The Senate is chaired by the Principal and also comprises: the Vice-Principals, Deputy Principals, 2 members of Academic Council elected by the Council, at least 3 student representatives, a minimum of 51 Professors, Readers, Senior Lecturers and Lecturers (not less than two-thirds of the total membership shall be Professors), and such other person recommended by the Court. (The proposed new Statute for Senate, yet to be approved by the Privy Council, has the following membership: Principal, Vice-Principals, Deputy Principals, 2 members of Academic Council elected by the Council, at least 3 student representatives, the Deans of the Schools, a minimum number of 34 members of the academic staff). (Changes pending approval of the Privy Council.)

University of Edinburgh has a 22 member University Court, comprising: Rector; Principal; Chancellor's Assessor; 3 General Council Assessors; 4 Senate Assessors; City of Edinburgh Council Assessor; 8 co-opted independent members; 1 Non-Teaching Staff Assessor; 2 Student representatives. The Principle is President of
the Senate and membership includes; the Vice Chancellor, all Professors of the University, elected non-professorial representatives of readers, senior lecturers and lecturers, elected representatives of University demonstrators and research staff, elected student representatives and other ex-officio members not already in any of these categories.

**Edinburgh Napier University** has a 24-member Court including a Chair of Court and a Vice Chair. Of the 24 members, 15 are independent members. The University also has a Chancellor, a Principal (also the Vice-Chancellor), and two Vice-Principals. Court also includes 3 members of staff (2 of whom are directly elected, and one appointed by the Academic Board) and 2 student members who are the President and an office-bearer of the Students' Association. The Principal is also the Convenor of the Academic Board which comprises 17 elected members of academic staff, 4 student representatives and 12 ex-officio members (including the Principal and 2 Vice-Principals).

**University of Glasgow** has a 25 member Court, comprising the Lord Rector (the chair who is elected by the student body), the Principal, the Chancellor's Assessor, a representative of Glasgow City Council, 5 assessors elected by the General Council, 7 Senate Assessors elected by the Academic Senate, 2 employee representatives, the President of the Students' Representative Council, one assessor elected by the Students' Representative Council, and 5 co-opted members. The Academic Senate, which has several hundred members, comprises all the Professors of the University as well as elected academic members, representatives of the Student's Representative Council, the Secretary of Court and directors of University services. The President of the Academic Senate is the Principal. In addition, a Council of Senate has been established to undertake the normal business of the Senate. The General Council is the final part of the tri-partite structure, and is an advisory body comprising all graduates and senior academics.

**Glasgow Caledonian University** has a total possible number of Court members of 23. This comprises a minimum of 9 and a maximum of 18 appointed lay governors, 2 ex officis (the Principal and Vice-Chancellor, the President of the Students' Association), and 3 staff governors (one elected by Senate from among the members of Senate, one elected by the staff from among the members of such staff, and one elected by the professional support staff from among the members of such staff). The Senate is chaired by the Principal and Vice-Chancellor. The membership comprises: governors ex officios (Principal and Vice Chancellor, Vice-Principal and Pro Vice Chancellor, Heads of Academic Departments, the President of the Students' Association), elected members (elected members consist of such number of persons, including one matriculated student, as may be determined by Senate provided this is not less than one-third and not more than two-thirds of the aggregate on ex officios members of Senate. The elected members are elected by and from among members of the academic staff and matriculated students of the University who are not members, ex officios or co-opted members), and co-opted members (co-opted membership must not exceed 4).

**Glasgow School of Art** can appoint up to a maximum of 25 members on the Governing Body. This figure includes three ex-officio Governors (Director; Deputy Director; President of the Students' Association), three staff Governors (2 elected and one appointed by the Academic Council) and up to 19 Lay Governors (the
minimum number of Lay Governors is 11). There are presently (as at August 2014) 14 Lay Governors. The Academic Council comprises 30 members: 18 ex officio including the Director, Deputy Director and heads of departments, 4 co-opted members including the Senior Tutor and the President of the Students’ Representative Council and 8 elected members. The Academic Council currently comprises 23 members: 14 ex officios including the Director, Deputy Director, Heads of Schools and the President of the Students’ Association; 2 co-opted members, both of whom are representatives of the University of Glasgow; and 7 elected members.

**University of the Highlands and Islands** has 20 members on the Governing Body comprising: 3 ex officios: the Principal, the President of the Students Association; and the Rector. 3 elected Governors: 2 Governors elected by and from the members of Staff, and 1 Governor elected by and from the students. 2 appointed Governors: 1 Governor appointed by the FE Academic Partners and 1 appointed by the Specialist and Research Academic Partners. 11 independent members (3 appointed by Foundation to secure reasonable geographical representation of the Highlands and Islands; 1 appointed from the CE of each of the local authorities, 1 appointed by Highlands and Islands Enterprise, 1 is the chair of UHI FE Regional Board and 8 appointed by the Court); 1 appointed jointly by our Sponsor University Members (Universities of Aberdeen, Edinburgh, and Strathclyde).

**Heriot Watt University** has a 25-member Court, of whom 14 are independent, 4 are nominated by the Senate and 2 by the student body. The Principal and Vice Principal are ex-officio members of Court. Of the independents, 10 are co-opted, 2 are members of the graduates and former students association and 1 is a local authority councillor. The 14th independent is the Chair of the Court. There are also 3 staff members in addition to the 4 Senate members, of whom 2 are non-academic and 1 is an academic. The Senate membership includes the following members: the Principal (who acts as chair); the Vice-Principal; the Deans of the University; the Chairs of the Senate Committees; the Heads of Schools and Institutes; the President of the Student Union and a member of the Executive of the Student Union (elected by the Executive of the Students Union); up to 6 holders of academic posts (currently including the Deputy Principals). Each School and Institute elects members to the Senate. The number of elected members of each School is based upon the number of relevant staff (FTE) per School. Elected members make up two thirds of the total membership of the Senate.

**Queen Margaret University** has a 24 member Court, including a Chair of Court and a Vice Chair. The university also has a Chancellor, a Principal (who is also the Vice-Chancellor and Chief Executive Officer), and one Deputy Principal. The Court comprises between 12 and 16 lay members (currently 16), including the Chair and the Vice-Chair. The Principal and Deputy Principal are members *ex officio*. There are 3 staff members (2 of whom are elected by staff and one of whom is appointed by the Senate), as well as the Student President and one other Student Union office bearer. The Principal is also the Convenor of the Senate and the Deputy Principal is the Deputy Convenor. At the time of writing (August 2014) the Senate comprises 18 elected members of academic staff representing the interests of 6 Academic Divisions. With effect from October 2014, there will be 21 elected members of academic staff representing the interests of 7 Academic Divisions. There are 2
student representatives in addition to 15 ex-officio staff members (the Principal, Deputy Principal, University Secretary, Deans of School, and Heads of Divisions or equivalent etc).

**Robert Gordon University** has 18 members on the Board of Governors comprising: Principal; Academic Council appointee; elected member from the academic staff; elected member from all other staff; 2 elected by the students (one undergraduate and one postgraduate); other appointed or elected independent members. The Academic Council is chaired by the Principal and also includes the Deputy Principal and Vice- Principals, Deans/Heads of School, Directors of Library Services and Marketing, Communication and Student Recruitment, Research Institute Directors, 3 student representatives (including President), 3 academic staff members elected from each Faculty, up to 2 co-opted persons.

**The Royal Conservatoire of Scotland** has a Board of Governors with a maximum membership of 26, comprising of a maximum of 19 Lay Governors, 3 elected staff members (by academic staff, support staff and Academic Board), 2 student representatives (including the President of the SU and one other student nominated by the SU) and 2 ex-officio members (the Principal and the Deputy Principal). The Academic Board has 13 members, including the Principal (Chair), Deputy Principal, Deans, 1 independent external from another higher education institution, 5 members of academic staff (2 elected and 3 co-opted), the Head of Information Services and 2 student representatives (President and Vice President of the SU).

**SRUC Group Board** is composed of a combination of Non-Executive and Executive Directors. The maximum number of Directors is 18 comprising of no more than 6 Executive Directors and no more than 12 Non-Executive Directors. The Education Board, which reports directly to the SRUC Group Board, comprises 18 members including 2 non-executive directors, the Principal & Chief Executive, the Vice Principal Education, the Vice Principal Research, the Dean of Postgraduate Studies, 2 student members (one from FE and one from HE), 2 nominated staff members (one from FE and one from HE, who are in teaching/educational roles), 6 further members approved by the SRUC Group Board and one member of staff from each of the validating universities (Edinburgh and Glasgow).

**University of St Andrews** has a 23 member University Court, comprising: Rector (President); Senior Governor (Vice-President) (who currently also holds the position of Chancellor’s Assessor); Principal; Senior Vice-Principal; Rector's Assessor; Provost of Fife's Assessor (currently held by a Local Councillor); 2 General Council Assessors; 4 University Senate Assessors; 1 Non-Teaching Staff Member; 2 Students’ Association members (including President); maximum of 8 co-opted independent Members. Senate membership is in excess of 210.

**University of Stirling** has a 25 member University Court chaired by a lay member and comprising: Principal; Chancellor's nominee; Senior Deputy Principal; 6 Academic Council appointees (not fewer than 2 of whom shall be of non-professorial); Convener of Stirling Council; President and the Vice-President & Treasurer of the Students’ Association; alumni appointee; up to 11 Court lay member appointees; Staff Assembly appointee (not being from Academic Staff). The Academic Council is chaired by the Principal and also includes Deputy Principals, Librarian, the Heads of School (ex officio); 7 professors; 7 non-professorial
designated (at least 5 of whom are academic staff); 2 student representatives (President & Vice-President); up to 2 others co-opted by the Academic Council.

**University of Strathclyde** has a 24 member University Court, comprising: Principal; Vice-Principal; City of Glasgow Council appointee; 5 Senate appointees; President of the Students Association; Students Association Executive appointee; Graduate/former students appointee; Professional Services staff appointee; up to 12 other persons co-opted by the Court. One-third of the total actual membership of the Court shall constitute a quorum. The Senate is chaired by the Principal and also includes the Vice-Principal and the Deputy Principals; Deans of the Faculties; Directors or Heads of Professional Services as may be determined by the Court on the recommendation of the Senate; Heads of the academic departments as may be determined by the Court on the recommendation of the Senate; such numbers of the Academic Staff, Research Staff and Teaching Staff, elected by and from those members of staff, as may be determined by the Court on the recommendation of the Senate; and such other members (not exceeding 5) as may be determined by the Court on the recommendation of the Senate.

**University of the West of Scotland** has a Court, of whom not less than 13 and not more than 17 appointed by the Court are lay governors from out with the institution. 2 are appointed by the Senate from among the academic staff who are members of the Senate. One is appointed by the Student's Association from the student office bearers. The Principal, Depute Principal and Student President are ex-officio members of Court. One governor is elected by the academic and one by all the other staff. The Court appoints its Chair and such deputies as required from among the lay governors. The Senate includes the Principal (who acts as Chair), the Depute Principal, the Vice Principals, Deans of the Faculties, Heads of Schools, President of the Students' Association, Heads of Support Services in such number as determined from time to time and up to 4 co-opted members. 3 academic staff elected from each of the 3 Faculties, 3 elected by and from the Professoriate and a further 3 elected by and from the academic staff. One student representative from each of the four campuses. (Currently being reviewed.)
ANNEX C: CONSULTATION QUESTIONS

A. PRIVY COUNCIL

1. Do you think that the mechanism for approving governance changes through the Privy Council should be retained?

Yes ☐ No ☐ Don’t Know ☐

2. Do you agree that the functions of the Privy Council, as set out above, should be transferred to a committee which operates entirely in Scotland?

Yes ☐ No ☐ Don’t Know ☐

3. Do you agree that any such committee to which those current functions of the Privy Council as already set out should comprise the First Minister, Lord Advocate and the Lord President of the Court of Session?

Yes ☐ No ☐ Don’t Know ☐

4. Do you agree that any such committee, to which those current functions of the Privy Council as already set out are transferred to, should be subject to the scrutiny of the Scottish Parliament?

Yes ☐ No ☐ Don’t Know ☐

5. Could individual institutions be afforded greater autonomy to make changes to their governance without seeking permission from the Privy Council, or a replacement Scottish Committee? If so, what functions might this cover?

Yes ☐ No ☐ Don’t Know ☐

B. ACADEMIC FREEDOM

6. Do you agree that the principle of ‘academic freedom’ currently defined in legislation should explicitly refer to freedom to encourage new ideas?

Yes ☐ No ☐ Don’t Know ☐
7. If you do agree, what might the risks be?


8. Do you agree that HEIs should be required by legislation to adopt a statement on their implementation of the statutory protection of academic freedom which they should present to the SFC and which would be treated as a condition of grant?

Yes ☐  No ☐  Don't Know ☐

9. Do you think there are any further measures which should be included in a new definition of academic freedom?


C. ROLE OF PRINCIPALS

10. Do you agree that a provision to describe the head of the university as the ‘chief executive officer’ should be introduced in legislation?

Yes ☐  No ☐  Don’t Know ☐

11. If the role of the Principal is set out in legislation as chief executive officer do you agree that the working job title should continue to be ‘Principal’?

Yes ☐  No ☐  Don’t Know ☐

12. If you do not agree, what do you think the head of the university should be called?


D. CHAIRING OF GOVERNING BODIES

13. Do you agree that a pool of candidates for the position of chair of the governing body should always be selected through an open and transparent process?
   Yes ☐ No ☐ Don’t Know ☐

14. Do you agree that the recruitment process should include open advertisement of the position?
   Yes ☐ No ☐ Don’t Know ☐

15. Do you agree that open advertisement of the position would help to attract a wider pool of candidates?
   Yes ☐ No ☐ Don’t Know ☐

16. Do you agree that the selection process should culminate in an election by a group of representatives of key stakeholders both internal and external to the university?
   Yes ☐ No ☐ Don’t Know ☐

17. What do you think the composition of the group of representatives that elect the chair should be?

18. Would you welcome universities offering suitable remuneration for elected chairs?
   Yes ☐ No ☐ Don’t Know ☐

19. Do you have any other comments you wish to add?
E. MEMBERSHIP OF GOVERNING BODIES

20. Do you agree with the proposed requirement outlined for membership and composition of the governing body?
   Yes ☐  No ☐  Don’t Know ☐

21. Is there any representative/body not currently proposed for inclusion in membership of the governing body that you believe should be represented?
   Yes ☐  No ☐  Don’t Know ☐

22. If there is a representative/body you believe should be included in the membership of the governing body, what do you believe they would bring to the governing body that isn’t already there?

23. By what means do you think that the principle of equality should be embedded in establishing the membership of governing bodies?

24. Do you have any other comments you wish to add?

F. COMPOSITION OF ACADEMIC BOARDS AND APPOINTMENT OF MEMBERS

25. Do you agree that the academic board should be the final arbiter on all academic matters in all HEIs?
   Yes ☐  No ☐  Don’t Know ☐
26. Do you agree that, with the exception of the Principal and the Heads of School (or equivalent) who should attend ex officio, all other members of the academic board should be elected by the constituency that they represent?

   Yes □  No □  Don’t Know □

27. Do you agree that elected members should form a majority of the total membership of the academic board?

   Yes □  No □  Don’t Know □

28. By what means do you think that the principle of equality should be embedded in establishing the membership of governing bodies?

   

29. Do you agree that academic boards should have no more than 120 members?

   Yes □  No □  Don’t Know □

30. Do you agree that elected members should form a majority of the total membership?

   Yes □  No □  Don’t Know □

31. Do you have any other comments you wish to add?

   


ANNEX D: ASSESSING IMPACT

Equality

The public sector equality duty requires the Scottish Government to pay due regard to the need to:

- eliminate discrimination, victimisation, harassment or other unlawful conduct that is prohibited under the Equality Act 2010;
- advance equality of opportunity between people who share a protected characteristic and those who do not; and
- foster good relations between people who share a relevant protected characteristic.

These three requirements apply across the "protected characteristics" of age; disability; gender reassignment; pregnancy and maternity; race; religion and belief; sex and sexual orientation.

A. Please tell us about any potential impacts, either positive or negative, you feel any of the proposals for the Bill may have on particular groups of people, with reference to the "protected characteristics" listed above.

The comments received will be used to complete a full Equality Impact Assessment and to determine if any further work in this area is needed.

Business and Regulation

The Business and Regulatory Impact Assessment analyses whether a policy is likely to increase or reduce the costs and burdens placed on businesses, the public sector and voluntary and community organisations.

B. Please tell us about any potential costs or savings that may occur as a result of the proposals for the Bill, and any increase or reduction in the burden of regulation for any sector. Please be as specific as possible.
ANNEX E: CONSULTATION PAPER ON A HIGHER EDUCATION GOVERNANCE BILL

RESPONDENT INFORMATION FORM
Please Note this form must be returned with your response to ensure that we handle your response appropriately

1. Name/Organisation
Organisation Name

<table>
<thead>
<tr>
<th>Title</th>
<th>Mr</th>
<th>Ms</th>
<th>Mrs</th>
<th>Miss</th>
<th>Dr</th>
<th>Please tick as appropriate</th>
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</table>

Surname

Forename

2. Postal Address

<table>
<thead>
<tr>
<th>Postcode</th>
<th>Phone</th>
<th>Email</th>
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</table>

3. Permissions - I am responding as…

(a) Do you agree to your response being made available to the public (in Scottish Government library and/or on the Scottish Government web site)?

Please tick as appropriate

☐ Yes ☐ No

(b) Where confidentiality is not requested, we will make your responses available to the public on the following basis

Please tick ONE of the following boxes

(c) The name and address of your organisation will be made available to the public (in the Scottish Government library and/or on the Scottish Government web site).

Are you content for your response to be made available?

Please tick as appropriate

☐ Yes ☐ No
We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

Please tick as appropriate

☐ Yes
WHEREAS the University Court of the University of Glasgow ("the University Court") deems it expedient to amend the composition of the University Court in light of its wish to modernise the configuration of the University Court membership in line with good governance practice:

THEREFORE the University Court, in exercise of its powers under section 3 of and paragraph 1 of Part 1 of Schedule 2 to the Universities (Scotland) Act 1966 and of all other powers enabling it in that behalf, and having sent a draft of this Ordinance to the Senatus Academicus and the General Council, displayed notices and taken into account any representations, all as required by section 4 of that Act, hereby statutes and ordains as follows, with reference to the University of Glasgow:

1 Section 1 of Ordinance of the University Court No. 182 (Composition of the University Court) is hereby amended as follows:

(a) in (f) for "five", "two" is substituted; and

(b) in (g) for "seven", "six" is substituted; and

(c) in (g) the words "of whom at least three shall be readers or lecturers" are omitted; and

(d) in (k) for "five", "nine" is substituted; and

(e) after (k), in the full-out words at the end of Section 1 "or she" is added between the words "he" and "is a matriculated student.

2 This Ordinance shall come into force from and after 1 August 2015 provided that it has been approved by Her Majesty in Council prior to that date, which failing it shall come into force from and after the date of its approval by Her Majesty in Council.

IN WITNESS WHEREOF these presents are sealed with the Common Seal of the University Court of the University of Glasgow, and subscribed on behalf of the said University Court as required by Ordinance of the University Court No. 177

Member of the University Court

Secretary of the University Court
### UNIVERSITY COURT

### GOVERNOR APPRAISAL

#### SECTION A: THE ROLE

<table>
<thead>
<tr>
<th></th>
<th>Rank in Order from 5 (strongly agree) to 1 (strongly disagree)</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1</td>
<td>I have a clear understanding of the Court’s responsibilities and obligations</td>
<td></td>
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<tr>
<td>A2</td>
<td>I have a clear understanding of my individual responsibilities as a Court member</td>
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<tr>
<td>A3</td>
<td>I have a clear understanding of how my role as a Court member differs from that of management</td>
<td></td>
</tr>
<tr>
<td>A4</td>
<td>I have sufficient opportunities to contribute to the development of the University’s strategy</td>
<td></td>
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<tr>
<td>A5</td>
<td>I have a sufficient understanding of the key strategic issues facing the University and the Court is adequately informed of progress against these to enable me to undertake my role as a Court member effectively</td>
<td></td>
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<tr>
<td>B1</td>
<td>The Court uses its time effectively – time available is allocated to the most important issues</td>
<td></td>
</tr>
<tr>
<td>B2</td>
<td>The issues I feel are important are discussed at meetings of Court</td>
<td></td>
</tr>
<tr>
<td>B3</td>
<td>The need for constructive challenge is understood and accepted by both governors and the executive</td>
<td></td>
</tr>
<tr>
<td>B4</td>
<td>There is appropriate opportunity to participate in discussion at Court meetings</td>
<td></td>
</tr>
<tr>
<td>B5</td>
<td>The meetings and business of Court are effectively conducted and in a way which encourages an appropriate degree of transparency and engagement and in which I have confidence</td>
<td></td>
</tr>
<tr>
<td>B6</td>
<td>There are adequate opportunities to meet and canvass opinion with fellow Court members</td>
<td></td>
</tr>
<tr>
<td>B7</td>
<td>There are adequate opportunities to see management in action and to assess performance</td>
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</tr>
<tr>
<td>B8</td>
<td>There is effective communication with Court members</td>
<td></td>
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<td>--------------------------------------------------</td>
<td></td>
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<tr>
<td>B9</td>
<td>I am encouraged to actively engage in the business and life of the University outside of Court meetings</td>
<td></td>
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<tr>
<th>SECTION D: GOVERNOR DEVELOPMENT</th>
<th>Rank in Order from 5 (strongly agree) to 1 (strongly disagree)</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>C1</td>
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<tr>
<td>C2</td>
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<tr>
<th>SECTION D: GOVERNOR DEVELOPMENT</th>
<th>Rank in Order from 5 (strongly agree) to 1 (strongly disagree)</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>D1</td>
<td>My individual training or development needs in support of my role as a governor are being met</td>
<td></td>
</tr>
<tr>
<td>D2</td>
<td>My skills and expertise are being used effectively by the University either on Court, within the wider committee structure or through other means.</td>
<td></td>
</tr>
</tbody>
</table>

SECTION D: ANY OTHER COMMENTS

Please add any other comments you may wish to make that have not been covered above.
Name:
Signature:
Date:
GU Holdings Limited

Paper for Court

This paper discusses the future arrangements for running GU Holdings Ltd, in particular for appointing directors of the company, and for ensuring it maintains effective contact with the University Court.

1 GU Holdings is a tax-efficient vehicle for managing the University's financial interest in spin-out companies. It is valuable for the University to have a distinct legal entity of this sort, but important also for Court to ensure it has effective ultimate control.

2 From a governance perspective, there have been two perceived difficulties with the operation of GUHL in recent years:
   .1 its decision-making has not been visible to the University Court;
   .2 its directors have included members of staff who have a role in promoting the development of spin-out companies, leading to situations where there may be a real or perceived conflict of interest between their duties to the University and their concern for the success of the companies.

3 To address the issue of visible decision making, (2.1 above), **Court is asked to consider the following proposals:**
   .1 that the constitution of GUHL should be altered such that, for decisions with a financial implication for the University above a threshold of £100,000, the approval of the chair of the Finance Committee would be required.
   .2 that minutes of meetings of GUHL should always be provided for information to the Finance Committee.

4 To address the potential conflict of interest on the part of directors (2.2), **Court is asked to consider the following proposals:**
   .1 that all directors should be appointed by Court, and that they must have no conflict that would impair their ability to make decisions wholly in the interests of the University.
   .2 that GUHL should have an independent chair, who should have experience of early-stage company growth and venture capital investment. The Chair should be appointed on the recommendation of the Nominations Committee. The appointment should be for an initial period of 4 years with, subject to Court approval, a possible second term of 4 years.
that three other directors should be appointed, who should be university executive
officers who have no direct involvement with spin-out activity.

that expert advice should be available to the directors: through the attendance at
each meeting of the Vice-Principal (Knowledge Exchange) and of staff from the
Research Strategy & Innovation Office; and, as required, through procuring advice
from external advisers.

The current directors of GUHL are:

John Lumsden
Steve Beaumont (chair)
Neal Juster
Michael Scott Morton

If Court supports the proposals in Sections 3 and 4 above, it is suggested that they are
taken forward as follows:

the position of independent chair should be advertised, to be filled by a process that
will be overseen by Nominations Committee.

Court should confirm Neal Juster's continuing appointment as Director, for an initial
period of four years, and ask Neal to take the chair, in an interim capacity, until the
independent chair is appointed.

two other executive officers of the University should be appointed as directors, again
for a period of four years. Robert Fraser and Muffy Calder would be willing to serve
in this capacity.

Michael Scott Morton, John Lumsden and Steve Beaumont should be thanked for
their contribution to GUHL and advised that their directorships will come to an end
on 31 Dec 2014.

The Vice-Principal (Knowledge Exchange), Jon Cooper, should be invited to attend
all future meetings of GUHL, with a remit to provide strategic advice the directors.
Professor Cooper would not contribute to decision-making in a situation where he
had an interest in a spin-out company being discussed.

Is Court content to proceed in this way?

DN, 7.11.14
Working Group on Conflict Minerals

Court has decided that it would like to give consideration to a representation that has been made regarding the procurement of goods that may be manufactured using 'conflict minerals':

In addressing this issue, Court will convene a working group to provide advice, that group to comprise: two lay members, a senate assessor, a student member of Court, the Secretary of Court and the Head of Procurement. The remit of the working group will be to:

1. consider the case that has been submitted and meet with representatives of the group that has made the submission;

2. assess the ethical arguments for supporting the submission, and those for not supporting it;

3. consider the possible implications on the reputation of the University;

4. if proposing a change in the University's policy, take legal advice on whether what is proposed is legally permissible; and

5. provide a report to Court that describes how the group has undertaken its work and includes a recommendation, from an ethical perspective, on whether or not to support the representation that has been made.

If the working group proposes a change to the University's policy, and if Court considers that change may be desirable, then Court will:

.6 ask the Senior Management Group to identify any areas of the University's work that that may be impacted by the decision and to provide advice on the possible implications for the University's work; and

.7 consider whether, in view of the possible impact on the academic work of the University, advice on the proposals should be invited from Senate.

Only after Court has received advice from SMG (.6) and as appropriate from Senate (.7) will Court make its decision.
Court – Wednesday 17 December 2014

Report from the Meeting of the Finance Committee held on
12 November 2014

Cover Sheet

Brief description of the paper

This report sets out those items considered at the Finance Committee’s last ordinary meeting which require Court approval or which it was considered should be brought to Court's attention.

Action Requested

A Items – for action

CA/2014/18. Draft University Financial Statements

The Finance Committee report provides the Draft University Financial Statements for 2013/14. Court is asked to note a final operating surplus of £20.8m.

Court is invited to approve the University Financial Statements for 2013/14.

CA/2014/19 - 23. Draft accounts for University Trust and subsidiary companies

Finance Committee received draft accounts from the University Trust and the following subsidiary companies: GU Heritage Retail Limited, GU Holdings Limited, Kelvin Nanotechnology Limited and UGlasgow Singapore Pte Limited.

Court is invited to approve the accounts.

B Items – for noting

Court’s attention is drawn to the following items for noting:

CA/2014/24. Draft US GAAP Accounts

Finance Committee received the consolidated financial statements prepared in accordance with the United States Generally Accepted Accounting Principles (US GAAP) as required by the US Department for Higher Education.

Court does not receive the US GAAP accounts for approval and there is no requirement for representatives of the University to sign the US GAAP accounts. As such, they are not included with the Court papers but are available on request to the clerk.
CA/2014/25. Capex application: Centre for Virus Research update
The Director of Estates and Buildings introduced a paper seeking additional funding of no more than £1.625m to accommodate an overspend on the Centre for Virus Research (CVR) construction works.
Finance Committee approved the application.

CA/2014/26. Capex application: Teaching and Learning Hub
Finance Committee received a capital expenditure request for £2,225,688 of funding to allow for detailed surveys and design to be undertaken on the Learning and Teaching Hub project. A further application would be made for the construction costs of the full project on completion of the necessary survey and feasibility work.
Finance Committee approved the application.

CA/2014/27. Capex application: Quantum Technology Hub
Finance Committee received a capital expenditure request for £4.1m of funding for the Quantum Technology Hub. The Committee noted that the works would encompass three elements:

1. expansion of the James Watt Nanofabrication Centre cleanroom facilities, to accommodate anticipated investment of £29m of EPSRC funding in the Glasgow-led Quantum Technology Hub in Quantum Enhanced Imaging (QT Hub);
2. provision of an SFC-funded Industry Innovation Space to enable the delivery of a programme of technology transfer as per the QT Hub vision;
3. enabling works for the two activities described above through re-location of the School of Engineering workshop to an off-site location.
Finance Committee approved the application.

CA/2014/28. Clydesdale Bank Facilities Letter
Finance Committee noted the Clydesdale Bank Facilities Letter, setting out provision of the services which would be in place until such time as the transfer of the University’s banking to HSBC was complete.

CA/2014/30. Endowment Investments Report
Finance Committee noted the Endowment Investment Reports.

CA/2014/31. Update on HSBC operational banking/new accounts
The Committee noted that the changeover from Clydesdale Bank to HSBC was in train, with a review of the University’s accounts underway in order to inform decisions on the new accounts which would require to be opened. Finance Committee would be asked to note the new accounts in due course.

CA/2014/34. Overview of Performance as at 30 September 2014
Finance Committee noted the Overview of Performance as at 30 September 2014. The projected surplus at full year stood at £5.7m, which was the same as the budgeted full year surplus.
University of Glasgow
Finance Committee
Minute of Meeting held on Wednesday 12 November 2014
MVLS College Conference Room, Wolfson Medical School Building

Present:
Mr Graeme Bissett, Mr Ken Brown (Convener), Mr Robert Fraser, Ms Margaret Morton, Prof Anton Muscatelli, Ms Breffni O’Connor, Mr David Ross, Dr Duncan Ross, Mr Iain Stewart

In attendance:
Mrs Ann Allen, Mr Nick Holland, Mr David Newall, Ms Fiona Quinn

Apologies:
Mr Paul Brady, Prof Neal Juster, Dr Don Spaeth

CA/2014/15. Minutes of the meeting held on Wednesday 17 September 2014

The minutes of Finance Committee held on Wednesday 17 September 2014 were approved.

CA/2014/16. Matters arising

CA/2014/07. Finance Committee Remit

An updated draft remit would be brought to the next meeting of Finance Committee for discussion.

CA/2014/08. Insurance Renewal 2014/15

The Director of Estates would report to the next meeting of the Committee regarding insurance costs on the South Glasgow University Hospital campus.

The Director of Estates would also provide a summary of the revaluation of the estate which had taken place in Spring 2014.

In response to a question from the Committee, the Group Financial Controller provided an update on the number of business trips covered by the University’s travel insurance policy, reporting that 4,618 trips had taken place between April 2013 and March 2014 including both UK and international travel. This was up on the prior year (3,900 trips approx).

CA/2014/17. Conflict of Interest

No new conflicts of interest were noted.
CA/2014/18. Draft University Financial Statements at 31 July 2014 (paper 5.1)

Finance Committee received the Draft University Financial Statements for the year to 31 July 2014. The Committee noted a final operating surplus for 2013/14 of £20.8m (£20.6m after exceptional items), £16.8m ahead of the original budgeted surplus. The movement in surplus reflected: staff savings of £5.9m, increased income of £13.9m, a £9.1m increase in consumables costs, and movements in endowments, FRS 17 and subsidiaries totalling £3.9m. The historical cost surplus had increased by £10.4m in the year to £23.8m. At year end, cash and deposits totalled £163.4m, an increase of £10.9m in the year. The increase was mainly due to operating cashflows.

The Committee noted capital expenditure for 2013/14 of £48.8m, an increase of £21.6m compared to 2012/13. The increase was largely due to investment in the South Glasgow University Hospital and the Centre for Virus Research.

The net pension liability for the University of Glasgow Pension Scheme and Strathclyde Pension Fund had decreased by £21.9m. The Committee noted that the University had made an initial deficit reduction contribution of £30.0m. The Director of Finance provided clarification on the recording of this contribution in the Financial Statements, in response to a question from the Committee.

The Operating and Financial Review section would be amended, following comments from members of the Committee on the wording of some sections. Comments were received on the sections covering Research, Outcome Agreements (p.3), Ethical investment policy (p.5), and Court Membership (p.10)

The Convenor congratulated all concerned for their work on the year end. He reported that, with the convenor of the Audit Committee, he had met the auditors to discuss their findings and the auditors had no material issues to raise.

Finance Committee agreed to recommend the Financial Statements to Court for approval.

CA/2014/19. Draft Accounts for GU Heritage Retail Limited as at 31 July 2014 (paper 5.2)

The Committee received a draft report and financial statements for GU Heritage Retail Limited, noting an operating profit that had risen to £85,833 in 2013/14, from £58,133 in 2012/13.

Finance Committee agreed to recommend the accounts to Court.

CA/2014/20. Draft Accounts for GU Holdings Limited as at 31 July 2014 (paper 5.2)

Finance Committee received draft annual accounts for GU Holdings Limited to 31 July 2014. GU Holdings exists to hold University investments in spin-out companies. GU Holdings reported an operating profit of £33,046 in 2013/14, a decrease from £73,472 the previous year. Net current assets stood at £29,586 at 31 July 2014 (£56,262 at 31 July 2013).

There was a capital commitment payable to venture capital investment fund Rock Spring Ventures LLP of £1,424,547 (2013: £1,473,483).

Finance Committee agreed to recommend the accounts to Court.
CA/2014/21. Draft Accounts for Kelvin Nanotechnology Limited as at 31 July 2014 (paper 5.2)

Draft accounts for Kelvin Nanotechnology for year 2013/14 were presented to Finance Committee. The Committee noted the principal activity of the subsidiary was electronics and electrical engineering. Kelvin Nanotechnology Limited reported a profit of £2,973 in 2013/14 compared to a loss of £17,734 in 2012/13.

Finance Committee agree to recommend the accounts to Court.

CA/2014/22. Draft Accounts for UGlasgow Singapore Pte Ltd as at 31 July 2014 (paper 5.2)

The Committee received the accounts from UGlasgow Singapore Pte Ltd for to 31 July 2014. The Committee noted the after tax profit of $2,146,184 (Singapore Dollars) which had risen from $1,324,302 for 2012/13.

The cash balance of $4.29m was held in Singapore dollars, and in response to a question from the Convenor, it was confirmed that any decision regarding repatriating surplus cash would be considered in the context of future plans regarding the University’s activity in Singapore. The Group Financial Controller advised that any repatriation of surplus would be handled via a dividend, which would be subject to withholding tax.

Finance Committee agreed to recommend the accounts to Court.

CA/2014/23. Draft Accounts for University of Glasgow Trust as at 31 July 2014 (paper 5.2)

Finance Committee received draft accounts for University of Glasgow Trust. It was noted that the Trust existed to receive and hold funds raised by the Development and Alumni Office, or other funds bequeathed or given to the Trust for charitable purposes, and disburse them for the benefit of the University of Glasgow. The Committee noted that the Trust disbursed a total of £4,827,168 in 2013/14. This included £4,621,068 to University priority fundraising projects (restricted income) and £206,100 to other projects (unrestricted income). This represented an increase from disbursements of £4,503,319 in 2012/13. Finance Committee noted that the Trust also held a healthy investment portfolio with £3,892,042 invested in the market at 31 July 2014 (£3,849,323 at 31 July 2013). At 31 July 2014 the University of Glasgow Trust’s reserves stood at £591,930, down from £622,634 on the previous year.

Finance Committee agreed to recommend the accounts to Court.

CA/2014/24. Draft US GAAP Accounts and UK to US GAAP reconciliation (paper 5.3)

Finance Committee received a draft set of financial statements prepared in accordance with the United States Generally Accepted Accounting Principles (US GAAP) for submission to the US Higher Education Department, along with a report on the position regarding the audit of these financial statements. From November 2010 the US Department of Education had begun enforcing the requirement for restated financial statements.
The Committee noted that the US Department of Education had raised no issues with the previous year’s accounts, submitted in January 2014.

It was noted that Court did not receive the US GAAP accounts for approval and there was no requirement for representatives of the University to sign the US GAAP accounts. Ernst & Young, as the University’s auditors, would be required to provide a signed audit opinion.

Finance Committee noted the US GAAP accounts.

CA/2014/25. Capex application: Centre for Virus Research update (paper 5.4.1)

The Director of Estates and Buildings introduced a paper seeking additional funding of no more than £1.625m to accommodate an overspend on the Centre for Virus Research (CVR) construction works.

The Committee noted that the project had encountered a number of difficulties after commencing on site in November 2012, which had ultimately led to a delay of four months in terms of practical completion. The reasons for delivering over budget and behind schedule had been reviewed by the current Interim Head of Construction and Project Management. The Director of Estates and Buildings assured Finance Committee that the recommendations of this review were already in the process of being addressed.

Finance Committee approved the application.

CA/2014/26. Capex application: Teaching and Learning Hub (paper 5.4.2)

Finance Committee received a capital expenditure request for £2,225,688 of funding to allow for detailed surveys and design to be undertaken on the Learning and Teaching Hub project. A further application would be made for the construction costs of the full project on completion of the necessary survey and feasibility work. The Committee noted that Court had given support to this project at its October meeting.

The Director of Estates clarified that, when appointed, the design team would review the options for phasing of the project, which would include bringing forward recommendations for the Mathematics and Statistics building.

The Committee noted the governance arrangements which would be put in place for the project, to include a small executive board responsible for overall governance and making key decisions, and a project development board comprised of key stakeholders which would aim to ensure that the project delivered on its potential. As project sponsor, the Vice-Principal (Learning and Teaching) would provide leadership and the strategic vision for the project.

In response to a question from the Committee as to where the authority lay for final sign-off on the design, the Secretary of Court, clarified that authority lay with Estates Committee, which would want to receive advice from the project sponsor, Professor Coton, on the parties involved in the design process and the steps taken to ensure a fit-for-purpose design.

Finance Committee discussed the process by which large projects are approved, questioning whether there was a need to review the Committee’s role in this process given the ambitious Estate Strategy and the capital programme over the coming years. The Committee agreed that there was a discussion to be had around the extent of Finance Committee’s authority when
considering very large projects. The Committee asked that the Secretary of Court raise this matter with the Estate Strategy Working Group meeting in December, and thereafter at the December meeting of Court.

Finance Committee approved the application.

CA/2014/27. Capex application: Quantum Technology Hub (paper 5.4.3)

Finance Committee received a capital expenditure request for £4.1m of funding for the Quantum Technology Hub. The Committee noted that the works would encompass three elements:

1. expansion of the James Watt Nanofabrication Centre cleanroom facilities, to accommodate anticipated investment of £29m of EPSRC funding in the Glasgow-led Quantum Technology Hub in Quantum Enhanced Imaging (QT Hub);

2. provision of an SFC-funded Industry Innovation Space to enable the delivery of a programme of technology transfer as per the QT Hub vision;

3. enabling works for the two activities described above through re-location of the School of Engineering workshop to an off-site location.

The Committee noted that EPSRC and SFC funding would cover the £4.1m requested, leaving £457k of net ongoing costs, for leases and maintenance, over a period of 20 years. It was noted that there had been a delay with the anticipated announcement of funding for the project, and further financial commitment would not be made until formal confirmation of funding had been received.

Finance Committee approved the application.

CA/2014/28. Clydesdale Bank Facilities Letter (paper 5.5)

Finance Committee noted the Clydesdale Bank Facilities Letter, setting out provision of the services which would be in place until such time as the transfer of the University’s banking to HSBC was complete.

The Committee noted that Clydesdale accounts would remain open, to allow existing direct debits and standing orders to be remitted to the University of Glasgow Trust, avoiding the need to ask donors to re-direct their regular gifts to a new bank account.

CA/2014/29. GU Holdings Investment Process (paper 5.6)

Finance Committee considered a proposal for a standard process to be followed for all investments held by GU Holdings Ltd, suggesting that Finance Committee should make final decisions as to disposal or retention of shares, based on recommendations from the GU Holdings Ltd Board.

The Committee agreed to postpone its decision on this matter pending a discussion at the December meeting of Court regarding GU Holdings Ltd.
CA/2014/30. Endowments Investment Reports (paper 6.1)

Finance Committee noted the Endowments Investment reports as at 30 September 2014. The Convenor of Court sought to clarify the one-page report which had been circulated on the performance of the Endowments. The report had been adjusted to explain how Newton’s and Schroders’ figures were calculated. The figures for each manager were extracted from the more detailed reports circulated. The Committee noted that the start date for Schroders was January 2010, while January 2007 had been the Newton start date.

The Committee was invited to contribute suggestions for more useful ways of displaying the information. It was noted that the two managers were working towards slightly different objectives, which made like-for-like comparison of their performance difficult.

CA/2014/31. Update on HSBC operational banking/new accounts

The Committee noted that the changeover from Clydesdale Bank to HSBC was in train, with a review of the University’s accounts underway in order to inform decisions on the new accounts which would require to be opened. Finance Committee would be asked to note the new accounts in due course.

CA/2014/32. Sustainability Proposal

A proposed sustainability model had been discussed in detail at the previous meeting of Finance Committee. An update would be brought to a future meeting of the Committee.

CA/2014/33. Planning Cycle 2015-16 (paper 6.4)

Finance Committee noted a paper setting out guidance on the planning cycle, to inform the budget setting process for the academic years 2015/16 to 2017/18. The Principal requested comments on the assumptions set out in the paper, noting the major changes from previous years as follows:

1. Salary voids have been predicted and removed from the budget;
2. Controllable consumable costs (i.e. not utilities, rates etc) have been reduced by 10%;
3. The cash value of student fee discounts has been held flat.

The Committee agreed that MVLS growth targets in international fee income would require monitoring given previous performance. It was agreed that consistent application of tuition fee discounts was important. The Secretary of Court clarified that the 10% target for reduction in consumables spend acknowledged the scope for efficiencies which had been evident towards year end 2013/14.

The Committee welcomed the paper.

CA/2014/34. Overview of Performance as at 30 September 2014 (paper 7.1)

The Director of Finance presented the overview of performance for Period 2. Finance Committee noted that the Year to Date surplus stood at £21.9m, £2m ahead of the Year to Date
budget. The projected surplus at full year stood at £5.7m, which was the same as the budgeted full year surplus. The Committee noted that salaries were £1.4m lower than budget due to vacancy savings across the Colleges and University Services.

Finance Committee received a report analysing spend on consumables as at 31 July 2014. Actuals for 2013/14 were £106.2m compared to £95.9m for 2012/13.

In response to a question from the Committee regarding the negative figure recorded for legal costs (-£162,000) the Director of Finance explained that this was due to reimbursement of some legal fees in relation to a case which had been won by the University.

CA/2014/35. Debtors Reports as at 30 September 2014 (paper 7.2)

Finance Committee received an update on debtors as at 30 September 2014. Overall debt stood at £17.22m in comparison to £17.55m at September 2013. The report provided an overview of debt broken down into: Student and Sponsor, Commercial, EU Ross, Vets and Residential Services debt.

The Committee noted that overall student and sponsor debt totalled £1.58m at 30 September 2014 compared to £1.66m at 30 September 2013. A high volume of invoices were currently being prepared and issued.

Commercial debt totalled £12.3m at 30 September 2014 compared to £11.9m at September 2013.

Finance Committee noted a decrease in outstanding debt for the Small Animal Hospital to £1.25m at September 2014 from £1.47m at September 2013. This continued to be monitored.

CA/2014/36. Date of next meeting

Wednesday 14 January 2015, 2pm, Melville Room.

Prepared by: Fiona Quinn, Clerk to Committee, Fiona.Quinn@glasgow.ac.uk
Last modified on: Tuesday 25 November 2014
Reports and Financial Statements
for the year to 31 July 2014
## Reports

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## Financial Statements

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OPERATING AND FINANCIAL REVIEW
for the year ended 31 July 2014

This Operating and Financial Review describes the main trends and factors underlying the University of Glasgow’s ("the University") performance during the year to 31 July 2014 ("2013-14"). It has been prepared in line with the guidance provided on the Operating and Financial Review issued by the UK Accounting Standards Board in 2012.

History
The University is the fourth oldest University in the English speaking world. Founded in 1451 it has earned an international reputation for research innovation, for connecting with experts in global business, and for inspiring thinkers from the father of economics Adam Smith to the eminent scientist Lord Kelvin. Building on such vast experience, the University is a member of the elite Russell Group of 24 major research universities and is in the top 1% of the world’s universities today.

Principal operations
Study and research are grouped into four Colleges which are made up of broadly related Schools and Research Institutes. The Colleges are:

- College of Arts;
- College of Medical, Veterinary and Life Sciences;
- College of Science and Engineering;
- College of Social Sciences.

The majority of operations are carried out on the University's main Gilmorehill campus in the west end of Glasgow. The University educates more than 17,500 undergraduate students, 7,100 postgraduate students and over 2,800 adult learners. Finding community within diversity, the University attracts students from more than 100 countries, as well as academics from around the globe. In addition, as a venue for international conferences and a hub of cultural interest, the University is also a major contributor to the cultural and commercial life of the country.

Constitution, governance and regulation
Founded by Papal Bull in 1451, much of the University's modern constitutional framework derives from the Universities (Scotland) Act 1966, which updated and expanded the Universities (Scotland) Acts 1858 to 1932. These Acts make provision for the main statutory bodies and officers of the University - the Court, the Senate, the General Council, the Chancellor, the Principal and Vice Chancellor, and the Rector - and set out the powers and duties of the statutory bodies and officers, as well as specifying the composition of the statutory bodies.

From 1858 until 1966 the University exercised its powers using Ordinances. These were drafted by the University and given legal authority by the Privy Council after approval by the General Councils of the other Scottish Universities. The Universities (Scotland) Act 1966 enabled the University to exercise its powers using Resolutions and Procedures. Resolutions are issued by the University Court of the University of Glasgow ("Court") after consultation with the University. Procedures are as determined by Court. In a few areas, mainly of constitutional import, Ordinances are still required.

Court is responsible for the management and regulation of the financial affairs of the University, ensuring compliance with the Financial Memorandum and associated guidance as published by the Scottish Further and Higher Education Funding Council ("Scottish Funding Council"). A full statement of Court's responsibilities, membership and corporate governance arrangements is detailed within these reports and financial statements.

The University is a charity and is registered with the Office of the Scottish Charity Regulator under number SC004401. The Principal is the chief executive officer appointed by Court who is directly accountable to the chief executive officer of the Scottish Funding Council for the University’s proper use of funds.

A Global Vision
In 2010 the University published “Glasgow 2020 – A Global Vision", which set out the vision of the University, which is to enhance its position as one of the world’s great, broad based, research intensive universities. The University’s vision is to undertake world leading research and to provide an intellectually stimulating learning environment thus delivering benefits to culture, society and the economy. The strategy breaks down into three main themes which are as follows:

Focus - The University will focus on the needs of students and research funders and will ensure that investments align with strategic priorities. The University will also streamline its systems and processes to remove duplication of effort and minimise bureaucracy. When combined, these actions will lead to a sustainable academic profile;

Global Reach - The University will extend its global reach to become a more international university; developing a multicultural community of students and staff; providing an educational experience that prepares students for global, political and social environments; developing international alliances and partnerships to build capability and capacity in research, education and enterprise; introducing postgraduate degree programmes that have demand in the international market; and raising the profile and reputation of the University globally;

Multi-disciplinarity – The University will foster multi-disciplinary activity through the support and development of networks of researchers, creating world-leading thematic multidisciplinary research institutes aligned to the strategic needs of the University’s research funders. The University will also establish innovative, interdisciplinary degree programmes, primarily at the postgraduate level, that combine elements from the breadth of the University’s research strengths.

The objectives will be pursued whilst ensuring that the University remains in a financially sustainable position, allowing capacity for investment for the future.

Performance during the year
The strategic plan identifies 20 key performance indicators (KPIs) to assess performance over the 2010-15 strategic period. The KPIs encompass research, the student experience, internationalisation, staff, finance, and the estate.

Progress against these KPIs has been strong: Seventeen of the KPIs have improved since 2010. Internationalisation has been a particular area of strength in the past four years, with the international student population more than doubling and international research income increasing by over 50%. The University has also increased its postgraduate taught student population by more than a third and made encouraging gains in the quality of research, student entry tariff and the quality of the estate, while also consolidating the financial position.

2
Student satisfaction at Glasgow remains towards the upper end of the sector and the 2014 National Student Survey (NSS) gave the University its highest overall satisfaction scores ever, placing the University second in both Scotland and the Russell Group. Satisfaction scores of postgraduate research and international students have dropped very slightly but they remain towards the top end of the University’s peer group.

The University’s international league table position has improved in recent years with Glasgow now placed 55th in the QS League Tables, 94th in the THE and at its highest ever placing in the Shanghai Jiao Tong global tables. Glasgow’s position in the domestic league tables remains relatively static being placed between 25 and 30 in the three main UK tables (The Guardian, The Independent, The Sunday Times/Times).

Teaching
The University’s commitment to teaching and learning excellence has been demonstrated by the results of the 2014 National Student Survey (NSS), which showed 91% satisfaction among final year students. This ranks the University 6th equal amongst the UK’s universities. Impressively, the University was ranked first or joint first in overall satisfaction in 6 of the 42 subjects surveyed that exceed the threshold for data publication. This result is due to the commitment of the University’s staff and the impact of significant investment made in the learning environment. Although pleased with the result the University is not complacent. The headline 91% satisfaction figure is a summary of a complex range of issues important to students reflected in 22 questions contained in NSS. Encouragingly the University has seen improvement for the fourth consecutive year in questions related to assessment and feedback and scores very highly in 4 questions related to teaching on the courses. The University continues to work on improving the student experience, particularly on the teaching infrastructure.

The University met its Scottish domiciled and EU undergraduate recruitment target for 2013-14 whilst increasing the average qualification tariff of the students entering the university. The University now has the 11th highest entry tariff in the UK.

The change in the undergraduate fee regime with the four countries of the UK in 2012-13 meant that students from England, Northern Ireland and Wales were removed from the SFC Scottish Domiciled/EU recruitment targets and could be recruited to the University in unrestricted numbers. After a small drop in numbers of students entering from the rest of the UK in 2012-13, recruitment in 2013-14 was very healthy and exceeded target. Applications for 2014-15 entry indicate that this trend will continue.

Taught postgraduate numbers grew in 2013-14 by almost a quarter with growth in home, rest of UK, EU and international markets.

The University’s outstanding reputation for research, learning and teaching, and its investment in facilities is contributing to make the University an attractive choice for the best undergraduate and postgraduate students from across the globe.

Research
The University continues to win competitive research grants and 2013-14 saw the University’s highest ever research order book. Growth is particularly strong in multidisciplinary research areas and in large grants. This growth has been facilitated by recent investments in research facilities and the recruitment of research leaders. In addition studentship and fellowship schemes, many of which are supported by external fundraising, continue to attract research students and early career researchers to the University.

Applications for research postgraduate study commencing in 2014-15 grew for the fourth year in a row. The University’s selective investment in research leaders is also aimed at improving its performance in the current research excellence framework assessment (REF2014) and a likely future REF exercise around 2020. The investment in research leaders was also matched by investment in early career researchers (through Lord Kelvin-Adam Smith and Excellence Fellowships). The outcomes of REF 2014 will become known in December 2014 and will influence decisions on future investments in research over the period 2014-2019.

Internationalisation
The University has seen significant year on year increases in entrants by students from outside the EU over the past few years. There continues to be strong growth in applications for entry in 2014-15 reflecting the efforts put into marketing and the promotion of a wide range of international activities over the past three to four years.

The University continues its partnership with Glasgow International College (“GIC”) to offer academic skills and English language courses preparing international students for entry to the University’s undergraduate and postgraduate programmes. Applications to GIC continue to grow.

The University’s international student community has shown its satisfaction with the quality of education and support available at the University, recording very impressive results in the 2014 International Student Barometer. According to the survey, the University’s international students remain amongst the most satisfied at UK universities.

Outcome Agreements
During 2012-13, in return for the increased financial settlement to the HE sector, the Scottish Government indicated that it expected the SFC to ensure that improved outcomes are delivered by universities across the following areas: retention, articulation from college, accelerated degrees, access to university for people from the widest possible range of backgrounds, pattern and spread of provision, efficiency in the learning journey and of institutions, international competitiveness in research, University/industry collaboration, and entrepreneurial and employability skills of graduates.

In response, the SFC implemented Outcome Agreements with each university. Each outcome agreement contains targets that will enable the SFC to detail and report improvements back to the Scottish Government. The University’s 2013-14 outcome agreement focussed on the following areas: knowledge exchange, research, skills growth, coherent provision and widening access. The University met almost all of the targets contained within the outcome agreement. It fell slightly short of recruiting an additional 200 students from the 40% most disadvantaged backgrounds, however, the percentage intake from these backgrounds was well above the Scottish average.
The University enjoyed another successful year financially as follows:

<table>
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<tr>
<th>Year</th>
<th>Total Income</th>
<th>Total Expenditure</th>
<th>Surplus after Depreciation</th>
<th>Surplus on Disposal of Assets</th>
<th>Corporation Tax (overseas subsidiary)</th>
<th>Other Items</th>
<th>Surplus for the Year Retained within General Reserves</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>£511,341</td>
<td>£490,527</td>
<td>£20,814</td>
<td>-</td>
<td>(188)</td>
<td>(905)</td>
<td>£19,721</td>
</tr>
<tr>
<td>2013</td>
<td>£468,953</td>
<td>£457,949</td>
<td>£11,004</td>
<td>142</td>
<td>(86)</td>
<td>(1,030)</td>
<td>£10,030</td>
</tr>
</tbody>
</table>

Total income increased by 9.0% in the year with the main movements as follows:

- Income from the Scottish Funding Council increased by 4.1% mainly caused by an increase in other funding grants;
- Income from tuition fees and education contracts grew by 19.2%. The largest movement was in overseas students, with income growing by 28.4% following a 19.6% increase in 2012-13;
- Income from research grants and contracts grew by 4.3% in the year (2012-13: 3.0%);
- Other income increased by 8.9%. Residences and hospitality services income grew by 12.0% in the year;
- Endowment and investment income increased by 43.3%. This was primarily due to FRS 17 net interest received of £3.0m which was an expense of £1.9m in 2012-13.

Net funds increased in the year by £10.9m to a closing balance of £163.4m at 31 July 2014.

The five year net funds history is as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>£m</th>
<th>£m</th>
<th>£m</th>
<th>£m</th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009-10</td>
<td>87.8</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010-11</td>
<td>111.4</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011-12</td>
<td>116.9</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2012-13</td>
<td>152.5</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>2013-14</td>
<td>163.4</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

£42.0m of the cash inflow from operating activities primarily related to an increase in working capital due to an increase in creditors.

Capital expenditure for the year was £48.8m which was £21.6m higher than 2012-13. Capital commitments authorised but not yet contracted increased by £13.1m in the year to £65.8m at the balance sheet date.

FRS 17 pension liability
The FRS 17 pension liability for the University of Glasgow Pension Scheme (UGPS) and the Strathclyde Pension Fund has decreased in the year from £59.6m to £37.7m. In July 2014 the University made an initial deficit recovery contribution of £30.0m (UGPS) and expects to make further deficit recovery contributions of £2.5m per year from March 2015 increasing by 2.5% per annum subject to triennial valuations. The remainder of the movement reflects primarily the actuarial losses recognised in the year.

Investment performance
The past financial year saw less volatility in the value of global stock markets and this is reflected in the endowments balance. The market value of investments increased by £2.1m compared to £22.4m in 2012-13. New bequests received during the year fell from £1.0m to £0.9m. Overall the value of endowment asset investments increased from £153.9m to £157.8m. The performance of the fund managers continues to be monitored by the Investment Advisory Committee against targets set by the committee and reviewed regularly.

Creditor policy
The University aims to pay all of its suppliers promptly. The terms of payment of the University are 30 days from the date of
invoice but specific terms and conditions can be agreed for certain suppliers if required. As at 31 July 2014 the University’s outstanding payments represented approximately 17 days purchases. This is an increase from 16 days in 2013.

Treasury management
The financing and liquidity of the University and its exposure to financial risk is overseen by Court through the Finance Committee. Each year, as part of the financial budgeting process, three year rolling forecasts are prepared which consider the likely cash position of the University given the assumed operational movements and planned investment in fixed assets and working capital. This enables the Finance Committee to consider any future borrowing requirements in a timely manner.

The University’s non endowment cash balances are primarily held in the form of interest bearing deposits with financial institutions. In accordance with University policy the non endowment cash balances of the University can be invested in temporary cash deposits with the major clearing banks, building societies and money market funds up to a maximum of thirty five million pounds with any one institution. The institution must be rated at a minimum of A- (as per Standard and Poor's long term rate) with money market funds at a minimum of AA-rated and the University's operational bank account AA-. This is for a maximum of ninety five days per deposit. The University is exposed to changing interest rates, although the exposure is viewed as low given that interest income accounts for less than 1% of the total income of the University in 2013-14.

Accounting policies
The University financial statements have been prepared in accordance with the Statement of Principal Accounting Policies as set out on pages 12 to 14. The principal accounting policies are in accordance with the Statement of Recommended Practice for Higher Education (“SORP”) issued by Universities UK in 2007. The format of the financial statements reflects the format as required by the 2007 SORP. The notes to the financial statements reflect best practice guidance given by the British Universities Finance Directors Group and also any requirements issued by the Scottish Funding Council in its annual accounts instructions. Where a prior year restatement is required, this is disclosed within the Statement of Principal Accounting Policies.

Disability policy
The University is committed to the implementation of a policy to achieve equality of opportunity for students, members of staff, potential students and potential members of staff, and to meeting the requirements of all relevant external legislation. To enable the University to fulfil its mission statement the aim is to build an inclusive and supportive environment which meets the needs of all staff, students and visitors to the University. The Disability Policy provides a framework for promoting disability equality with the aim of identifying and removing any barriers which exist for disabled people using the University’s facilities, and enabling them to access as fully as possible all education, employment, social and leisure opportunities.

Equality and diversity policy
The University is committed to ensuring that the creativity, innovation and talents of its people are fully utilised. The University community is made up of a wide range of people with diverse backgrounds and circumstances, which is valued and regarded as a great asset. The University has developed a policy that aims to challenge discrimination, promote and implement equality measures, progress social justice and to strive to ensure that no one is disadvantaged. The policy also looks to ensure that the University complies with all current and relevant anti-discrimination legislation. By adopting this policy the University accepts its responsibility to ensure that discrimination does not take place and that everyone in the University is treated fairly and equally.

Ethical investment policy
It is the role of Court to set out the ethical platform on which the University’s endowment asset investments are managed. The University’s approach is set out in the Socially Responsible Investment Policy which was approved by Court in October 2009. Court instructs its investment managers, through the Investment Advisory Committee, to invest University funds only with those companies who meet the criteria set for ethical investment. The criterion set by the University, in addition to the investment managers’ own ethical investment policies, is that direct investment in the tobacco industry is prohibited as such an investment runs entirely counter to the University's direct interests in research.

Future developments and principal risks and uncertainties
The last three years has seen growth in student numbers, particularly from outside the EU and for taught postgraduate programmes. This has led to accelerated investment in teaching infrastructure and appointment of academic and support staff aimed at continuing to improve the student experience and maintain the University’s position at the top end of student satisfaction surveys. The investment plans have, to date, been implemented as expected and will continue in the next financial year.

The University successfully negotiated its Outcome Agreement for 2014-15 with the SFC. The Outcome Agreement contains targets that will be monitored by the SFC over the next few years. Plans are in place to ensure that the targets are met, however progress will be kept under review, and additional investment may be required in some areas to ensure that they can be delivered.

From the academic year 2012-13 Scottish Universities were able to charge students from England, Northern Ireland and Wales up to £9,000 a year. The University of Glasgow charges fees of £9,000 per year for medicine, dentistry and veterinary medicine and £6,750 per year for all other subjects. From 2014-15 the University will charge £9,000 a year for the first three years for all subjects with the fourth year free. It is recognised that the fees regimes in the four home countries and their impact on student recruitment patterns are causing uncertainty for financial projections across the Higher Education Sector. From 2014-15 universities in England will have their student number cap removed. This will lead to further uncertainty in the market. The impact on the number of English students wishing to study in Scotland is unclear but it may have negative financial impact on Glasgow. The University will continue to monitor recruitment patterns particularly in comparison with peer institutions and will take action where necessary.

In 2013 the University completed the acquisition of the 14 acre Western Infirmary site adjacent to the main Gilmorehill campus in the west end of Glasgow. The site currently houses an operational general hospital and was immediately leased back to the Greater Glasgow and Clyde Health Board (GGCHB). It is expected that the GGCHB will vacate the site before the end of 2015. The site will eventually provide space to enable the whole academic estate to be reconfigured and made fit for purpose for academic activity, thus improving the student experience, research performance and staff satisfaction. Consultation has taken place with a wide range of stakeholders to ensure that the extended Gilmorehill campus will enable the University to continue to deliver against its strategic priorities. Initial proposals for development are being developed. The most appropriate balance between borrowing levels to fund the development of the site, resultant increased activity to fund
borrowing and likely efficiency savings in utilities, maintenance and staff is also being modeled. Final decisions on substantial investment are unlikely to be made in the 2014-15 financial year but they are expected to begin to be taken in 2015-16. It is also important that whilst the redevelopment of the campus is being planned investment continues to ensure current business can continue.

Recent income growth has depended upon double digit growth in students from outside the EU. Maintaining this growth against a background of increased international competition, regulations of the UK Border Agency and the UK Government’s desire to restrict immigration is a significant risk.

Staffing costs are likely to cause significant pressure in the near to mid-term as cost of living and incremental pay rises outstrip the known increase in income from the SFC. In addition the deficits in the pension schemes to which University staff belong remain volatile. A payment and deficit recovery plan has been agreed between the University and the Trustees of the University of Glasgow Pension Scheme, but costs associated with other pension schemes, particularly the Universities Superannuation Scheme (USS) remain uncertain and are likely to increase.

The current strategic plan has a horizon of June 2015. A consultation is being conducted across the University in preparation for the production of a new strategic plan in early 2015. The new strategy when coupled with a new estates strategy and the substantial development of the main campus places the University in an exciting position of being able to reconfigure itself to be an even more successful global university.

Summary
The University has made good progress in recent years towards its strategic ambitions. The external environment, including below inflation increases in funding from the SFC, the changing fee regime for UK students, increasing pension deficits and the UK Government’s desire to further restrict immigration, continue to pose significant challenges. However, the University is currently in a strong financial position. This coupled to the capacity, and continuing ability, to recruit additional international and postgraduate students saw the University deliver a record surplus in 2013-14 and an operating surplus for the ninth consecutive year whilst increasing its healthy net funds balance.

The University’s Senior Management Group assesses the strategic risks that the University faces at each monthly management meeting and identifies and executes appropriate mitigation plans. Court continues to emphasise that strong financial management is essential and that this should be achieved whilst ensuring that progress is made towards the aspirations set out in the strategic plan.
Introduction
The University Court of the University of Glasgow ("Court") is committed to exhibiting best practice in all aspects of corporate governance relevant to the higher education sector.

This summary describes the manner in which Court has applied the principles of the revised Combined Code on Corporate Governance issued by the Financial Reporting Council in 2008. In addition due regard has been taken of the Turnbull Committee guidance on internal control as amended by the British Universities Finance Directors Group in its 2006 guidance, the Guide for Members of Higher Education Governing Bodies in the UK as issued by the Committee of University Chairmen in 2009 and the Annual Accounts direction as issued by the Scottish Funding Council. Its purpose is to help the reader of the reports and financial statements understand how the principles have been applied. In 2013/14, Court has reviewed and in some cases modified governance arrangements in order to comply with the Scottish Code of Good HE Governance of July 2013. Certain intended changes, affecting the membership of Court, require prior approval by the Privy Council, and have not yet been effected.

Statement of Combined Code compliance
In the opinion of the members of Court, the University complies with all the provisions of the Combined Code in so far as they apply to the higher education sector, and it has complied throughout the year ended 31 July 2014.

University governance
Much of the University's modern constitutional framework derives from the Universities (Scotland) Act 1966, which updated and expanded on the Universities (Scotland) Acts 1858 to 1932. These Acts make provision for the three main statutory bodies in the governance of the University - Court, the Senate and the General Council.

Court
The University’s governing body is Court. Its powers have been defined over a number of years, commencing in 1858, when Court was first established, and are set out in a series of Acts of Parliament, the Universities (Scotland) Acts, 1858-1966. These Acts are supplemented by sections of other Acts and certain Ordinances, promulgated by the University and approved by the Monarch in Council. Ordinances have been enacted to extend the powers available to Court, or to clarify the powers which Court believes it has but which are not explicit in the Acts.

Court has ultimate responsibility for the deployment of resources in the University, and for the strategic plans of the institution. It does not normally generate proposals, but receives them from other bodies within the University - most notably the Senate and the Senior Management Group. It also has a monitoring role in relation to the overall performance of the University, and it holds the Principal accountable for the effective and efficient management of the University. Working with the Senate, Court is responsible for the well-being of students and for the reputation of the University. It is also responsible for the well-being of staff. The Court Statement of Primary Responsibilities is published at http://www.gla.ac.uk/media/media_293602_en.pdf.

Court has 25 members and consists of the Rector (who is elected by the student body), the Principal, the Chancellor's Assessor, a representative of Glasgow City Council, five assessors elected by the General Council, seven assessors elected by Senate, two employee representatives, the President of the Students’ Representative Council, one assessor elected by the Students’ Representative Council, and five independent members appointed by Court. Court is proposing certain changes to this composition in order to address the requirements of the 2013 Scottish Code of Good HE Governance. The changes are intended to put in place a clear majority of independent members on Court i.e. members who are external and independent of the University, and to improve Court's ability to ensure an appropriate balance of skills and expertise among its members. The Rector is the 'ordinary president of Court' in terms of the 1858 Act. Court's standing orders reflect its agreement that the Rector shall chair such parts of Court meetings as Court may decide, and that the Convenor of Court shall chair the other parts of those meetings. Hitherto the Convenor being chosen from amongst the independent Members of Court, this post will be advertised externally in future. Meetings of Court are held five times a year.

Court conducts its business through seven committees, each having formally constituted terms of reference.

The Finance Committee monitors the financial performance of the University and its associated legal entities. It considers financial policies and issues and makes recommendations to Court on these matters having regard to the importance of financial sustainability. It also considers the reports and financial statements and revenue / capital budgets of the University and its associated legal entities and makes recommendations to Court thereon. The Committee is chaired by Ken Brown, an independent member of Court and normally meets five times a year.

The Audit Committee oversees the arrangements for external and internal audit of the University’s financial and management systems and of activities and processes related to these systems. The Committee is chaired by Paul Brady, an independent chair and normally meets four times a year, with the University’s external and internal auditors in attendance.

The Remuneration Committee makes recommendations to Court on the process of determining salary awards for senior staff and will determine the Principal's remuneration in the absence of the Principal. Details of the remuneration of senior post-holders for the year ended 31 July 2014 are set out in note 6 to the financial statements. The Committee is chaired by David Anderson, an independent member of court and normally meets once a year.

The Human Resources Committee develops policies required to implement the University’s human resources strategy and will make recommendations to Court thereon. The Committee will also review the implementation of policy and raise awareness throughout the University of the importance that senior management place on human resource issues. The Committee is chaired by David Anderson, an independent member of Court and normally meets five times a year.

The Nominations Committee makes recommendations to Court on the appointment of independent members appointed by Court and on the membership and Convenor of Court Committees having regard to the skills and experience required. The University provides induction training for all new members of Court and its Committees. The training covers Higher Education in Scotland, University Governance, University Strategy and Financial Management. The Committee is chaired by David Ross, the Convenor of Court and normally meets two or three times a year.

The Estates Committee develops and maintains strategic estate plans for consideration by Court taking into account academic need, resource implications and the importance of environmental sustainability. The Committee is chaired by
Margaret Morton, an independent member of Court and normally meets five times a year.

The Health, Safety and Wellbeing Committee provides a forum within which consultation and discussion may take place between representatives of University management and representatives of staff and students on health, safety and wellbeing matters. The Committee will also make representations and recommendations to Court as required. The Committee is chaired by the Secretary of Court David Newall and normally meets five times a year.

In respect of its strategic and development responsibilities, Court receives recommendations and advice from the Senior Management Group. The Heads of College, Vice Principals and other senior officers are members of the Senior Management Group which is convened by the Principal. The Principal briefs each meeting of Court on significant matters, and reports on issues, considered by the Senior Management Group.

The Senate
Senate is the senior academic body of the University and, subject to the powers of the Court, is responsible for the academic activity of the University and the maintenance of academic standards. Senate has over 500 members drawn principally from the University’s academic staff. In 2013/14, Senate established a Council of Senate, which meets five times per year, and has delegated authority to expedite business on Senate’s behalf.

The General Council
The General Council comprises the graduates of the University and has a statutory right to comment on matters which affect the well-being and prosperity of the University.

Statement of internal control
Court is ultimately responsible for the University’s system of internal control and as chief executive officer; the Principal is responsible for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Senior Management Group receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms. A key control is the Principal’s Budget Briefing which takes place in May of each year. This meeting is attended by the Heads of College and College resource officers. The Budget Briefing provides a forum for the Principal and the Heads of College to discuss the key strategic issues within each College. These meetings are also attended by the Vice Principal for Strategy and Resources and senior staff from the Finance Office.

The Audit Committee’s role in this area is confined to a high level review of the arrangements for internal control.

The University’s internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan, and report their findings to management and the Audit Committee. Management is responsible for the implementation of agreed audit recommendations and the internal auditors undertake periodic follow-up reviews to ensure that such recommendations have been implemented. The Audit Committee considers summarised reports together with recommendations for the improvement of the University’s systems of internal control and management’s responses and implementation plans.

Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee and the Committee meets the internal and external auditors on their own for independent discussions.

Court receives regular reports from the Audit Committee.

Court is of a view that there is an ongoing process for identifying, evaluating and managing the University’s significant risks, and that it has been in place throughout the year ended 31 July 2014 and up to the date of approval of the annual reports and financial statements.

Going concern
The Court considers that the University has adequate resources to continue in operational existence for the foreseeable future.

David CH Ross
Convenor of Court
17 December 2014
STATEMENT OF THE RESPONSIBILITIES OF COURT

The University Court of the University of Glasgow ("Court") is responsible for the administration and management of the affairs of the University. Amongst its duties, which are summarised in a formal Statement of Primary Responsibilities, Court is required to present audited financial statements for each financial year.

Court is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with the Universities (Scotland) Acts 1858 - 1966, the Education Reform Act 1988, the Further and Higher Education (Scotland) Act 1992, the Statement of Recommended Practice on Accounting for Further and Higher Education issued in 2007, and other relevant accounting standards (United Kingdom Generally Accepted Accounting Practice). In addition, within the terms and conditions of a Financial Memorandum agreed with the Scottish Funding Council for Further and Higher Education ("Scottish Funding Council"), Court, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, Court has to ensure that suitable accounting policies are selected and applied consistently, judgements and estimates are made that are reasonable and prudent, applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements and that the financial statements are prepared on the going concern basis unless it is inappropriate to assume that the University will continue in operation. Court is satisfied that it has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

Court has a responsibility to ensure that funds from the Scottish Funding Council are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Scottish Funding Council and any other conditions which the Scottish Funding Council may from time to time prescribe. Court also has a responsibility to ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; safeguard the assets of the University; take reasonable steps to prevent and detect fraud and to ensure that reasonable steps have been taken to secure the economic, efficient and effective management of the University's resources and expenditure.

The key elements in the University's system of internal financial control, which is designed to discharge the responsibilities set out above, include:

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets and regular reviews of academic performance and quarterly reviews of financial results and forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by Court;
- comprehensive Financial Regulations detailing financial controls and procedures;
- an Internal Audit service whose annual programme is approved by the Audit Committee.

The Audit Committee, on behalf of Court, has reviewed the effectiveness of the system of internal control. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. Court is satisfied that there is an ongoing process for identifying, evaluating and managing the University’s significant risks that has been in place for the year ended 31 July 2014 and for the period to the date of the approval of the reports and financial statements. This process accords with the internal control guidance as applicable to the higher education sector.

David Newall
Secretary of Court
On behalf of Court
17 December 2014
Members of Court who served during the year to 31 July 2014 are detailed below, as are members who served up to the date of approval of the reports and financial statements. Also shown is an indication of the Committees on which the members served, the expiry date of their current term of office and whether they are independent members of Court.

<table>
<thead>
<tr>
<th>The Rector</th>
<th>Expiry date</th>
<th>Committee Membership</th>
<th>Independent Member</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rt Hon Charles Kennedy MP</td>
<td>(Mar 2014)</td>
<td></td>
<td></td>
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<tr>
<td>Mr Edward Snowden</td>
<td>(Mar 2017)</td>
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<td></td>
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<table>
<thead>
<tr>
<th>The Principal and Vice-Chancellor</th>
<th>Expiry date</th>
<th>Committee Membership</th>
<th>Independent Member</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professor Anton Muscatelli</td>
<td>(Sep 2019)</td>
<td>(FC) (HRC) (EC) (NC) (RC)</td>
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<table>
<thead>
<tr>
<th>The Chancellor’s Assessor</th>
<th>Expiry date</th>
<th>Committee Membership</th>
<th>Independent Member</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr Murdoch MacLennnan</td>
<td>(Dec 2017)</td>
<td></td>
<td>*</td>
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<table>
<thead>
<tr>
<th>Assessor of City of Glasgow Council</th>
<th>Expiry date</th>
<th>Committee Membership</th>
<th>Independent Member</th>
</tr>
</thead>
<tbody>
<tr>
<td>Councillor Pauline McKeever</td>
<td>(May 2017)</td>
<td></td>
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<table>
<thead>
<tr>
<th>General Council Assessors</th>
<th>Expiry date</th>
<th>Committee Membership</th>
<th>Independent Member</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr Alan Macfarlane</td>
<td>(Jul 2014)</td>
<td>(HRC) (NC)</td>
<td></td>
</tr>
<tr>
<td>Mr David Ross</td>
<td>(Jul 2016)**</td>
<td>(FC) (RC) (NC)</td>
<td>*</td>
</tr>
<tr>
<td>Mr David C Anderson</td>
<td>(Jul 2016)</td>
<td>(HRC) (RC)</td>
<td>*</td>
</tr>
<tr>
<td>Mr Kevin Sweeney</td>
<td>(Jul 2014)</td>
<td>(AC)</td>
<td>*</td>
</tr>
<tr>
<td>Mr Brian McBride</td>
<td>(Jul 2016)</td>
<td></td>
<td></td>
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<tr>
<td>Dr Morag Simpson (from Aug 2014)</td>
<td>(Jul 2018)</td>
<td></td>
<td>*</td>
</tr>
<tr>
<td>Ms Lesley Sutherland (from Aug 2014)</td>
<td>(Jul 2018)</td>
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<tr>
<th>Senate Assessors</th>
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<th>Committee Membership</th>
<th>Independent Member</th>
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</thead>
<tbody>
<tr>
<td>Professor Christine Forde</td>
<td>(Jul 2016)</td>
<td>(HRC)</td>
<td></td>
</tr>
<tr>
<td>Dr Marie Freel</td>
<td>(Oct 2014)</td>
<td>(EC)</td>
<td></td>
</tr>
<tr>
<td>Professor Nicholas Jonsson</td>
<td>(Aug 2014)</td>
<td>(HRC)</td>
<td></td>
</tr>
<tr>
<td>Professor Karen Lury</td>
<td>(Jul 2017)</td>
<td>(EC)</td>
<td></td>
</tr>
<tr>
<td>Professor Miles Padgett</td>
<td>(May 2014)</td>
<td>(FC)</td>
<td></td>
</tr>
<tr>
<td>Dr Duncan Ross</td>
<td>(Jul 2017)</td>
<td>(FC)</td>
<td></td>
</tr>
<tr>
<td>Dr Donald Spaeth</td>
<td>(Jul 2015)</td>
<td>(HRC) (NC)</td>
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<table>
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<tr>
<th>Employee Representatives</th>
<th>Expiry date</th>
<th>Committee Membership</th>
<th>Independent Member</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ms Susan Ashworth</td>
<td>(Jan 2014)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr David W Anderson</td>
<td>(Jan 2018)</td>
<td></td>
<td></td>
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<tr>
<td>Ms Margaret Anne McParland</td>
<td>(Jul 2018)</td>
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<table>
<thead>
<tr>
<th>Co-opted Members of Court</th>
<th>Expiry date</th>
<th>Committee Membership</th>
<th>Independent Member</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr Graeme Bissett (from Jan 2014)</td>
<td>(Dec 2017)</td>
<td>(FC)</td>
<td>*</td>
</tr>
<tr>
<td>Dr Robin Easton</td>
<td>(Dec 2013)</td>
<td>(HSWC) (NC)</td>
<td>*</td>
</tr>
<tr>
<td>Ms Heather Cousins (from Apr 2014)</td>
<td>(Mar 2018)</td>
<td>(AC)</td>
<td>*</td>
</tr>
<tr>
<td>Mr Peter Daniels</td>
<td>(Dec 2013)</td>
<td>(FC) (EC)</td>
<td>*</td>
</tr>
<tr>
<td>Professor Michael Scott-Morton</td>
<td>(Mar 2014)</td>
<td>(EC)</td>
<td>*</td>
</tr>
<tr>
<td>Mr David Milloy (from Jan 2014)</td>
<td>(Dec 2017)</td>
<td>(EC)</td>
<td>*</td>
</tr>
<tr>
<td>Mr Ken Brown</td>
<td>(Dec 2017)</td>
<td>(FC) (RC)</td>
<td>*</td>
</tr>
<tr>
<td>Ms Margaret Morton</td>
<td>(Dec 2017)</td>
<td>(EC) (FC)</td>
<td>*</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>President of the Students’ Representative Council</th>
<th>Expiry date</th>
<th>Committee Membership</th>
<th>Independent Member</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ms Jessica McGrellis (from Jul 2013)</td>
<td>(Jun 2014)</td>
<td>(FC) (EC)</td>
<td></td>
</tr>
<tr>
<td>Ms Breffini O’Connor (from Jul 2014)</td>
<td>(Jun 2015)</td>
<td>(FC) (EC)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Assessor of the Students’ Representative Council</th>
<th>Expiry date</th>
<th>Committee Membership</th>
<th>Independent Member</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr Donald Mackay</td>
<td>(Oct 2014)</td>
<td>(EC) (HRC) (NC) (HSWC)</td>
<td></td>
</tr>
</tbody>
</table>

The Committees of Court, as identified in the Corporate Governance statement are:
- Finance Committee (FC);
- Estates Committee (EC);
- Human Resources Committee (HRC);
- Audit Committee (AC);
- Remuneration Committee (RC);
- Nominations Committee (NC);
- Health, Safety and Wellbeing Committee (HSWC).

**Mr David Ross is also Convenor of Court, an appointment that will run until July 2016.**
We have audited the financial statements of the University of Glasgow for the year ended 31 July 2014 which comprise the Statement of Principal Accounting Policies, Consolidated Income and Expenditure Account, the Consolidated Statement of Historical Cost Surpluses, Consolidated Statement of Total Recognised Gains and Losses, Consolidated and University Balance Sheets, Consolidated Cash Flow Statement and the Reconciliation of Net Cash Flow to Movement in Net Funds and the related notes 1 to 29. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the University Court of the University of Glasgow ("Court"), as a body, in accordance with the Financial Memorandum of the University; and in accordance with section 44(1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulations 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the Court those matters we are required to state to them in an auditors’ report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Court as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the University Court and auditor
As explained more fully in the Statement of the Responsibilities of Court (set out on page 9), Court is responsible for preparing the financial statements and for being satisfied that they give a true and fair view. We have been appointed as auditors under the Financial Memorandum of the University and also under section 44(1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group’s and the University’s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Court; and the overall presentation of the financial statements.

We are also required to report to you whether, in our opinion, funds, from whatever source, administered by the University for specific purposes have, in all material respects, been properly applied to those purposes and managed in accordance with the terms and conditions attached to them and whether income has, in all material respects, been applied in accordance with the relevant legislation and with the Financial Memorandum with the Scottish Funding Council.

In addition, we read all the financial and non financial information contained in the Operating and Financial Review, Corporate Governance Statement and Statement of the Responsibilities of Court and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of affairs of the University and of the Group as at 31 July 2014 and of the surplus of the Group’s income over expenditure and the Group’s cash flows for the year then ended;
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education;
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matters prescribed by applicable regulations
In our opinion:

- funds from the Scottish Funding Council, grants and income for specific purposes and from other restricted funds administered by the University have, in all material respects, been applied only for the purposes for which they were received; and
- income has, in all material respects, been applied in accordance with the Further and Higher Education (Scotland) Act 1992 and, where appropriate, with the Financial Memorandum with the Scottish Funding Council.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Charities Accounts (Scotland) Regulations (as amended) require us to report to you if, in our opinion:

- the information given in the Operating and Financial Review is inconsistent in any material respect with the financial statements;
- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP
Registered auditor
Glasgow
17 December 2014
Ernst & Young LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006
**Basis of preparation**

The financial statements have been prepared under the historic cost convention, modified to include listed investments at their market value, to incorporate certain land and buildings at a revalued amount and in accordance with both the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education, and applicable Accounting Standards. The financial statements also conform to guidance published by the Scottish Funding Council.

**Basis of consolidation**

The consolidated financial statements consolidate the financial statements of the University of Glasgow, its subsidiary companies and unincorporated undertakings. Also consolidated are the results of the University of Glasgow Trust, an independent charity, set up to collect donations and disburse them for the benefit of the University. The financial statements do not consolidate the results of the University of Glasgow students’ unions due to the degree of their independence.

**Income recognition**

Funding council recurrent block grants are accounted for in the period to which they relate.

Tuition fee income is stated net of any discounts and is credited to the income and expenditure account over the period in which the students are studying. Bursaries and scholarships are accounted for gross as expenditure and are not netted from fee income.

Income from grants for sponsored research is included in direct relation to the extent of direct and indirect expenditure incurred on each project during the year.

Income received in respect of the acquisition or construction of fixed assets is treated as deferred capital grants. The grants are credited to deferred capital grants and an annual transfer made to the income and expenditure account over the useful life of the asset at the same rate as the depreciation charge on the asset for which the grant was awarded.

Income from grants for earmarked purposes is only included to the extent of expenditure incurred on each project during the year.

Endowment and investment income is credited to the income and expenditure account on a receivable basis. Income from endowments not expended in accordance with the restrictions of the endowment is transferred from the income and expenditure account to endowments. Any realised gains or losses from dealing in the related assets are retained within the endowment in the balance sheet.

An appreciation or depreciation in value arising on the revaluation or disposal of endowment assets is added to or subtracted from the funds concerned and accounted for through the balance sheet by debiting or crediting the endowment asset and crediting or debiting the endowment fund. The appreciation or depreciation is also reported in the statement of total recognised gains and losses.

**Land and buildings**

Land and buildings are stated at cost or valuation. Building costs include any internal costs associated with bringing the asset into use. Freehold land is not depreciated. Depreciation on buildings is provided using the straight line method to write off the cost or valuation of each property (other than freehold land) over its expected useful life within the range 10 years to 300 years. Assets under construction are not depreciated until they become available for operational use. On an annual basis a review of assets with an estimated life of over 50 years is performed to identify indicators of impairment. For new projects, depreciation is calculated on individual elements within the total cost, each regarded as having a differing useful life. On adoption of FRS 15, the University followed the transitional provision to retain the book value of land and buildings, which were revalued in 1997 and 1999, but not to adopt a policy of revaluation on these properties in the future.

Where buildings are acquired with the aid of specific grants, the grants are capitalised and depreciated. The related grants are credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

**Repairs and maintenance**

Maintenance expenditure is recognised in the income and expenditure account in the period it is incurred. The University has a planned maintenance programme, which is reviewed on an annual basis.

**Heritage assets**

The University holds heritage assets across several locations including; the Hunterian Museum and Art Gallery, Special Collections within the library and Archive Services.

It has not been possible to obtain reliable information on the cost or valuation of the collections held within the Hunterian Museum and Art Gallery, Special Collections and Archive Services. It is not considered practicable to obtain valuations for the artefacts defined as heritage assets owing to the diverse nature of the assets held, the number of assets held, the lack of comparable market values and the prohibitive cost associated with obtaining valuations. The University does not therefore recognise these assets on the Balance Sheet. In accordance with FRS 30 “Heritage Assets”, recent and future acquisitions which meet the definition of a heritage asset, not held for the University’s core purpose of teaching and research, are recognised at cost where the object is purchased or at an appropriate value where the object is donated. The threshold for capitalisation is £25k. Subsequent gains or losses on revaluation are recognised in the statement of total recognised gains and losses. Where it is not practicable to obtain a valuation, details of such significant donations will be disclosed.

Expenditure which is required to preserve or clearly prevent further deterioration of individual collection items is recognised in the income and expenditure account when it is incurred. The heritage assets are deemed to have indeterminate lives and therefore it is not considered appropriate to charge depreciation.

Further information on the collections and details of the University’s management policy in respect of heritage assets is summarised in Note 12.

**Equipment**

Equipment costing less than £25k per individual item or group of related items is written off in the year of acquisition. Equipment over £25k per individual item or group of related items is capitalised and is stated at cost. Equipment assets are depreciated on a straight line basis over the estimated useful life of the asset at between three and ten years or the life of the project with which the equipment is associated, if that is shorter.

Where equipment is acquired for research purposes and is funded with the aid of a specific grant then it is capitalised and depreciated as above, except that the minimum value is £50k. Depreciation will commence in the year that the equipment is commissioned.

Donated equipment is capitalised at depreciated replacement cost at the date of receipt and is depreciated over the useful life of the asset.

12
STATEMENT OF PRINCIPAL ACCOUNTING POLICIES
Continued

Software
Software purchases costing less than £25k per individual item are written off in the year of acquisition. Where software is supplied with hardware, software is not normally split out from the hardware cost and is therefore depreciated in line with the policy on equipment. Software purchases over £25k per individual item are capitalised and stated at cost. The capitalised cost will include the cost of any internal time required to bring the software into use, where this can be clearly attributed. Software assets are depreciated on a straight line basis over the estimated useful life of the assets at between three and ten years or the life of the project with which the software is associated, if that is shorter. Depreciation will commence in the year that the software is commissioned.

Investments
Listed investments are stated at their market value on the balance sheet date. Unlisted investments, including investment in subsidiary holdings, are stated at the lower of cost or valuation. Short term investments are amounts held on deposit realisable more than one day. Cash on term deposit held on behalf of endowment funds is included in endowment asset investments and not within current assets. This reflects more accurately the restricted nature of cash held for endowment funds. Income from investments held for endowment funds is credited directly to these funds.

Endowments and donations
Charitable donations, where the full amount of the donation is to be expended and there is no restriction to a particular objective by the donor, are treated as income in the year in which they are received.

Donations received to be applied to the cost of a tangible fixed asset are shown on the balance sheet as a deferred capital grant. The deferred capital grant is released to the income and expenditure account over the same estimated useful life that is used to determine the depreciation charge of the associated tangible fixed asset.

Where the University receives a donation with the condition that the capital element must be maintained but the income thereon can be applied, the donation is accounted for as a permanent endowment. There are two main types:

- Restricted permanent endowment - the capital fund is maintained and the income must be applied to a particular objective specified by the donor;
- Unrestricted permanent endowment - the capital fund is maintained but the income thereon can be applied to the general purposes of the institution and is therefore unrestricted.

Where the trustees have the power of discretion to convert endowed capital into income, and the donation is restricted to a particular objective specified by the donor, the donation is treated as a restricted expendable endowment.

Stocks
Stocks are valued at the lower of purchase cost or net realisable value and include stocks in the refectories, the halls of residence, the farm and at certain main stores. Other stocks held in academic departments are written off to the income and expenditure account in the year in which the expenditure is incurred.

Agency arrangements
Funds the University receives and disburses as paying agent on behalf of a funding body or other body, where the institution is exposed to minimal risk and enjoys minimal economic benefit related to the receipt and subsequent disbursement of the funds, are excluded from the income and expenditure account of the institution. The balances and movement on these funds are disclosed in note 26 to the financial statements.

Taxation
The University is a charity within the meaning of Part 1, chapter 2, s7 of the Charities and Trustee Investment (Scotland) Act 2005 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly the Institution is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 287 CTA 2009 and sections 471, and 478-488 CTA 2010 (formerly s505 of ICTA 1988) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The institution receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost.

The University’s subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

Cash flows and liquid resources
Cash flows comprise increases or decreases in cash. Cash includes cash in hand and at the bank, deposits repayable on demand and bank overdrafts but excludes any assets held as endowment asset investments. Liquid resources, being short term investments, include term deposits held as part of the University’s treasury management activities but exclude any assets held as endowment asset investments.

Foreign currencies
Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling either at year end rates or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

Provisions, contingent liabilities and contingent assets
Provisions are recognised when the University has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are disclosed by way of a note when the definition of a provision is not met and includes three scenarios: possible rather than a present obligation; a possible rather than a probable outflow of economic benefits; an inability to measure the economic outflow.

Contingent assets are disclosed by way of a note, where there is a possible, rather than a present asset arising from a past event.

Pensions
The University participates in a number of defined benefit pension schemes. For the University of Glasgow Pension Scheme and the Strathclyde Pension Fund, the expected cost of providing pensions is recognised in the income and expenditure account on a systematic basis over the expected average lives of members of the funds. Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit method and discounted...
at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The expected return on assets and the decrease during the period in the present value of the schemes’ liabilities arising from the passage of time are included in pension finance costs within interest payable or in pension finance income within endowment and investment income. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

For the other multi-employer schemes that the University participates in, it is not possible to identify each participating institution’s share of the underlying assets and liabilities. Contributions are therefore recognised as if they were defined contribution schemes and are charged to the income and expenditure account in the period in which they become payable.

**Leases**

Finance leases, which substantially transfer all the benefits and risks of ownership of an asset to the University, are treated as if the asset had been purchased outright. The assets are included in fixed assets (in so far as the costs exceed the University’s capitalisation threshold) and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied in order to reduce outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

Rental costs incurred under operating leases are charged to expenditure in equal annual amounts over the period of the leases.

**Intra group transactions**

Gains or losses on any intra group transactions are eliminated in full. Amounts in relation to debts and claims between undertakings included in the consolidation are also eliminated.
### CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 July 2014

<table>
<thead>
<tr>
<th>Note</th>
<th>Income</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Funding body grants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td></td>
<td>161,213</td>
<td>154,892</td>
</tr>
<tr>
<td></td>
<td>Tuition fees and education contracts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td>132,224</td>
<td>110,936</td>
</tr>
<tr>
<td></td>
<td>Research grants and contracts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
<td>133,618</td>
<td>128,090</td>
</tr>
<tr>
<td></td>
<td>Other income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
<td>73,485</td>
<td>67,496</td>
</tr>
<tr>
<td></td>
<td>Endowment and investment income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td></td>
<td>10,801</td>
<td>7,539</td>
</tr>
<tr>
<td></td>
<td><strong>Total income</strong></td>
<td>511,341</td>
<td>468,953</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff costs</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>Interest and other finance costs</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td><strong>Total expenditure</strong></td>
<td>490,527</td>
<td>457,949</td>
</tr>
</tbody>
</table>

Surplus after depreciation of tangible fixed assets at valuation and before exceptional items

Expenditure

Surplus on continuing operations after depreciation of assets at valuation and disposal of fixed assets

Corporation taxation

Surplus on continuing operations after depreciation of assets at valuation and disposal of fixed assets and taxation

Surplus for the year transferred to accumulated income in endowment funds

Surplus for the year retained within general reserves

All items of income and expenditure arise from continuing operations
### CONSOLIDATED STATEMENT OF HISTORICAL COST SURPLUSES
for the year ended 31 July 2014

<table>
<thead>
<tr>
<th>Note</th>
<th>2014 £000</th>
<th>2013 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus for the year retained within general reserves</td>
<td>19,721</td>
<td>10,030</td>
</tr>
<tr>
<td>Difference between historical cost depreciation and the actual charge for the period calculated on the re-valued amount</td>
<td>4,068</td>
<td>3,376</td>
</tr>
<tr>
<td><strong>Historical cost surplus for the year</strong></td>
<td>23,789</td>
<td>13,406</td>
</tr>
</tbody>
</table>

### CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 July 2014

<table>
<thead>
<tr>
<th>Note</th>
<th>2014 £000</th>
<th>2013 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus on continuing operations after depreciation of assets at valuation and disposal of fixed assets</td>
<td>20,626</td>
<td>11,060</td>
</tr>
<tr>
<td>Unrealised gains on investments</td>
<td>1,564</td>
<td>377</td>
</tr>
<tr>
<td>Appreciation of endowment asset investments</td>
<td>2,077</td>
<td>22,359</td>
</tr>
<tr>
<td>New endowment bequests</td>
<td>943</td>
<td>1,036</td>
</tr>
<tr>
<td>Actuarial (loss) / gain in respect of pension schemes</td>
<td>(9,891)</td>
<td>65,628</td>
</tr>
<tr>
<td><strong>Total recognised gains for the year</strong></td>
<td>15,319</td>
<td>100,460</td>
</tr>
</tbody>
</table>

**Reconciliation:**

<table>
<thead>
<tr>
<th></th>
<th>2014 £000</th>
<th>2013 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening reserves and endowments</td>
<td>386,178</td>
<td>285,718</td>
</tr>
<tr>
<td>Total recognised gains for the year</td>
<td>15,319</td>
<td>100,460</td>
</tr>
<tr>
<td>Closing reserves and endowments</td>
<td>401,497</td>
<td>386,178</td>
</tr>
</tbody>
</table>
### BALANCE SHEETS
as at 31 July 2014

<table>
<thead>
<tr>
<th>Note</th>
<th>Consolidated 2014 £000</th>
<th>University 2014 £000</th>
<th>Consolidated 2013 £000</th>
<th>University 2013 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible assets</td>
<td>11</td>
<td>502,487</td>
<td>502,487</td>
<td>476,113</td>
</tr>
<tr>
<td>Investments</td>
<td>13</td>
<td>7,795</td>
<td>2,403</td>
<td>6,531</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>510,282</strong></td>
<td><strong>504,890</strong></td>
<td><strong>482,644</strong></td>
</tr>
<tr>
<td>Endowment assets</td>
<td>14</td>
<td><strong>157,848</strong></td>
<td><strong>157,848</strong></td>
<td><strong>153,923</strong></td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock</td>
<td>732</td>
<td>564</td>
<td>673</td>
<td>546</td>
</tr>
<tr>
<td>Debtors</td>
<td>15</td>
<td>60,917</td>
<td>64,510</td>
<td>51,082</td>
</tr>
<tr>
<td>Short term investments</td>
<td>16</td>
<td>48,032</td>
<td>48,032</td>
<td>49,818</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>16</td>
<td>115,352</td>
<td>112,592</td>
<td>102,640</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>225,033</strong></td>
<td><strong>225,698</strong></td>
<td><strong>204,213</strong></td>
</tr>
<tr>
<td>Less: Creditors – amounts falling due within one year</td>
<td>17</td>
<td>(218,698)</td>
<td>(218,518)</td>
<td>(176,690)</td>
</tr>
<tr>
<td>Net current assets</td>
<td>6,335</td>
<td>7,180</td>
<td>27,523</td>
<td>29,352</td>
</tr>
<tr>
<td>Total assets less current liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>674,465</td>
<td>669,918</td>
<td>664,090</td>
<td>662,232</td>
<td></td>
</tr>
<tr>
<td>Net assets excluding pension liability</td>
<td>670,013</td>
<td>665,466</td>
<td>659,602</td>
<td>657,744</td>
</tr>
<tr>
<td>Net pension liability</td>
<td>29</td>
<td>(37,721)</td>
<td>(37,721)</td>
<td>(59,600)</td>
</tr>
<tr>
<td>Net assets including pension liability</td>
<td>632,292</td>
<td>627,745</td>
<td>600,002</td>
<td>598,144</td>
</tr>
</tbody>
</table>
### BALANCE SHEETS
as at 31 July 2014 - continued

<table>
<thead>
<tr>
<th>Note</th>
<th>Consolidated 2014 £000</th>
<th>University 2014 £000</th>
<th>Consolidated 2013 £000</th>
<th>University 2013 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred income</td>
<td>19</td>
<td>230,795</td>
<td>230,795</td>
<td>213,824</td>
</tr>
<tr>
<td><strong>Endowment funds</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Permanent</td>
<td>20</td>
<td>132,740</td>
<td>132,740</td>
<td>125,791</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>157,848</strong></td>
<td><strong>157,848</strong></td>
<td><strong>153,923</strong></td>
</tr>
<tr>
<td><strong>Reserves</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income and expenditure excluding pension liability</td>
<td>21</td>
<td>127,329</td>
<td>125,172</td>
<td>135,310</td>
</tr>
<tr>
<td>Pension liability</td>
<td>21, 29</td>
<td>(37,721)</td>
<td>(37,721)</td>
<td>(59,600)</td>
</tr>
<tr>
<td>Income and expenditure including pension liability</td>
<td></td>
<td>89,608</td>
<td>87,451</td>
<td>75,710</td>
</tr>
<tr>
<td>Revaluation reserve</td>
<td>21</td>
<td>154,041</td>
<td>151,651</td>
<td>156,545</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>243,649</strong></td>
<td><strong>239,102</strong></td>
<td><strong>232,255</strong></td>
</tr>
<tr>
<td><strong>Total funds</strong></td>
<td></td>
<td><strong>632,292</strong></td>
<td><strong>627,745</strong></td>
<td><strong>600,002</strong></td>
</tr>
</tbody>
</table>

The financial statements on pages 12 to 45 were approved by the University Court of the University of Glasgow on 17 December 2014 and were signed on its behalf by:

**Professor Anton Muscatelli**
Principal

**Ken Brown**
Convener of Finance Committee

**Robert Fraser**
Director of Finance
# CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 July 2014

<table>
<thead>
<tr>
<th>Note</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
</tbody>
</table>

## Net cash inflow from operating activities

22  
24,767  
46,740

## Return on investments and servicing of finance

<table>
<thead>
<tr>
<th>Income from endowments</th>
<th>20</th>
<th>6,090</th>
<th>6,013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest received</td>
<td>5</td>
<td>1,129</td>
<td>932</td>
</tr>
</tbody>
</table>

Net cash inflow from return on investments and servicing of finance  
7,219  
6,945

## Capital expenditure

<table>
<thead>
<tr>
<th>Endowment assets acquired</th>
<th>(38,470)</th>
<th>(25,330)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts from the sale of endowment assets</td>
<td>36,281</td>
<td>26,473</td>
</tr>
<tr>
<td>New bequests</td>
<td>20</td>
<td>943</td>
</tr>
<tr>
<td>Payments to acquire tangible assets</td>
<td>11</td>
<td>(48,809)</td>
</tr>
<tr>
<td>Deferred capital grants received</td>
<td>19</td>
<td>28,091</td>
</tr>
<tr>
<td>Proceeds of sale of assets</td>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>

Net cash outflow from capital expenditure  
(21,962)  
(15,536)

## Net cash inflow before management of liquid resources

10,024  
38,149

## Management of liquid resources

| Cash transferred from / (to) term deposits | 27 | 1,786 | (25,743) |
| Cash transferred from / (to) endowments  | 27 | 902   | (2,614) |

Increase in cash in the year  
12,712  
9,792

# RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

for the year ended 31 July 2014

<table>
<thead>
<tr>
<th>Note</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
</tbody>
</table>

Increase in cash in the year  
27  
12,712  
9,792

Cash (outflow) / inflow of liquid resources  
27  
(1,786)  
25,743

Movement in net funds in the year  
10,926  
35,535

Net funds at 1 August  
27  
152,458  
116,923

Net funds at 31 July  
27  
163,384  
152,458
### Funding body grants

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main teaching grant</td>
<td>84,840</td>
<td>85,920</td>
</tr>
<tr>
<td>Main quality research grant</td>
<td>44,417</td>
<td>43,386</td>
</tr>
<tr>
<td>Research postgraduate grant</td>
<td>6,411</td>
<td>6,294</td>
</tr>
<tr>
<td>Knowledge transfer grant</td>
<td>2,522</td>
<td>2,928</td>
</tr>
<tr>
<td>Infrastructure grants</td>
<td>1,287</td>
<td>1,619</td>
</tr>
<tr>
<td>Deferred capital grants released in the year</td>
<td>5,701</td>
<td>4,236</td>
</tr>
<tr>
<td>Other funding council grants</td>
<td>16,035</td>
<td>10,509</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>161,213</td>
<td>154,892</td>
</tr>
</tbody>
</table>

### Tuition fees and education contracts

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home and EU students</td>
<td>38,411</td>
<td>38,075</td>
</tr>
<tr>
<td>Rest of the UK Students</td>
<td>8,401</td>
<td>2,806</td>
</tr>
<tr>
<td>Overseas students</td>
<td>67,459</td>
<td>52,558</td>
</tr>
<tr>
<td>Short courses</td>
<td>5,661</td>
<td>5,334</td>
</tr>
<tr>
<td>Other fees</td>
<td>1,260</td>
<td>1,155</td>
</tr>
<tr>
<td>Research support grants</td>
<td>11,032</td>
<td>11,008</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>132,224</td>
<td>110,936</td>
</tr>
</tbody>
</table>

### Research grants and contracts

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research Councils</td>
<td>47,192</td>
<td>47,891</td>
</tr>
<tr>
<td>Charities</td>
<td>39,246</td>
<td>36,997</td>
</tr>
<tr>
<td>UK Government</td>
<td>20,378</td>
<td>18,306</td>
</tr>
<tr>
<td>European Commission</td>
<td>9,951</td>
<td>8,292</td>
</tr>
<tr>
<td>UK industry</td>
<td>4,470</td>
<td>3,905</td>
</tr>
<tr>
<td>Overseas</td>
<td>9,285</td>
<td>9,615</td>
</tr>
<tr>
<td>Other sources</td>
<td>551</td>
<td>929</td>
</tr>
<tr>
<td>Deferred capital grants released in the year</td>
<td>2,545</td>
<td>2,155</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>133,618</td>
<td>128,090</td>
</tr>
</tbody>
</table>

### Other Income

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residences and Hospitality services</td>
<td>26,382</td>
<td>23,560</td>
</tr>
<tr>
<td>Other services rendered</td>
<td>23,361</td>
<td>22,974</td>
</tr>
<tr>
<td>Deferred capital grants released in the year</td>
<td>2,874</td>
<td>2,842</td>
</tr>
<tr>
<td>Health Authorities</td>
<td>4,542</td>
<td>4,750</td>
</tr>
<tr>
<td>Other income</td>
<td>16,326</td>
<td>13,370</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>73,485</td>
<td>67,496</td>
</tr>
</tbody>
</table>
## 5 Endowment and investment income

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from expendable endowments (note 20)</td>
<td>971</td>
<td>1,108</td>
</tr>
<tr>
<td>Income from permanent endowments (note 20)</td>
<td>5,119</td>
<td>4,905</td>
</tr>
<tr>
<td>Endowment management fees</td>
<td>561</td>
<td>594</td>
</tr>
<tr>
<td>FRS 17 Interest (note 29)</td>
<td>3,021</td>
<td>-</td>
</tr>
<tr>
<td>Income from short-term investments</td>
<td>1,129</td>
<td>932</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>10,801</td>
<td>7,539</td>
</tr>
</tbody>
</table>

## 6 Staff costs

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>By expense type:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries</td>
<td>207,574</td>
<td>193,374</td>
</tr>
<tr>
<td>Social security costs</td>
<td>16,327</td>
<td>14,769</td>
</tr>
<tr>
<td>Other pension costs (note 29)</td>
<td>45,779</td>
<td>41,415</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>269,680</td>
<td>249,558</td>
</tr>
</tbody>
</table>

With effect from 1 October 2008, members of the USS and UGPS schemes may elect to give up a portion of their contractual gross pay equal to their employees’ pension contribution as part of a HMRC approved salary sacrifice scheme. No changes to staff pensionable salaries or total pension scheme contributions arise from this arrangement. The salaries figures reflect the reduced gross pay earned by staff and the total pension costs reflect the increased employer contributions under this arrangement.

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>By staff category:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Academic departments</td>
<td>135,240</td>
<td>125,190</td>
</tr>
<tr>
<td>Academic services</td>
<td>16,169</td>
<td>15,742</td>
</tr>
<tr>
<td>Research grants and contracts</td>
<td>69,114</td>
<td>63,045</td>
</tr>
<tr>
<td>Residences and hospitality services</td>
<td>4,037</td>
<td>3,893</td>
</tr>
<tr>
<td>Premises</td>
<td>14,208</td>
<td>13,312</td>
</tr>
<tr>
<td>Administration and other central services</td>
<td>23,429</td>
<td>20,677</td>
</tr>
<tr>
<td>Other income generating</td>
<td>7,483</td>
<td>7,699</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>269,680</td>
<td>249,558</td>
</tr>
</tbody>
</table>

Remuneration of the Principal:


Contribution in respect of pensions:

- Professor Anton Muscatelli: 42 (2014), 41 (2013)

Aggregate compensation for loss of office paid to former higher paid employees:

- Pension benefits: - (2014), 143 (2013)

**Total**: 37 (2014), 420 (2013)
### 6 Staff costs (continued)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th></th>
<th>2013</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td></td>
<td>Number</td>
<td></td>
</tr>
<tr>
<td>Academic departments</td>
<td>2,419</td>
<td>2,232</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Academic services</td>
<td>378</td>
<td>375</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research grants and contracts</td>
<td>1,201</td>
<td>965</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residences and Hospitality services</td>
<td>133</td>
<td>129</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Premises</td>
<td>507</td>
<td>473</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration and other central services</td>
<td>522</td>
<td>464</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other income generating</td>
<td>195</td>
<td>175</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5,355</td>
<td>4,813</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Remuneration of higher paid staff, including NHS merit awards, but excluding employer’s pension contributions and termination payments fell within the following ranges:

<table>
<thead>
<tr>
<th></th>
<th>2014 Number</th>
<th></th>
<th>2013 Number</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Non clinical</td>
<td>Clinical</td>
<td>Non clinical</td>
<td>Clinical</td>
</tr>
<tr>
<td>£70,001 - £80,000</td>
<td>90</td>
<td>15</td>
<td>68</td>
<td>11</td>
</tr>
<tr>
<td>£80,001 - £90,000</td>
<td>70</td>
<td>6</td>
<td>56</td>
<td>8</td>
</tr>
<tr>
<td>£90,001 - £100,000</td>
<td>41</td>
<td>15</td>
<td>34</td>
<td>15</td>
</tr>
<tr>
<td>£100,001 - £110,000</td>
<td>21</td>
<td>8</td>
<td>16</td>
<td>8</td>
</tr>
<tr>
<td>£110,001 - £120,000</td>
<td>12</td>
<td>8</td>
<td>12</td>
<td>9</td>
</tr>
<tr>
<td>£120,001 - £130,000</td>
<td>12</td>
<td>11</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>£130,001 - £140,000</td>
<td>6</td>
<td>7</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>£140,001 - £150,000</td>
<td>5</td>
<td>8</td>
<td>4</td>
<td>10</td>
</tr>
<tr>
<td>£150,001 - £160,000</td>
<td>2</td>
<td>6</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>£160,001 - £170,000</td>
<td>1</td>
<td>5</td>
<td>-</td>
<td>7</td>
</tr>
<tr>
<td>£170,001 - £180,000</td>
<td>-</td>
<td>10</td>
<td>-</td>
<td>9</td>
</tr>
<tr>
<td>£180,001 - £190,000</td>
<td>1</td>
<td>6</td>
<td>-</td>
<td>4</td>
</tr>
<tr>
<td>£190,001 - £200,000</td>
<td>-</td>
<td>5</td>
<td>-</td>
<td>4</td>
</tr>
<tr>
<td>£200,001 - £210,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>£210,001 - £220,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>£220,001 - £230,000</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>£230,001 - £240,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>£240,001 - £250,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>£250,001 - £260,000</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>£260,001 - £270,000</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>7,619</td>
<td>7,434</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>198,414</td>
<td>187,600</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 7 Other operating expenses

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Academic departments</td>
<td>54,800</td>
<td>48,452</td>
</tr>
<tr>
<td>Academic services</td>
<td>9,441</td>
<td>11,423</td>
</tr>
<tr>
<td>Research grants and contracts</td>
<td>51,074</td>
<td>53,243</td>
</tr>
<tr>
<td>Residences and hospitality services</td>
<td>20,096</td>
<td>16,886</td>
</tr>
<tr>
<td>Premises</td>
<td>32,229</td>
<td>34,010</td>
</tr>
<tr>
<td>Administration and other central services</td>
<td>22,034</td>
<td>14,637</td>
</tr>
<tr>
<td>Agency staff</td>
<td>1,121</td>
<td>1,515</td>
</tr>
<tr>
<td>Other income generating</td>
<td>7,619</td>
<td>7,434</td>
</tr>
<tr>
<td></td>
<td>198,414</td>
<td>187,600</td>
</tr>
</tbody>
</table>
### 7 Other operating expenses (continued)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other operating expenses include the following fees (including VAT) in respect of services provided to the group for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>External auditors’ remuneration in respect of audit services</td>
<td>78</td>
<td>76</td>
</tr>
<tr>
<td>External auditors’ remuneration in respect of non-audit services</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>Internal auditors’ remuneration in respect of audit services</td>
<td>99</td>
<td>244</td>
</tr>
<tr>
<td>Internal auditors’ remuneration in respect of non-audit services</td>
<td>139</td>
<td>144</td>
</tr>
</tbody>
</table>

### 8 Corporation taxation

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore corporation tax at 11.8% on the profits of UGlasgow Singapore Pte Ltd</td>
<td>188</td>
<td>86</td>
</tr>
<tr>
<td></td>
<td>188</td>
<td>86</td>
</tr>
</tbody>
</table>

The University is recognised as a charity by HMRC. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 to the extent that such income or gains are applied to charitable purposes. No tax liability arises in the year from the non charitable activities of the University.

### 9 Interest and other finance costs

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net finance cost on pension scheme (note 29)</td>
<td>-</td>
<td>1,882</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>1,882</td>
</tr>
</tbody>
</table>

### 10 Exceptional items

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gain on disposal of a building at Dumfries campus</td>
<td>-</td>
<td>73</td>
</tr>
<tr>
<td>Gain on wind up of investment in spin out</td>
<td>-</td>
<td>69</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>142</td>
</tr>
</tbody>
</table>
### 11 Tangible assets

#### Consolidated:

<table>
<thead>
<tr>
<th></th>
<th>Freehold land and buildings</th>
<th>Equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Cost or valuation:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As at 1 August 2013</td>
<td>824,685</td>
<td>94,577</td>
<td>919,262</td>
</tr>
<tr>
<td>Additions at cost</td>
<td>33,743</td>
<td>15,066</td>
<td>48,809</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>(222)</td>
<td>(222)</td>
</tr>
<tr>
<td>As at 31 July 2014</td>
<td>858,428</td>
<td>109,421</td>
<td>967,849</td>
</tr>
</tbody>
</table>

#### Depreciation:

<table>
<thead>
<tr>
<th></th>
<th>£000</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 1 August 2013</td>
<td>(364,818)</td>
<td>(78,331)</td>
<td>(443,149)</td>
</tr>
<tr>
<td>Charge for the year</td>
<td>(14,522)</td>
<td>(7,911)</td>
<td>(22,433)</td>
</tr>
<tr>
<td>Eliminated on disposal</td>
<td>-</td>
<td>220</td>
<td>220</td>
</tr>
<tr>
<td>As at 31 July 2014</td>
<td>(379,340)</td>
<td>(86,022)</td>
<td>(465,362)</td>
</tr>
</tbody>
</table>

#### Net Book Value:

<table>
<thead>
<tr>
<th></th>
<th>£000</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 31 July 2014</td>
<td>479,088</td>
<td>23,399</td>
<td>502,487</td>
</tr>
<tr>
<td>As at 31 July 2013</td>
<td>459,867</td>
<td>16,246</td>
<td>476,113</td>
</tr>
</tbody>
</table>

#### University:

<table>
<thead>
<tr>
<th></th>
<th>Freehold land and buildings</th>
<th>Equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Cost or valuation:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As at 1 August 2013</td>
<td>824,685</td>
<td>94,280</td>
<td>918,965</td>
</tr>
<tr>
<td>Additions at cost</td>
<td>33,743</td>
<td>15,066</td>
<td>48,809</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>(222)</td>
<td>(222)</td>
</tr>
<tr>
<td>As at 31 July 2014</td>
<td>858,428</td>
<td>109,124</td>
<td>967,552</td>
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#### Depreciation:

<table>
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<tr>
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<th>£000</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 1 August 2013</td>
<td>(364,818)</td>
<td>(78,034)</td>
<td>(442,852)</td>
</tr>
<tr>
<td>Charge for the year</td>
<td>(14,522)</td>
<td>(7,911)</td>
<td>(22,433)</td>
</tr>
<tr>
<td>Eliminated on disposal</td>
<td>-</td>
<td>220</td>
<td>220</td>
</tr>
<tr>
<td>As at 31 July 2014</td>
<td>(379,340)</td>
<td>(85,725)</td>
<td>(465,065)</td>
</tr>
</tbody>
</table>

#### Net Book Value:

<table>
<thead>
<tr>
<th></th>
<th>£000</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 31 July 2014</td>
<td>479,088</td>
<td>23,399</td>
<td>502,487</td>
</tr>
<tr>
<td>As at 31 July 2013</td>
<td>459,867</td>
<td>16,246</td>
<td>476,113</td>
</tr>
</tbody>
</table>
11 Tangible assets (continued)

Valuations were carried out in 1997 and 1999 using depreciated replacement cost, assuming replacement of buildings on the basis of equivalent reinstatement and continuation of University occupation and use. The transitional rules set out in FRS 15: Tangible Fixed Assets were applied on implementing FRS 15. Accordingly the 1997 and 1999 valuation amounts are being retained and will not be updated other than for asset disposals. The consolidated cost or valuation balance as above includes £497,646k relating to the 1997 valuation and £9,652k relating to the 1999 valuation.

Property owned by the University includes academic buildings, student residences and other associated properties including a conference centre, a sports centre and a museum and art gallery, none of which is considered to be inalienable. The University has an agreement with Glasgow Student Villages Ltd (GSV) whereby certain of the University’s Halls of Residence were sold to that company with the University having a future option to repurchase the properties. The financial statements reflect the economic substance of these transactions and as such these assets are still included in the land and buildings of the University although legal title has passed to GSV. There are no other restrictions on the realisation of property except that the proceeds of sale of any building acquired with public funds must be handled in a manner consistent with the conditions of the Financial Memorandum.

Freehold land and buildings contains £74.7m of land (£74.7m) which is not depreciated and £34.9m (£14.5m) of assets that are under construction and have not yet received a charge for depreciation.

12 Heritage assets

The University holds heritage assets across several locations with the main collections in the following areas:

The Hunterian Museum and Art Gallery

The University of Glasgow’s Hunterian Museum and Art Gallery is Scotland’s oldest public museum and is rated as one of the top museums in Scotland. The entire collection, cared for by the Hunterian Museum and Art Gallery, is fully accredited by the Museum, Library and Archive Council and is formally recognised by the Scottish Government as being a ‘collection of national significance for Scotland’.

The museum is home to over a million items ranging from fossils to coins and medals. The museum houses specific collections such as a permanent display based around the life and work of Lord Kelvin and displays dedicated to the history of medicine in Scotland which includes the eminent Scottish physician and obstetrician, William Hunter’s own medical collection from the 18th century. The Hunterian Art Gallery includes works by the Scottish colourists Peploe and Cadell and a display of works drawn from the estate of the American artist James McNeill Whistler, bequeathed to the Hunterian. The Charles Rennie Mackintosh Collection is the largest single holding of his work comprising over 800 drawings, designs and watercolours.

The Anatomy Museum and Zoology Museum are also managed by the Hunterian Museum and Art Gallery. The anatomy collections consist of William Hunter’s medical teaching material from his career and range from skeletal material to taxidermy. The Zoology Museum houses most of the major groups of animals but has particular strength in insects which constitutes 90% of the 600,000 specimens.

The main Hunterian Museum is open to visitors on Tuesday to Saturday 10am to 5pm and Sundays 11am to 4pm. The Zoology museum is open Monday to Friday 9am to 5pm. The Hunterian Art Gallery and the Mackintosh House are open to visitors Tuesday to Saturday 10am to 5pm and Sunday 11am to 4pm. Access to the Anatomy Museum is available by appointment only. Information about the University’s policy for the acquisition, preservation and management and disposal of heritage assets can be found at: www.hunterian.gla.ac.uk/foi

There have been no disposals or acquisitions during the financial year.
12 Heritage assets (continued)

Special Collections
The University of Glasgow’s Special Collections department is one of the foremost resources in Scotland for academic research and teaching. The collection has been built up over a period of more than 500 years and now contains more than 200,000 manuscript items and approximately 200,000 printed works, including over 1,000 incunabula (books published before 1501). The collection covers a wide range of subjects including humanities, social and economic history and the history of science and medicine. Holdings in areas such as medieval and renaissance manuscripts and emblem literature are of world importance.

Special Collections is open to the public Monday to Thursday 9am to 5pm (6pm during term time) and Friday 10am to 5pm. Special Collections is closed during bank holidays. Information about the University’s policy for the acquisition, preservation and management and disposal of heritage assets can be found at: www.gla.ac.uk/services/specialcollections/aboutus/acquisitionspolicy/

There have been no disposals or acquisitions during the financial year.

Archive Services
Glasgow University Archive Services holds the official records of the University created and accumulated since its foundation in 1451, including University related records deposited by staff, alumni and associated organisations, and the records of predecessor institutions. It also manages the Scottish Business Archive consisting of collections of historical business records dating from the 18th century to the present day. Archive services is open to the public as follows: Monday to Friday 9.30am to 5pm. Archive Services is closed during public holidays.

Information about the University’s policy for the acquisition, preservation and management and disposal of heritage assets can be found at: http://www.gla.ac.uk/media/media_61203_en.pdf and annual details can be found at http://www.gla.ac.uk/services/archives/about/ourperformance/annualreviews/

There have been no disposals or acquisitions during the financial year.

Reliable information on cost or valuation cannot be obtained for the vast majority of collections held within the Hunterian Museum and Art Gallery, Special Collections and Archive Services. This is because of the diverse nature of the assets held, the number of assets held and the lack of comparable market values. The University does not therefore recognise these assets on the balance sheet, other than recent acquisitions which are reported at cost, where the object is purchased, or at the University’s best estimate of current value where the object is donated and meets the definition of a heritage asset. Acquisitions in the year to 31 July 2014 do not meet the definition of a heritage asset and therefore are not recognised on the balance sheet.

13 Investments

<table>
<thead>
<tr>
<th></th>
<th>Consolidated</th>
<th></th>
<th>University</th>
<th></th>
<th>Consolidated</th>
<th>University</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treasury stock at market value</td>
<td>2,069</td>
<td>2,069</td>
<td>2,575</td>
<td>2,510</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unlisted investments at cost</td>
<td>84</td>
<td>334</td>
<td>84</td>
<td>334</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Listed investments at market value</td>
<td>5,642</td>
<td>-</td>
<td>3,872</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7,795</strong></td>
<td><strong>2,403</strong></td>
<td><strong>6,531</strong></td>
<td><strong>2,844</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The University has a direct interest of 100% in both the ordinary share capital and preference share capital of GU Holdings Limited, Kelvin Nanotechnology Limited and UGlasgow Singapore Pte Ltd, registered in Singapore. GU Holdings Limited owns 100% of the ordinary share capital of GU Heritage Retail Limited.

These companies are incorporated in the consolidated financial statements. In addition the University of Glasgow Trust, an independent charity set up to collect donations and disburse them for the benefit of the University generally, is consolidated in these financial statements.
### 14 Endowment assets (Consolidated and University)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td><strong>Balance at 1 August</strong></td>
<td>153,923</td>
<td>129,498</td>
</tr>
<tr>
<td><strong>New endowments invested</strong></td>
<td>943</td>
<td>1,036</td>
</tr>
<tr>
<td><strong>Increase in market value of investments</strong></td>
<td>2,077</td>
<td>22,359</td>
</tr>
<tr>
<td><strong>Surplus transferred from the income and expenditure account</strong></td>
<td>905</td>
<td>1,030</td>
</tr>
<tr>
<td><strong>Balance at 31 July</strong></td>
<td>157,848</td>
<td>153,923</td>
</tr>
</tbody>
</table>

**Represented by**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Listed investments at market value</td>
<td>148,764</td>
<td>145,409</td>
</tr>
<tr>
<td>Cash on hand and at bank</td>
<td>9,084</td>
<td>8,514</td>
</tr>
</tbody>
</table>

**Total endowment assets** | 157,848 | 153,923 |

### 15 Debtors: amounts falling due within one year

<table>
<thead>
<tr>
<th></th>
<th>Consolidated 2014</th>
<th>University 2014</th>
<th>Consolidated 2013</th>
<th>University 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Research grants and contracts</td>
<td>33,602</td>
<td>33,602</td>
<td>27,817</td>
<td>27,817</td>
</tr>
<tr>
<td>Prepayments and other sundry debtors</td>
<td>9,568</td>
<td>9,273</td>
<td>9,912</td>
<td>9,432</td>
</tr>
<tr>
<td>Capital projects</td>
<td>5,406</td>
<td>5,406</td>
<td>516</td>
<td>516</td>
</tr>
<tr>
<td>Salaries recoverable externally</td>
<td>566</td>
<td>566</td>
<td>132</td>
<td>132</td>
</tr>
<tr>
<td>Courses, consultancies and contracts</td>
<td>7,739</td>
<td>7,739</td>
<td>8,464</td>
<td>8,464</td>
</tr>
<tr>
<td>Amounts due from subsidiaries</td>
<td>-</td>
<td>3,888</td>
<td>-</td>
<td>4,357</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>56,881</td>
<td>60,474</td>
<td>46,841</td>
<td>50,718</td>
</tr>
</tbody>
</table>

**Debtors: amounts falling due after more than one year**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2014</th>
<th>2013</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Lease incentive</td>
<td>4,036</td>
<td>4,036</td>
<td>4,241</td>
<td>4,241</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>60,917</td>
<td>64,510</td>
<td>51,082</td>
<td>54,959</td>
</tr>
</tbody>
</table>

### 16 Cash balances

<table>
<thead>
<tr>
<th></th>
<th>Consolidated 2014</th>
<th>University 2014</th>
<th>Consolidated 2013</th>
<th>University 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td><strong>Short term investments</strong></td>
<td>48,032</td>
<td>48,032</td>
<td>49,818</td>
<td>49,818</td>
</tr>
<tr>
<td><strong>Cash at bank and on hand</strong></td>
<td>115,352</td>
<td>112,592</td>
<td>102,640</td>
<td>100,484</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>163,384</td>
<td>160,624</td>
<td>152,458</td>
<td>150,302</td>
</tr>
</tbody>
</table>

27
### 17 Creditors: amounts falling due within one year

<table>
<thead>
<tr>
<th></th>
<th>Consolidated 2014</th>
<th>University 2014</th>
<th>Consolidated 2013</th>
<th>University 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research grants and contracts</td>
<td>£86,625</td>
<td>£86,625</td>
<td>£75,560</td>
<td>£75,560</td>
</tr>
<tr>
<td>Sundry creditors</td>
<td>£29,442</td>
<td>£29,137</td>
<td>£18,659</td>
<td>£18,491</td>
</tr>
<tr>
<td>Accruals and sundry provisions</td>
<td>£72,867</td>
<td>£72,879</td>
<td>£57,212</td>
<td>£57,097</td>
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<tr>
<td>Courses, consultancies and contracts</td>
<td>£20,307</td>
<td>£20,307</td>
<td>£16,544</td>
<td>£16,544</td>
</tr>
<tr>
<td>Employment cost liabilities</td>
<td>£9,457</td>
<td>£9,457</td>
<td>£8,715</td>
<td>£8,715</td>
</tr>
<tr>
<td>Amounts due to subsidiaries</td>
<td>-</td>
<td>£113</td>
<td>-</td>
<td>£48</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>£218,698</td>
<td>£218,518</td>
<td>£176,690</td>
<td>£176,455</td>
</tr>
</tbody>
</table>

### 18 Provisions for liabilities (Consolidated and University)

<table>
<thead>
<tr>
<th></th>
<th>Funded pension liability: St Andrew’s College</th>
<th>Unfunded pension liability: St Andrew’s College</th>
<th>FSSU and ex-gratia pension liability</th>
<th>Total £000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>As at 1 August 2013</strong></td>
<td>2,554</td>
<td>1,923</td>
<td>11</td>
<td>4,488</td>
</tr>
<tr>
<td>Income</td>
<td>50</td>
<td>-</td>
<td>-</td>
<td>50</td>
</tr>
<tr>
<td>Transfer from / (to) income &amp; expenditure Account</td>
<td>286</td>
<td>(27)</td>
<td>(2)</td>
<td>257</td>
</tr>
<tr>
<td><strong>Utilised in year</strong></td>
<td>(160)</td>
<td>(183)</td>
<td>-</td>
<td>(343)</td>
</tr>
<tr>
<td><strong>As at 31 July 2014</strong></td>
<td>2,730</td>
<td>1,713</td>
<td>9</td>
<td>4,452</td>
</tr>
</tbody>
</table>

A valuation of the pension liabilities at 31 July 2014 was carried out by the University’s appointed independent actuary, Hymans Robertson.
### Deferred income

#### (Consolidated and University)

<table>
<thead>
<tr>
<th></th>
<th>Funding Council £000</th>
<th>Other sources £000</th>
<th>Other deferred income £000</th>
<th>Total £000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>As at 1 August 2013:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>126,322</td>
<td>52,944</td>
<td>-</td>
<td>179,266</td>
</tr>
<tr>
<td>Equipment</td>
<td>2,271</td>
<td>1,699</td>
<td>-</td>
<td>3,970</td>
</tr>
<tr>
<td>Residences</td>
<td>-</td>
<td>-</td>
<td>30,588</td>
<td>30,588</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>128,593</td>
<td>54,643</td>
<td>30,588</td>
<td>213,824</td>
</tr>
</tbody>
</table>

#### Income received and receivable in the year:

<table>
<thead>
<tr>
<th></th>
<th>Funding Council £000</th>
<th>Other sources £000</th>
<th>Other deferred income £000</th>
<th>Total £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>14,356</td>
<td>11,287</td>
<td>-</td>
<td>25,643</td>
</tr>
<tr>
<td>Equipment</td>
<td>-</td>
<td>2,448</td>
<td>-</td>
<td>2,448</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>14,356</td>
<td>13,735</td>
<td>-</td>
<td>28,091</td>
</tr>
</tbody>
</table>

#### Released to income and expenditure account in the year:

<table>
<thead>
<tr>
<th></th>
<th>Funding Council £000</th>
<th>Other sources £000</th>
<th>Other deferred income £000</th>
<th>Total £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>3,160</td>
<td>4,011</td>
<td>-</td>
<td>7,171</td>
</tr>
<tr>
<td>Equipment</td>
<td>37</td>
<td>2,423</td>
<td>-</td>
<td>2,460</td>
</tr>
<tr>
<td>Residences</td>
<td>-</td>
<td>-</td>
<td>1,489</td>
<td>1,489</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,197</td>
<td>6,434</td>
<td>1,489</td>
<td>11,120</td>
</tr>
</tbody>
</table>

#### Balance as at 31 July 2014:

<table>
<thead>
<tr>
<th></th>
<th>Funding Council £000</th>
<th>Other sources £000</th>
<th>Other deferred income £000</th>
<th>Total £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>137,518</td>
<td>60,220</td>
<td>-</td>
<td>197,738</td>
</tr>
<tr>
<td>Equipment</td>
<td>2,234</td>
<td>1,724</td>
<td>-</td>
<td>3,958</td>
</tr>
<tr>
<td>Residences</td>
<td>-</td>
<td>-</td>
<td>29,099</td>
<td>29,099</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>139,752</td>
<td>61,944</td>
<td>29,099</td>
<td>230,795</td>
</tr>
</tbody>
</table>

The ‘other deferred income’ represents a capital sum which was received by the University in respect of an agreement with Glasgow Student Villages Ltd, a company limited by guarantee and with charitable status, which was completed in the financial year to 31 July 2002, whereby certain of the University’s Halls of Residence were sold to that company. The agreement provides that the company shall operate and maintain the residences to agreed standards and that the University shall continue to market and allocate rooms to students and provide them with pastoral care. This amount will be released to the Income and Expenditure Account over the 32 year period of the agreement. The University has a future option to repurchase the properties. The financial statements reflect the economic substance of these transactions. Accordingly the tangible assets involved, £34.8m (2013 - £35.9m) are included in land and buildings. In certain circumstances a liability may arise on the University in respect of the obligations of GSV to its bankers (see note 24).
### Notes to the Financial Statements

#### Reports and Financial Statements 2013-14

<table>
<thead>
<tr>
<th>20 Endowment Funds (Consolidated and University)</th>
<th>Unrestricted Permanent £000</th>
<th>Restricted Permanent £000</th>
<th>Total Permanent £000</th>
<th>Restricted Expendable £000</th>
<th>2014 Total £000</th>
<th>2013 Total £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 1 August</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital value</td>
<td>3,267</td>
<td>106,598</td>
<td>109,865</td>
<td>24,871</td>
<td>134,736</td>
<td>111,811</td>
</tr>
<tr>
<td>Accumulated income</td>
<td>532</td>
<td>15,394</td>
<td>15,926</td>
<td>3,261</td>
<td>19,187</td>
<td>17,687</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3,799</td>
<td>121,992</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>125,791</td>
<td>28,132</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>153,923</td>
<td>129,498</td>
</tr>
<tr>
<td>Transfers between endowments</td>
<td>-</td>
<td>3,571</td>
<td>3,571</td>
<td>(3,571)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>New endowments</td>
<td>-</td>
<td>340</td>
<td>340</td>
<td>603</td>
<td>943</td>
<td>1,036</td>
</tr>
<tr>
<td>Investment income</td>
<td>150</td>
<td>4,969</td>
<td>5,119</td>
<td>971</td>
<td>6,090</td>
<td>6,013</td>
</tr>
<tr>
<td>Expenditure</td>
<td>(135)</td>
<td>(3,692)</td>
<td>(3,827)</td>
<td>(1,358)</td>
<td>(5,185)</td>
<td>(4,983)</td>
</tr>
<tr>
<td>Increase in market value of investments</td>
<td>51</td>
<td>1,695</td>
<td>1,746</td>
<td>331</td>
<td>2,077</td>
<td>22,359</td>
</tr>
<tr>
<td>As at 31 July</td>
<td>3,865</td>
<td>128,875</td>
<td>132,740</td>
<td>25,108</td>
<td>157,848</td>
<td>153,923</td>
</tr>
</tbody>
</table>

**Represented by:**

- **Capital value**: 3,318, 111,723, 115,041, 22,322, 137,363, 134,736
- **Accumulated income**: 547, 17,152, 17,699, 2,786, 20,485, 19,187

**Analysis by type of purpose:**

- **Lectureships**: 3,402, 54,897, 58,299, 16,503, 74,802, 72,960
- **Scholarships and bursaries**: 460, 63,773, 64,233, 8,526, 72,759, 70,934
- **Prize funds**: 3, 5,573, 5,576, 79, 5,655, 5,498
- **General**: - , 4,632, 4,632, - , 4,632, 4,531

**Major endowments**

Restricted permanent endowments include the Postgraduate Scholarships for Advanced Study and Research which is awarded to enable graduates or holders of qualifications accepted by the Court to undertake advanced study or research.

The movements on this fund for the year were as follows:

<table>
<thead>
<tr>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 August 2013</td>
</tr>
<tr>
<td>Transfer between endowments</td>
</tr>
<tr>
<td>Investment income</td>
</tr>
<tr>
<td>Expenditure</td>
</tr>
<tr>
<td>Increase in market value of investments</td>
</tr>
<tr>
<td>Balance at 31 July 2014</td>
</tr>
</tbody>
</table>
### Reserves

<table>
<thead>
<tr>
<th></th>
<th>Consolidated 2014</th>
<th>University 2014</th>
<th>Consolidated 2013</th>
<th>University 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income and expenditure reserve</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As at 1 August</td>
<td>135,310</td>
<td>134,253</td>
<td>119,166</td>
<td>118,600</td>
</tr>
<tr>
<td>Surplus retained for the year</td>
<td>19,721</td>
<td>18,621</td>
<td>10,030</td>
<td>9,539</td>
</tr>
<tr>
<td>Transfer from revaluation reserve</td>
<td>4,068</td>
<td>4,068</td>
<td>3,376</td>
<td>3,376</td>
</tr>
<tr>
<td>Transfer (from) / to pension liability reserve</td>
<td>(31,770)</td>
<td>(31,770)</td>
<td>2,738</td>
<td>2,738</td>
</tr>
<tr>
<td><strong>As at 31 July</strong></td>
<td><strong>127,329</strong></td>
<td><strong>125,172</strong></td>
<td><strong>135,310</strong></td>
<td><strong>134,253</strong></td>
</tr>
</tbody>
</table>

| Pension liability reserve |                  |                 |                   |                 |
| As at 1 August           | (59,600)         | (59,600)        | (122,490)         | (122,490)       |
| Actuarial gain / (loss) (note 29) | (9,891)          | (9,891)         | 65,628            | 65,628          |
| Transfer from / (to) income and expenditure reserve | 31,770           | 31,770          | (2,738)           | (2,738)         |
| **As at 31 July**        | **(37,721)**     | **(37,721)**    | **(59,600)**      | **(59,600)**    |

| Revaluation reserve |                  |                 |                   |                 |
| As at 1 August       | 156,545           | 155,744         | 159,544           | 159,129         |
| Transfer to income and expenditure reserve | (4,068)           | (4,068)         | (3,376)           | (3,376)         |
| Increase / (decrease) in market value of general investments | 1,564             | (25)            | 377               | (9)             |
| **As at 31 July**    | **154,041**       | **151,651**     | **156,545**       | **155,744**     |
### 22 Reconciliation of operating surplus to the net cash inflow from operating activities

<table>
<thead>
<tr>
<th>Item</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating surplus</td>
<td>20,626</td>
<td>11,060</td>
</tr>
<tr>
<td>Depreciation (note 11)</td>
<td>22,433</td>
<td>18,909</td>
</tr>
<tr>
<td>(Gain) / Loss on disposal (note 10)</td>
<td>-</td>
<td>(142)</td>
</tr>
<tr>
<td>Deferred capital grants released to income (note 11)</td>
<td>(9,631)</td>
<td>(8,843)</td>
</tr>
<tr>
<td>Deferred residences income released to income (note 19)</td>
<td>(1,489)</td>
<td>(1,489)</td>
</tr>
<tr>
<td>Change in value of investments</td>
<td>300</td>
<td>207</td>
</tr>
<tr>
<td>Interest receivable (note 5)</td>
<td>(1,129)</td>
<td>(932)</td>
</tr>
<tr>
<td>Endowment expenditure (note 20)</td>
<td>(5,185)</td>
<td>(4,983)</td>
</tr>
<tr>
<td>Endowment management fee (note 5)</td>
<td>(561)</td>
<td>(594)</td>
</tr>
<tr>
<td>Increase in stocks</td>
<td>(59)</td>
<td>(182)</td>
</tr>
<tr>
<td>Increase in debtors</td>
<td>(9,835)</td>
<td>(646)</td>
</tr>
<tr>
<td>Increase in creditors</td>
<td>42,008</td>
<td>32,995</td>
</tr>
<tr>
<td>Decrease in provisions</td>
<td>(36)</td>
<td>(328)</td>
</tr>
<tr>
<td>Pension costs less contributions payable (note 21)</td>
<td>(31,770)</td>
<td>2,738</td>
</tr>
<tr>
<td>Endowment transfer (note 14)</td>
<td>(905)</td>
<td>(1,030)</td>
</tr>
<tr>
<td><strong>Net cash inflow from operating activities</strong></td>
<td>24,767</td>
<td>46,740</td>
</tr>
</tbody>
</table>

### 23 Capital commitments

<table>
<thead>
<tr>
<th>Item</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Consolidated and University)</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Commitments contracted at 31 July</td>
<td>12,075</td>
<td>19,956</td>
</tr>
<tr>
<td>Authorised but not contracted at 31 July</td>
<td>65,808</td>
<td>52,705</td>
</tr>
<tr>
<td><strong>Total capital commitments</strong></td>
<td>77,883</td>
<td>72,661</td>
</tr>
</tbody>
</table>

### 24 Contingent liability

During the financial year to 31 July 2002 the University concluded an agreement with Glasgow Student Villages Ltd (GSV) a company limited by guarantee and with charitable status, whereby certain of the University’s Halls of Residence were sold to that company. The agreement provides that the company shall operate and maintain the residences to agreed standards and that the University shall continue to market and allocate rooms to students and provide them with pastoral care. The University has a future option to repurchase the properties. The financial statements reflect the economic substance of these transactions. Accordingly the tangible assets involved, £34.8m (2013 - £35.9m) are included in land and buildings. In certain circumstances a liability may arise on the University in respect of the obligations of GSV to its bankers. In the view of the University, at this time, it is unlikely that a material liability will arise in the foreseeable future.

### 25 Post balance sheet events

There are no events subsequent to the date of the balance sheet that have any material impact on these financial statements.
<table>
<thead>
<tr>
<th>26</th>
<th>Amounts disbursed as agent</th>
<th>HE Childcare Fund</th>
<th>HE Discretionary Fund</th>
<th>2014 Total £000</th>
<th>2013 Total £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 1 August</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>Funds received in year</td>
<td>408</td>
<td>1,106</td>
<td>1,514</td>
<td>1,506</td>
<td></td>
</tr>
<tr>
<td>Expenditure</td>
<td>(299)</td>
<td>(1,218)</td>
<td>(1,517)</td>
<td>(1,519)</td>
<td></td>
</tr>
<tr>
<td>Virements</td>
<td>(110)</td>
<td>110</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>As at 31 July</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>27</th>
<th>Analysis of changes in net funds</th>
<th>As at 1 Aug 2013 £000</th>
<th>Cash Flows 2014 £000</th>
<th>As at 31 July 2014 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at bank and in hand</td>
<td>102,640</td>
<td>12,712</td>
<td>115,352</td>
<td></td>
</tr>
<tr>
<td>Short term investments</td>
<td>49,818</td>
<td>(1,786)</td>
<td>48,032</td>
<td></td>
</tr>
<tr>
<td>Net funds</td>
<td>152,458</td>
<td>10,926</td>
<td>163,384</td>
<td></td>
</tr>
</tbody>
</table>

Had the cash held under endowment asset investments (note 14) been included above, the net cash inflow would have been £11.5m with net funds at 31 July 2014 of £172.5m compared to £161.0m at 31 July 2013. However to reflect more accurately the restricted nature of the cash held for endowments the University considers the exclusion of this cash from the above figures gives a fairer view of the University’s net funds.

<table>
<thead>
<tr>
<th>28</th>
<th>Disclosure of related party transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due to the nature of the University’s operations and the composition of the University Court of the University of Glasgow (&quot;Court&quot;) (being drawn from local, public and private sector organisations), it is inevitable that transactions will take place with organisations in which a member of Court may have an interest. All transactions involving organisations in which a member of Court may have an interest are conducted at arm’s length and in accordance with the University’s financial regulations and normal procurement procedures. In line with the Scottish Code of Good HE Governance, all members of Court are required to complete a register of interests to record any areas of potential conflict with the interests of the University.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>29</th>
<th>Pension schemes</th>
</tr>
</thead>
<tbody>
<tr>
<td>The University participates in the following pension schemes:</td>
<td></td>
</tr>
<tr>
<td>a) The University of Glasgow Pension Scheme (UGPS);</td>
<td></td>
</tr>
<tr>
<td>b) The Strathclyde Pension Fund (SPF);</td>
<td></td>
</tr>
<tr>
<td>c) The Universities Superannuation Scheme (USS);</td>
<td></td>
</tr>
<tr>
<td>d) The Scottish Teachers’ Superannuation Scheme (STSS);</td>
<td></td>
</tr>
<tr>
<td>e) The National Health Service Superannuation Scheme (NHSSS);</td>
<td></td>
</tr>
<tr>
<td>f) The Federated Superannuation Scheme for Universities (FSSU);</td>
<td></td>
</tr>
<tr>
<td>g) The Medical Research Council Pension Scheme (MRCPS);</td>
<td></td>
</tr>
<tr>
<td>h) The National Employment Savings Trust (NEST);</td>
<td></td>
</tr>
<tr>
<td>i) NEST Autoenrol;</td>
<td></td>
</tr>
<tr>
<td>ii) NEST Contractual.</td>
<td></td>
</tr>
</tbody>
</table>
Pension schemes (continued)

The total pension costs for the University were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014 £000</th>
<th>2013 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>USS - contributions paid</td>
<td>33,746</td>
<td>30,997</td>
</tr>
<tr>
<td>UGPS - charge to income and expenditure account</td>
<td>10,572</td>
<td>9,469</td>
</tr>
<tr>
<td>SPF - charge to income and expenditure account</td>
<td>119</td>
<td>108</td>
</tr>
<tr>
<td>Other Schemes - contributions paid</td>
<td>1,342</td>
<td>841</td>
</tr>
<tr>
<td></td>
<td><strong>45,779</strong></td>
<td><strong>41,415</strong></td>
</tr>
</tbody>
</table>

With effect from 1 October 2008, members of the USS and UGPS schemes may elect to give up a portion of their contractual gross pay equal to their employees’ pension contribution as part of a HMRC approved salary sacrifice scheme. No changes to staff pensionable salaries or total pension scheme contributions arise from this arrangement. The figures within note 6 to the financial statements reflect the reduced gross pay earned by staff under this arrangement. The total pension costs shown above and in note 6 reflect the increased employer contributions under this arrangement. Employer contribution percentage rates quoted below represent only the employer’s contribution rates specified by the scheme trustees.

For both the UGPS and SPF, pension costs are assessed in accordance with the advice of the actuaries, based on the latest actuarial valuation of the scheme. The expected cost of providing staff pensions is recognised in the income and expenditure account on a systematic basis over the expected average remaining lives of members of the pension funds, in accordance with FRS 17: “Retirement benefits” and recognises retirement benefits as the benefits are earned and not when they are due to be paid. The consolidated balances for UGPS and SPF as shown in the financial statements and associated notes are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014 £000</th>
<th>2013 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deficit in schemes at 31 July</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UGPS</td>
<td>(34,873)</td>
<td>(57,682)</td>
</tr>
<tr>
<td>SPF</td>
<td>(2,848)</td>
<td>(1,918)</td>
</tr>
<tr>
<td>Total net deficit in the schemes</td>
<td>(37,721)</td>
<td>(59,600)</td>
</tr>
</tbody>
</table>

Amount recognised in the Statement of Total Recognised Gains and Losses

<table>
<thead>
<tr>
<th></th>
<th>2014 £000</th>
<th>2013 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>UGPS</td>
<td>(8,713)</td>
<td>64,509</td>
</tr>
<tr>
<td>SPF</td>
<td>(1,178)</td>
<td>1,119</td>
</tr>
<tr>
<td>Total gains / (losses) for the year</td>
<td>(9,891)</td>
<td>65,628</td>
</tr>
</tbody>
</table>

Total net finance credit / (charge)

<table>
<thead>
<tr>
<th></th>
<th>2014 £000</th>
<th>2013 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>UGPS</td>
<td>2,906</td>
<td>(1,857)</td>
</tr>
<tr>
<td>SPF</td>
<td>115</td>
<td>(25)</td>
</tr>
<tr>
<td>Total net finance credit / (charge)</td>
<td><strong>3,021</strong></td>
<td><strong>(1,882)</strong></td>
</tr>
</tbody>
</table>

Due to the mutual nature of the other schemes, the University is unable to identify its share of the underlying assets and liabilities of the schemes on a consistent and reasonable basis and therefore, as required by FRS 17 “Retirement Benefits”, accounts for the schemes as if they were defined contribution schemes. As a result, the amount charged to the income and expenditure account represents the contributions payable to the schemes in respect of the accounting period.
29 Pension schemes (continued)

a) UGPS

This is a defined benefit scheme which is externally funded and contracted out of the State Second Pension. The assets of the scheme are held in a separate trustee-administered fund. This is a defined benefit scheme which is externally funded and contracted out of the State Second Pension. The assets of the scheme are held in a separate trustee-administered fund. The fund is valued every three years by professionally qualified independent actuaries, the rates of contribution payable being determined by the trustees on the advice of the actuaries. In the intervening years the actuaries review the progress of the scheme. Pension costs are assessed in accordance with the advice of the actuaries, based on the latest actuarial valuation of the scheme. The scheme closed to new members with effect from 1 April 2014.

A full actuarial valuation was carried out as at 1 April 2013. The major assumptions used at 31 July are shown below:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>4.10%</td>
<td>4.30%</td>
<td>3.90%</td>
</tr>
<tr>
<td>Retail price inflation</td>
<td>3.35%</td>
<td>3.20%</td>
<td>2.60%</td>
</tr>
<tr>
<td>Rate of increase in salaries</td>
<td>3.35%</td>
<td>4.20%</td>
<td>3.60%</td>
</tr>
<tr>
<td>Rate of increase to pensions in payment</td>
<td>2.35%</td>
<td>2.45%</td>
<td>1.85%</td>
</tr>
<tr>
<td>Consumer price inflation</td>
<td>2.35%</td>
<td>2.45%</td>
<td>1.85%</td>
</tr>
</tbody>
</table>

The weighted average life expectancies used to determine benefit obligations are as follows.

<table>
<thead>
<tr>
<th></th>
<th>2014 Male</th>
<th>2014 Female</th>
<th>2013 Male</th>
<th>2013 Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member age 65 (current life expectancy)</td>
<td>22.1</td>
<td>23.8</td>
<td>19.8</td>
<td>22.5</td>
</tr>
<tr>
<td>Member age 45 (life expectancy at age 65)</td>
<td>24.8</td>
<td>25.5</td>
<td>21.7</td>
<td>24.4</td>
</tr>
</tbody>
</table>

The assets in the scheme and the expected rates of return were:

<table>
<thead>
<tr>
<th></th>
<th>Long term rate of return expected at 31 July 2014</th>
<th>Value at 31 July 2014 £000</th>
<th>Long term rate of return expected at 31 July 2013</th>
<th>Value at 31 July 2013 £000</th>
<th>Long term rate of return expected at 31 July 2012</th>
<th>Value at 31 July 2012 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK equities</td>
<td>6.70%</td>
<td>121,039</td>
<td>6.40%</td>
<td>259,808</td>
<td>5.30%</td>
<td>206,225</td>
</tr>
<tr>
<td>Overseas equities</td>
<td>6.40%</td>
<td>80,693</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>4.10%</td>
<td>15,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Government bonds</td>
<td>3.40%</td>
<td>15,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Diversified growth fund</td>
<td>6.70%</td>
<td>67,336</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash</td>
<td>3.60%</td>
<td>548</td>
<td>0.50%</td>
<td>1,007</td>
<td>0.50%</td>
<td>2,020</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>299,616</td>
<td></td>
<td>260,815</td>
<td></td>
<td>208,245</td>
</tr>
</tbody>
</table>
NOTES TO THE FINANCIAL STATEMENTS
Continued

29 Pension schemes (continued)

a) UGPS (continued)

The following amounts at 31 July 2014 were measured in accordance with the requirements of FRS 17:

<table>
<thead>
<tr>
<th></th>
<th>Value at 31 July 2014</th>
<th>Value at 31 July 2013</th>
<th>Value at 31 July 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total market value of assets</td>
<td>299,616</td>
<td>260,815</td>
<td>208,245</td>
</tr>
<tr>
<td>Present value of liabilities</td>
<td>(334,489)</td>
<td>(318,497)</td>
<td>(327,582)</td>
</tr>
<tr>
<td>Deficit in the scheme</td>
<td>(34,873)</td>
<td>(57,682)</td>
<td>(119,337)</td>
</tr>
</tbody>
</table>

The University has contributed 19.5% of pensionable salaries over the period to 31 March 2014 and contributed 18.7% of pensionable salaries from 1 April 2014 to 31 July 2014. From 1 August 2014 the employer contribution rate will be 22.5%. Additionally the University made a lump sum deficit reduction contribution of £30m in July 2014 and expects to make further deficit reduction contributions of £2.5m per year from March 2015 increasing by 2.5% per annum.

Operating surplus:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current service cost</td>
<td>(10,572)</td>
<td>(9,469)</td>
</tr>
<tr>
<td>Total operating charge</td>
<td>(10,572)</td>
<td>(9,469)</td>
</tr>
</tbody>
</table>

Other finance costs:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected return on scheme assets</td>
<td>16,629</td>
<td>10,934</td>
</tr>
<tr>
<td>Interest cost</td>
<td>(13,723)</td>
<td>(12,791)</td>
</tr>
<tr>
<td>Total net finance credit / (charge)</td>
<td>2,906</td>
<td>(1,857)</td>
</tr>
</tbody>
</table>

Total pension cost recognised in the income and expenditure account

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>(7,666)</td>
<td>(11,326)</td>
<td></td>
</tr>
</tbody>
</table>

Statement of total recognised gains and losses (STRGL):

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual return less expected return on pension scheme assets</td>
<td>(7,716)</td>
<td>41,866</td>
</tr>
<tr>
<td>Change in assumptions underlying the present value of the scheme liabilities</td>
<td>(997)</td>
<td>22,643</td>
</tr>
<tr>
<td>Actuarial gains / (losses) recognised in the STRGL</td>
<td>(8,713)</td>
<td>64,509</td>
</tr>
</tbody>
</table>

The cumulative loss recognised in the STRGL to date is £1.7m (2013: £7.0m gain).

Movements in present value of scheme assets during the year:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets at beginning of the year</td>
<td>260,815</td>
<td>208,245</td>
</tr>
<tr>
<td>Movement in year:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expected return on scheme assets</td>
<td>16,629</td>
<td>10,934</td>
</tr>
<tr>
<td>Actuarial (losses) / gains</td>
<td>(7,716)</td>
<td>41,866</td>
</tr>
<tr>
<td>Contributions by the employer</td>
<td>39,188</td>
<td>8,472</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(9,300)</td>
<td>(8,702)</td>
</tr>
<tr>
<td>Assets at the end of the year</td>
<td>299,616</td>
<td>260,815</td>
</tr>
</tbody>
</table>
29  Pension schemes (continued)

a)  UGPS (continued)

Movements in present value of scheme liabilities during the year:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities at end</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>of the year 2014</td>
<td>318,497</td>
<td>327,582</td>
</tr>
<tr>
<td>Movement in year:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current service cost</td>
<td>10,572</td>
<td>9,469</td>
</tr>
<tr>
<td>Interest cost</td>
<td>13,723</td>
<td>12,791</td>
</tr>
<tr>
<td>Change in assumptions</td>
<td>997</td>
<td>(22,643)</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(9,300)</td>
<td>(8,702)</td>
</tr>
<tr>
<td>Liabilities at end</td>
<td>334,489</td>
<td>318,497</td>
</tr>
<tr>
<td>of the year 2013</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Details of the experience gains and losses for the years to 31 July:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair value of scheme</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>assets</td>
<td>299,616</td>
<td>260,815</td>
<td>208,245</td>
<td>210,980</td>
<td>184,373</td>
</tr>
<tr>
<td>Present value of</td>
<td>(334,489)</td>
<td>(318,497)</td>
<td>(327,582)</td>
<td>(268,101)</td>
<td>(249,936)</td>
</tr>
<tr>
<td>scheme liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deficit in the</td>
<td>(34,873)</td>
<td>(57,682)</td>
<td>(119,937)</td>
<td>(57,121)</td>
<td>(65,563)</td>
</tr>
<tr>
<td>scheme</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Experience gains and (losses) on scheme assets:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount £000</td>
<td>(7,716)</td>
<td>41,866</td>
</tr>
<tr>
<td>Percentage of scheme</td>
<td>(2.6%)</td>
<td>16.1%</td>
</tr>
<tr>
<td>assets</td>
<td></td>
<td>(6.8%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5.7%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>8.3%</td>
</tr>
</tbody>
</table>

Experience gains and (losses) on scheme liabilities:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount £000</td>
<td>1,087</td>
<td>36,918</td>
<td>429</td>
<td>(13,104)</td>
</tr>
<tr>
<td>Percentage of scheme</td>
<td>0.3%</td>
<td>11.6%</td>
<td>0.1%</td>
<td>(4.9%)</td>
</tr>
<tr>
<td>liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

b)  SPF

This is an externally funded, multi-employer, defined benefit scheme which is contracted out of the State Second Pension. The element of SPF attributable to the University covers former members of staff at St Andrew’s College of Education and the Scottish Centre for Research in Education (“SCRE”). SPF is a pool into which employees’ and employers’ contributions and income from investments are paid, and from which pensions and other related benefits are paid out in accordance with the provisions of the Local Government Pension Scheme. This scheme is a multi-employer defined benefits scheme and covers past and present employees.

A valuation of the University’s benefit obligation in respect of its members has been estimated by a qualified independent actuary based on the 31 March 2011 valuation results, rolled forward onto the FRS 17 assumptions at 31 July 2014. The major assumptions used are shown below:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>4.10%</td>
<td>4.30%</td>
<td>3.90%</td>
</tr>
<tr>
<td>Retail price inflation</td>
<td>3.35%</td>
<td>3.20%</td>
<td>2.60%</td>
</tr>
<tr>
<td>Rate of increase in</td>
<td>3.35%</td>
<td>4.20%</td>
<td>3.60%</td>
</tr>
<tr>
<td>salaries</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rate of increase to</td>
<td>2.35%</td>
<td>2.45%</td>
<td>1.85%</td>
</tr>
<tr>
<td>pensions in payment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer price inflation</td>
<td>2.35%</td>
<td>2.45%</td>
<td>1.85%</td>
</tr>
</tbody>
</table>

The weighted average life expectancies used to determine benefit obligations are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2014</th>
<th>2013</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>Member age 65 (current life expectancy)</td>
<td>22.1</td>
<td>23.8</td>
<td>19.8</td>
<td>22.5</td>
</tr>
<tr>
<td>Member age 45 (life expectancy at age 65)</td>
<td>24.8</td>
<td>25.5</td>
<td>21.7</td>
<td>24.4</td>
</tr>
</tbody>
</table>
29  Pension schemes (continued)

b) SPF (continued)

The assets in the scheme and the expected rates of return were:

<table>
<thead>
<tr>
<th></th>
<th>Long term rate of return expected at 31 July 2014</th>
<th>Value at 31 July 2014 £000</th>
<th>Long term rate of return expected at 31 July 2013</th>
<th>Value at 31 July 2013 £000</th>
<th>Long term rate of return expected at 31 July 2012</th>
<th>Value at 31 July 2012 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>6.60%</td>
<td>10,116</td>
<td>6.40%</td>
<td>9,804</td>
<td>5.30%</td>
<td>8,166</td>
</tr>
<tr>
<td>Bonds</td>
<td>3.50%</td>
<td>1,597</td>
<td>3.90%</td>
<td>1,806</td>
<td>3.40%</td>
<td>1,454</td>
</tr>
<tr>
<td>Property</td>
<td>4.70%</td>
<td>932</td>
<td>5.90%</td>
<td>903</td>
<td>5.30%</td>
<td>895</td>
</tr>
<tr>
<td>Cash</td>
<td>3.60%</td>
<td>666</td>
<td>0.50%</td>
<td>387</td>
<td>0.50%</td>
<td>671</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>13,311</strong></td>
<td></td>
<td><strong>12,900</strong></td>
<td></td>
<td><strong>11,186</strong></td>
</tr>
</tbody>
</table>

The following amounts at 31 July 2014 were measured in accordance with the requirements of FRS 17:

<table>
<thead>
<tr>
<th></th>
<th>Value at 31 July 2014 £000</th>
<th>Value at 31 July 2013 £000</th>
<th>Value at 31 July 2012 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total market value of assets</td>
<td>13,311</td>
<td>12,900</td>
<td>11,186</td>
</tr>
<tr>
<td>Present value of liabilities</td>
<td>(16,159)</td>
<td>(14,818)</td>
<td>(14,339)</td>
</tr>
<tr>
<td><strong>Deficit in the scheme</strong></td>
<td><strong>(2,848)</strong></td>
<td><strong>(1,918)</strong></td>
<td><strong>(3,153)</strong></td>
</tr>
</tbody>
</table>

The University paid contributions to the Fund at 21.0% of pensionable salaries over the year to 31 July 2014 and expects to make similar contributions over the next year.

Additionally the University has paid £155k of deficit contributions between 1 August 2013 and 31 July 2014.

Operating surplus:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>£000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current service cost</td>
<td>(119)</td>
<td>(108)</td>
</tr>
<tr>
<td><strong>Total operating charge</strong></td>
<td>(119)</td>
<td>(108)</td>
</tr>
</tbody>
</table>

Other finance costs:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>£000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expected return on scheme assets</td>
<td>741</td>
<td>523</td>
</tr>
<tr>
<td>Interest cost</td>
<td>(626)</td>
<td>(548)</td>
</tr>
<tr>
<td><strong>Total net finance credit / (charge)</strong></td>
<td>115</td>
<td>(25)</td>
</tr>
</tbody>
</table>

Total pension cost recognised in the income and expenditure account

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>£000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(4)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Pension schemes (continued)

b) SPF (continued)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>£000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Statement of total recognised gains and losses (STRGL):

Actual return less expected return on pension scheme assets 62 1,622
Change in assumptions underlying the present value of the scheme
Liabilities (1,240) (503)

Actuarial (losses) / gains recognised in the STRGL (1,178) 1,119

The cumulative loss recognised in the STRGL to date is £2.5m (2013: £1.3m).

Movements in present value of scheme assets during the year:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>£000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Assets at beginning of the year 12,900 11,186
Movement in year:
- Expected return on scheme assets 741 523
- Actuarial gains 62 1,622
- Contributions by the employer 252 249
- Contributions by the scheme participants 29 29
- Benefits paid (673) (709)

Assets at the end of the year 13,311 12,900

Movements in present value of scheme liabilities during the year:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>£000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Liabilities at beginning of the year 14,818 14,339
Movement in year:
- Current service cost 119 108
- Interest cost 626 548
- Change in assumptions 1,240 503
- Contributions by the scheme participants 29 29
- Benefits paid (673) (709)

Liabilities at the end of the year 16,159 14,818

Details of the experience gains and losses for the years to 31 July:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>£000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Fair value of scheme assets 13,311 12,900 11,186 12,351 11,524
Present value of scheme liabilities (16,159) (14,818) (14,339) (11,812) (11,846)

(Deficit) / surplus in the scheme (2,848) (1,918) (3,153) 539 (322)
29 Pension schemes (continued)

b) SPF (continued)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>£000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Experience gains and (losses) on scheme assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount £000</td>
<td>62</td>
<td>1,622</td>
<td>(1,612)</td>
<td>402</td>
<td>2,357</td>
</tr>
<tr>
<td>Percentage of scheme assets</td>
<td>0%</td>
<td>13%</td>
<td>(14%)</td>
<td>3%</td>
<td>20%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>£000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Experience gains and (losses) on scheme liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount £000</td>
<td>(23)</td>
<td>(32)</td>
<td>(1,007)</td>
<td>1,059</td>
<td>-</td>
</tr>
<tr>
<td>Percentage of scheme liabilities</td>
<td>(0%)</td>
<td>(0%)</td>
<td>(7%)</td>
<td>9%</td>
<td>-</td>
</tr>
</tbody>
</table>

c) USS

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited.

The appointment of directors to the board of the trustee is determined by the trustee company’s Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; and a minimum of three and a maximum of five are independent directors appointed by the board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice. The latest triennial actuarial valuation of the scheme was at 31 March 2011. This was the second valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The actuary also carries out regular reviews of the funding levels. In particular, he carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2014 are also included in this note.

The triennial valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An “inflation risk premium” adjustment was also included by deducting 0.3% from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England’s target of 2% for CPI which corresponds broadly to 2.75% for RPI per annum).

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.1% per annum, salary increases would be 4.4% per annum (with short-term general pay growth at 3.65% per annum and an additional allowance for increases in salaries due to age and promotion reflecting historic scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.4% per annum for 3 years following the valuation then 2.6% per annum thereafter.

Standard mortality tables were used as follows:

- Male members’ mortality: S1NA ['light'] YoB tables – no age rating
- Female members’ mortality: S1NA ['light'] YoB tables – rated down one year

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further improvements in mortality rates. The CMI 2009 projections with a 1.25% pa long term rate were also adopted. The assumed life expectations on retirement at age 65 are:

- Males (females) currently aged 65: 23.7 (25.6) years
- Males (females) currently aged 45: 25.5 (27.6) years
Pension schemes (continued)

c) USS (continued)

At the valuation date, the value of the assets of the scheme was £32,434 million and the value of the scheme’s technical provision was £35,344 million indicating a shortfall of £2,910 million. The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme’s historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 68%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004, the scheme was 93% funded; on a buy-out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 57% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single employer scheme, using a AA bond discount rate of 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 82%.

As part of this valuation, the trustee has determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. In 2011 the actuary estimated that if experience remained in line with the assumptions made, the shortfall at 31 March 2014 would be £2.2 billion, equivalent to a funding level of 95%.

However, changes in market conditions between March 2011 and March 2014 have had an impact on scheme funding. The next formal triennial actuarial valuation will take place as at 31 March 2014, and work is currently underway to update the actuarial assumptions and allow for any adjustments to the overall funding approach adopted by the trustee board in consultation with stakeholders.

As work on the 2014 valuation is not yet complete the trustee cannot provide the final figure however, an estimate has been provided using the assumptions used to deliver the 2011 actuarial valuation. On that basis, the actuary has estimated that the funding level under the scheme specific funding regime will have fallen from 92% at 31 March 2011 to 85% at 31 March 2014. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions.

The funding level has decreased mainly due to a decrease in real gilt yields, reducing the implied net discount rate and therefore placing a higher value on the schemes liabilities. This increase has been partially offset by a higher than expected investment return.

On the FRS17 basis, using an AA bond discount rate of 4.5% per annum based on spot yields, the actuary estimates that the funding level at 31 March 2014 was 75%. An estimate of the funding level measured on a historic gilts basis at that date was approximately 61%.

Surpluses or deficits which arise at future valuations may impact on the institution’s future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements. The sensitivities regarding the principal assumptions used to measure the scheme liabilities on a technical provisions basis as at the date of the last triennial actuarial valuation are set out below:

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Change in Assumption</th>
<th>Impact on Shortfall</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Return</td>
<td>Decrease by 0.25%</td>
<td>Increase by £1.6 billion</td>
</tr>
<tr>
<td>The gap between RPI and CPI</td>
<td>Decrease by 0.25%</td>
<td>Increase by £1.0 billion</td>
</tr>
<tr>
<td>Rate of salary growth</td>
<td>Increase by 0.25%</td>
<td>Increase by £0.6 billion</td>
</tr>
<tr>
<td>Members live longer than assumed</td>
<td>1 year longer</td>
<td>Increase by £0.8 billion</td>
</tr>
<tr>
<td>Equity markets in isolation</td>
<td>Fall by 25%</td>
<td>Increase in £4.6 billion</td>
</tr>
</tbody>
</table>
Pension schemes (continued)

c) USS (continued)
The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions but the allowance for promotional salary increases was not as high. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve was included, in addition, on account of the variability mentioned above.

As at the 2011 valuation the scheme was still a fully Final Salary Scheme for future accruals and the prevailing employer contribution rate was 16% of Salaries.

Following UK government legislation, from 2011 statutory pension increases or revaluations are based on the Consumer Prices Index measure of price inflation. Historically these increases had been based on the Retail Prices Index measure of price inflation.

Since the valuation effective date of 31 March 2011 there have been a number of changes to the benefits provided by the scheme although these became effective from October 2011. These include:

New Entrants
Other than in specific, limited circumstances, new entrants are now provided benefits on a Career Revalued Benefits (CRB) basis rather than a Final Salary (FS) basis.

Normal pension age
The normal pension age was increased for future service and new entrants, to age 65.

Flexible Retirement
Flexible retirement options were introduced.

Member contributions increased
Contributions were uplifted to 7.5% p.a. and 6.5% p.a. for FS Section members and CRB Section members respectively.

Cost sharing
If the total contribution level exceeds 23.5% of Salaries per annum, the employers will pay 65% of the excess over 23.5% and members would pay the remaining 35% to the fund as additional contributions.

Pension increase cap
For service derived after 30 September 2011, USS will match increases in official pensions for the first 5%. If official pensions increase by more than 5% then USS will pay half of the difference up to a maximum increase of 10%.

USS is a “last man standing” scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

The trustee’s role is to set risk and return parameters which reflect the strength of the sponsoring employers and the nature of the scheme’s liabilities. These parameters, taken together with the anticipated returns form the basis of the trustee’s funding strategy. These parameters are informed by advice from its internal investment team, its investment consultant and the scheme actuary, as well as an independent assessment of the support available from the sponsoring employers. The trustee remains confident that it can continue to take a long-term view of scheme funding, backed as it is by a robust Higher Education (HE) sector.

The fund is invested in a wide range of asset classes, both publicly traded (including equities and fixed income) and private (including private equity, infrastructure, property and timberland). A diversified portfolio helps to spread investment risk across different asset classes and to boost the level of confidence in maintaining sufficient investment returns from the fund as a
29 Pension schemes (continued)

c) USS (continued)

whole. This investment approach is innovative and responsible, and targeted at achieving returns required to meet the scheme’s liabilities. Recently, the trustee has invested directly in infrastructure assets. These investments are typically illiquid, but can achieve attractive inflation-linked returns in ways often not available in the publicly traded markets and which can match the scheme’s liabilities to a high degree.

At March 2014, USS had over 162,000 active members and the University had over 3,200 members participating in the scheme. The total USS pension cost for the University was £33.7 million (2012/13 - £31.0 million). This includes £2.9 million (2012/13 - £2.6 million) of outstanding contributions at the balance sheet date. The contribution rate payable by the University was 16% of pensionable salaries.

d) STSS

Former members of the academic staff of St Andrew’s College of Education are covered by STSS, which is a multi-employer defined benefits scheme. Under the definitions set out in FRS17, the STSS is a multi employer scheme. The University of Glasgow is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the University has taken advantage of the exemption in FRS17 and has accounted as if it were a defined contribution scheme. An actuarial valuation was carried out at 31st March 2009. The results of this valuation were rolled forward to give a liability of £24 billion at 31st March 2013.

As the scheme is unfunded there can be no surplus or shortfall. Pension contribution rates will be set by the schemes actuary at a level to meet the cost of pensions as they accrue.

Financial assumptions at 31st March 2013
Rate of return (discount rate): 4.1%
Rate of return in excess of:
Pension increase: 2.35%
Earnings increases: 0.15%

With effect from 1 April 2014 employees’ regular contributions moved to a tiered system with a minimum amount of 6.4% of pensionable salary and a maximum amount of 12.4% of pensionable salary. The total pension cost for the institution was £88k (2013 - £93k). This includes £8k (2013 - £7k) of outstanding contributions at the balance sheet date. Employees’ regular contributions were £62k (2013 - £54k) and £4.5k (2013 - £5.3k) in respect of additional voluntary contributions.

e) NHSSS

The scheme is an unfunded multi-employer defined benefit scheme. It is accepted that the treatment can be as a defined contribution scheme as the University of Glasgow is unable to identify its share of the underlying assets and liabilities of the scheme. An actuarial assessment was carried out at 31st March 2008. The results of this assessment were rolled forward to give a liability of £29.1 billion at 31st March 2013.

As the scheme is unfunded there can be no surplus or shortfall. Pension contribution rates will be set by the schemes actuary at a level to meet the cost of pensions as they accrue.

Financial assumptions at 31st March 2013
Rate of return (discount rate): 4.1%
Rate of return in excess of:
Pension increase: 2.35%
Earnings increases: 0.15%

The total pension cost for the University was £665k (2013 - £559k). This includes £55k (2013 - £49k) of outstanding contributions at the balance sheet date. Employees’ regular contributions were £500k (2013 - £380k) and £7k (2013 - £9k) in respect of additional voluntary contributions.
29 Pension schemes (continued)

f) FSSU

FSSU is a defined benefit scheme that is not-contracted out of the State Second Pension (S2P) and covers a very small number of academic staff who did not transfer to USS when it was introduced in 1975. Pension provision is by means of assurance policies, selected by the member from a panel and held in trust by the Trustees. Premiums on policies are paid annually in advance by Court, which then recovers the appropriate members’ contributions by deduction from salary. Adjustments are made in respect of prepaid premiums in arriving at the charge for the year. Persons retiring or who have already retired under the scheme are entitled of right to additional benefits that may arise under the FSSU Supplementation scheme. These additional benefits are unfunded and are paid direct to retired members by Court. Full provision has been made in the year for the actuarial valuation of the liabilities of this scheme. As at the balance sheet date there remains one contributing member to this scheme.

g) MRCPS

Former members of staff of the Medical Research Council (MRC) transferred to the University of Glasgow under TUPE regulations are covered by the MRCPS, which is a multi-employer defined benefits scheme. Under the definitions set out in FRS17, the MRCPS is a multi employer scheme. The University of Glasgow is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the University has taken advantage of the exemption in FRS17 and has accounted as if it were a defined contribution scheme. The following information is available on the scheme:

The MRC operates a funded pension scheme (MRCPS) providing benefits based on service and final pensionable pay at the normal retirement age of 65. The scheme is a defined benefit scheme that prepares its own scheme statements. Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition a lump sum equivalent to three years’ pension is payable on retirement. Members pay contributions of between 6.0% and 6.5% pensionable earnings to the Scheme. In addition to the principal section, the supplementary benefits section exists to provide additional benefits in the event of ill-health retirement or death-in-service. It is solely funded by members’ contributions.

The required MRCPS contribution rate is assessed every three years in accordance with advice of the Government Actuary; the present MRCPS employers’ contribution rate is 13 per cent. The latest actuarial assessment of the MRCPS was at 31 December 2010 at which the market value of the assets of the MRCPS was £884 million (2007 - £869 million). The actuarial value of the assets was sufficient to cover 110 per cent of the benefits that had accrued to members after allowing for expected future increases in earnings. Triennial valuations are conducted under the Pensions Act 2004 on a scheme specific funding basis. The scheme is 110% funded on an ongoing basis.

The valuation below has been based on the data for the most recent actuarial valuations as at 31 December 2010 in order to assess the liabilities of the scheme at 31 March 2014. The mortality assumptions included within the figures are that male (female) members who retire at typical ages will live to approximately age 88 (90).

Financial assumptions used to calculate scheme liabilities as at 31 March 2014

Rate of increase on pensionable salaries 3.25%
Rate of increase on pension payments 2.25%
Discount rate 4.29%
Inflation rate 2.25%
Equities and property  £925,159k
Bonds and cash  £158,261k
Total £1,083,420k
Actuarial value of liability (£1,009,683k)
Surplus in scheme £73,737k

The last full valuation was carried out as at 31 December 2010.
29  Pension schemes (continued)

  g) MRCPS (continued)
The total pension cost for the University was £532k (2013 – £114k). This includes £42k (2013 – £46k) of outstanding contributions at the balance sheet date. Employees’ regular contributions were £230k (2013 – £49k) and £37k (2013 – £4k) in respect of additional voluntary contributions.

  h) NEST
NEST is a defined contribution scheme that is not-contracted out of the State Second Pension (S2P) and covers atypical workers, and a small number of small number of support staff who had previously opted-out of UGPS. From 1st April 2014, on the closure of the UGPS scheme a distinct NEST defined contribution scheme to cover new members of staff who would previously have been eligible for UGPS was opened. NEST has been set up by the government to assist employers in fulfilling their obligations under the Auto-Enrolment regulations. The University’s staging date for Auto-Enrolment was 1st April 2013.

The total pension cost for the University was £57k (2013 – £11k). This includes £13k (2013 – £3k) of outstanding contributions at the balance sheet date. Employees’ regular contributions were £37k (2013 – £9k).
Court – Wednesday 17 December 2014

Report from the Audit Committee

The Minutes of the meeting of the Audit Committee held on Tuesday 4 November 2014 are attached for information. There are no specific matters requiring Court’s approval or decision.

The Committee received the 2013/14 financial statements for the University and subsidiaries, together with the external auditors’ report and the draft management representations.

The Committee received the annual report from the internal auditors. Its own annual report to Court is referred to below.

The Committee was updated about USS and about the Estate strategy development. It received a paper on the structure of the University’s operation in Singapore. The Committee received reports on audit reviews of the University’s Consultancy Policy and of Capital Investment Projects.

The annual report of the Audit Committee is at Annex 1. As a matter of good governance, the Audit Committee reports annually to Court, and includes its assessment of the adequacy of the University’s systems of internal control. The chair of the Committee, Dr Paul Brady, will attend the meeting to present the report.

Prepared by Deborah Maddern
3.12.14
UNIVERSITY OF GLASGOW

Audit Committee

Minute of Meeting held on Tuesday 4 November 2014
in Room 251 Main Building

Present:
Dr Paul Brady (Chair) (PB), Ms Heather Cousins (HC), Mr Jo Elliot (JE), Mr Hamish Guthrie (HG), Mr Neil Menzies (NM), Ms Lesley Sutherland (LS) (observer)

In attendance:
Mr Ken Baldwin (Ernst & Young) (KB), Mr Jim Bishop (Ernst & Young) (JB), Mr Robert Fraser (Director of Finance) (RF), Ms Denise Gallagher (PWC) (DG), Mr Nick Holland (Group Financial Controller) (NH), Ms Deborah Maddern (Clerk) (DM), Professor Anton Muscatelli (Principal) (AM), Mr David Newall (Secretary of Court) (DN), Ms Lindsey Paterson (PWC) (LP), Mr Stephen Reid (Ernst & Young) (SR), Dr Dorothy Welch (Deputy Secretary) (DW)

Apologies: None

AUDIT/2014/15. Announcements

Lesley Sutherland, a General Council Assessor on Court who would be joining the Committee, was welcomed to the Committee. Attenders Denise Gallagher (PWC) and Stephen Reid (Ernst & Young) were also welcomed. The Committee’s thanks and best wishes to Jim Bishop were recorded.

Hamish Guthrie was attending his last meeting. On behalf of the Committee, Paul Brady and David Newall thanked him for his contributions to the work of the Committee, and wished him the best for the future.

AUDIT/2014/16. Minutes of the meeting held on 1 September 2014

The minutes were approved.

AUDIT/2014/17. Matters Arising

1 Pension Scheme USS

Earlier in the year, USS had engaged in dialogue with the Pensions Regulator, employers and UCU on the issues raised by the Trustees’ consultation on the Financial Management Plan to address the deficit in the scheme. Over the summer there had been close dialogue between UUK and the Joint Negotiating Committee, and discussions between UUK and UCU. A valuation of the scheme was being undertaken. An early assessment indicated that to maintain the current benefits would be unaffordable. Employers had indicated that affordability was vital to the viability of the scheme, and that there needed to be flexibility if yields improved or worsened. A possible solution to funding the deficit was a hybrid scheme, involving at its core a defined benefit scheme which would aim to protect lower earning staff, and a defined contribution scheme for more highly paid staff. Unions had indicated they were not content with current proposals. Were no solution to be reached, the Regulator could impose a settlement. The Committee would be kept updated.
.2 Estate Strategy Update

A report on the Court Strategy Day’s consideration of the development of the estate strategy had been circulated and was noted. Following the Strategy Day, Court had received recommendations at its October 2014 meeting, which it had agreed as follows:

1. That the draft Estate Strategy be endorsed and used as a framework for the ongoing work and refined and developed into a brief summary document;
2. The Teaching and Learning Hub proposals be developed to full business case stage;
3. That master planners and infrastructure consultants be appointed;
4. The continuation of the Court Working Group relating to the estate strategy.

Court had also noted key milestones, and noted that the next substantial report to Court would be in February 2015, when, following review by the Court Working Group, a series of recommendations would be presented on the business cases, which would include indicative costs, programme and funding arrangements.

In the context of the Committee’s wish for reassurance that sufficient resource and systems should be in place to provide controls and suitable risk management, it was noted that capacity was being created within the Estates and wider University management teams, that the procurement process was being refined and that risk management arrangements were being incorporated; and that project governance arrangements were being reviewed, as well as expertise having been co-opted onto key Court Committees over the past 2 years.

With regard to financing, it was noted that in the context of the SFC’s requirement for sustainability details to be provided by each HEI, the University had focused on cashflow with long-range modelling/scenario planning to underpin this. At present the potential investment in the estate, which had been discussed by Court, was c£450M, including c£100M of borrowing. Within this, each project would be carefully costed on an individual basis, and include detailed analysis of the business case. The level of operating surpluses required for the potential investment was being examined. The overarching shape of the campus development would be defined in more detail by the time of the February Court meeting. The Audit Committee would be kept updated, including via a briefing involving the Director of Estates, scheduled for the February meeting of the Committee.

.3 Contract Management – Update

Additional resource had been made available in Estates & Buildings to address points raised in the audit relating to contract management, with the timescale brought forward such that recommendations should be implemented by the new year 2015. The Committee would be updated via the regular update report from David Newall, at its February 2015 meeting.

.4 Corporate Structure (Singapore)

A paper on the structure of the University’s operation in Singapore was noted. Activities there were being mainstreamed with Glasgow activities as much as possible. It was noted that the financial checks and balances applied were already as they were in Glasgow.

PWC would keep overseas activity under review. The Committee would be updated on wider activity in the Asia markets, at a future meeting.

.5 Glasgow Student Villages

A paper on GSV had been circulated for information and was noted.

.6 SFC New Financial Memorandum

The memorandum, which was effectively in its final form, was noted.
.7 HE Governance - Update

A report one year on from the introduction of the Scottish Code on Good HE governance was about to be published. In the meantime, a consultation on possible changes to legislation relating to Higher Education was about to take place; the areas to be covered included the possible appointment of chairs of governing bodies, the role of the Privy Council in University governance, and the definition of academic freedom.

.8 Research Management System

The Committee had been briefed on the Research Management System, prior to the main meeting. It had been agreed an update would be provided on implementation of the audit recommendations relating to research management, as part of the regular update on Finance-related audits, for the February 2015 meeting.

Action RF/NH

AUDIT/2014/18. Internal Audit

18.1 Internal Audit Update Report

Two reviews had been completed since the last Audit Committee. No reports were classified as critical risk.

The key messages for the Committee on the completed reviews were as follows:

Consultancy Policy

The University allowed staff to undertake consultancy work on behalf of external bodies as part of its ongoing commitment to developing relationships and working with businesses and other external agencies. The auditors had reviewed processes and controls in place to assess compliance with the policy. No critical or high risk findings had been made. However, two medium and three low risk findings had been identified, resulting in a medium risk report classification. The former two findings were that there was no individual or committee within the University with overall responsibility for the consultancy policy and adherence to the policy; and that in over 50% of sample testing of new projects, the approval process as per the consultancy policy had not been followed in full. The management response would be provided at the next meeting, when a regular update was scheduled.

It was suggested that the policy and other University policies of a related nature should contain advice that adherence to them was subject to audit.

Capital Investment Projects

The review, classified as medium risk in its outcome, had found that there was scope for improvements to strengthen the control environment in relation to capital investment project management and financial processes, specifically in relation to resource strategy/project monitoring; and capital project prioritisation. The management response would be provided at the next meeting, when a regular update was scheduled. The Committee agreed that addressing the points was vital in both the context of the estate development and more generally to ensure that the matter did not become high risk.

18.2 Internal Audit 2013/14 Annual Report

The report presented a summary of the results of PWC’s internal audit work on the University’s system of governance, risk management and control, for the year ended 31 July 2014. The findings were based on the results of the internal audit work performed as set out in the Risk Assessment and Internal Audit plan, and any subsequent amendments that were approved. The work during the course of the year had identified low, moderate and high rated findings.
The Committee agreed that the report should be amended to provide an opinion on the adequacy of the University’s internal controls, risk management and governance arrangements. It was noted that the new SFC Financial Memorandum would require certain statements in the report for the coming year 2014/15, regarding the auditors’ assessment of the adequacy and effectiveness of risk management, internal control, governance, and value for money.

It was also agreed that in future the annual report should be amended to refer to the auditors alerting the Committee of any concerns about inadequate resources being available to cover areas of high concern; and to the Annual Internal Audit Plan being subject to approval and to change by the Committee. The Internal Audit Charter should also be amended accordingly, where relevant.

A revised 2013/14 report would be circulated to the chair and clerk. PWC would also recirculate the 2014/15 Annual Internal Audit Plan to the Committee.

[Note: PWC subsequently amended the report to include their opinion that based on the work completed, and subject to management addressing high risk issues in reports relating to Contract Management (Estates and Buildings) and Project Management (Research) (the latter of which report would be considered in detail at the Committee’s next meeting), the auditors were of the opinion that the University had adequate and effective arrangements to address the risks that management’s objectives were not achieved in respect of risk management, control and governance.]

**Action PWC**

18.3 Internal Audit Charter

The charter provided the framework for the conduct of the Internal Audit function at the University and had been approved by the Audit Committee. It had been created with the objective of formally establishing the purpose, authority and responsibilities of the Internal Audit function. The document was noted.

**AUDIT/2014/19. University Financial Statements**

19.1 Review of University Financial Statements for year ended 31 July 2014

The Committee received the financial statements for the year ended 31 July 2014.

There were no prior year restatements within the financial statements for the year ended 31 July 2014. The main items of note in the year were as follows:

The operating surplus was £20.0m (£20.6m after exceptional items), which was the ninth consecutive operating surplus after a decade of operating deficits. This was £16.8m better than the original budget, with £12.9m from operational movements, (including staff savings of £5.9m and increased income of £13.9m offset by higher consumables of £9.1m), and £3.9m movements in endowments, FRS 17 and subsidiaries.

Cash and deposit balances had closed at £163.4m, which was an increase of £10.9m in the year. The increase was mainly due to operating cashflows.

Capital expenditure for the year was £48.8m, which was a increase of £21.6m compared to 2013. The increase was largely due to investment in the South Glasgow Hospitals and Virology.

There was a 2.5% increase in the value of endowment assets, due to a higher return on investments in the year.

The net pension liability for the University of Glasgow Pension Scheme and Strathclyde Pension Fund had decreased by £21.9m. The University had made an initial
deficit reduction contribution of £30.0m. The remainder of the movement reflected the actuarial losses recognised in the year due to changes in actuarial assumptions.

19.2 Reports of External Auditors for year ended 31 July 2014

(1) Audit Results

It was noted that, as detailed in the audit planning report discussed with the Committee at its meeting on 20 May 2014, Jim Bishop’s tenure as engagement audit partner had been extended one year beyond the normal 10 year maximum, to enable the introduction to the team of Stephen Reid, who had joined Ernst & Young as a partner on 1 September 2014. In accordance with professional standards and E&Y internal requirements, E&Y had adopted additional procedures to eliminate any actual or perceived threat to its independence arising from Mr Bishop’s extended period as engagement partner. The principal procedure involved had been the appointment of an ‘engagement quality review’ partner with HE sector experience, who had reviewed the approach and conclusions to ensure that there had been no loss of independence.

The auditors had conducted the audit for the year ended 31 July 2014 in accordance with International Standards on Auditing (UK and Ireland) in order to provide reasonable assurance that the financial statements were free of material misstatement. The scope and approach for the audit of the accounts had been provided to the Committee at its 20 May 2014 meeting, and it was confirmed at the present meeting that there had been no amendment to the scope of the work since the presentation of those details.

The audit work in respect of the group and subsidiary company audit opinions was substantially complete. The following items relating to the completion of the audit procedures were outstanding: obtaining a signed letter of representation; reviewing the final financial statements and disclosures; and reviewing for subsequent events.

In addition, the auditors were also in the process of completing the following procedures: audit of US GAAP financial statements; review of discretionary fund and childcare fund submissions; and completion and submission of US loans report.

The Committee noted the key areas addressed during the audit, including: Accounting for Pension Obligations; Capital expenditure projects; Income recognition; Research grants and contracts; Cash management; Compliance with the Statement of Recommended Practice and other reporting requirements; Fraud Risk and risk of management override.

There were no significant internal control findings that the auditors wished to bring to the attention of the Committee. The auditors had noted that the application of internal controls continued to be appropriate for the business and that the quality of the year-end accounting processes continued to be of a high standard. There was one minor recommendation relating to the removal from the payroll data of people who had not been paid in the previous 6 months.

On the basis of their work performed to date, the auditors anticipated issuing an unqualified auditors’ report in respect of the group and University accounts and for each of the subsidiary companies, although until they had completed outstanding procedures, it was possible that further matters requiring amendment might arise.

The Committee expressed its thanks to the Finance Office team and to Ernst & Young for their work in relation to the accounts.

(2) Draft Representations by Management

The report was noted.
The Committee noted the accounts for subsidiary companies and the University Trust.

AUDIT/2014/21. Audit Committee Annual Report to Court
The report would be finalised by the Chair following the meeting, for subsequent inclusion in Court papers.

In line with previous years, the Committee was not required to approve the restated financial statements prepared under US GAAP. The statements were noted.

AUDIT/2014/23. Risk Register
The University Register was noted.

AUDIT/2014/24. Any Other Business
There was no other business

AUDIT/2014/25. Date of Next Meetings
Wednesday 18 February 2015 at 2pm in the Melville Room
Monday 18 May 2015 at 2pm Venue TBC

Prepared by: Deborah Maddern, Clerk to Committee, deborah.maddern@glasgow.ac.uk
Audit Committee
Annual Report to Court, December 2014

1. Introduction

In line with good governance practice, the Audit Committee submits an annual report to Court, giving an overview of the Committee's work during the year. The report reflects the Committee's assessment of the adequacy and effectiveness of the institution's internal control system and the extent to which the governing body can rely on that system. The report below summarises the work of the Committee for the year up to and including its meeting on 4 November 2014.

2 Summary of the Year's Work

2.1 Membership of the Committee

Membership of the Committee was: Kevin Sweeney (chair, to July 2014, when he left the Committee and Court), Dr Paul Brady (chair from August 2014), Heather Cousins (from April 2014), Jo Elliot, Hamish Guthrie and Neil Menzies. Ms Lesley Sutherland, a member of Court, has joined the Committee from November 2014. External recruitment of a Committee member with a chartered accountancy qualification is taking place to replace Hamish Guthrie, whose term ends in early 2015.

During the earlier part of the year, the Committee had expressed concerns about the low representation on it from Court, and welcomes the fact that its membership now includes two members of Court. In addition, following Paul Brady’s appointment as chair, and given that he is not a member of Court, the Committee invited him to take any additional measures that might be necessary to maintain good contact with Court; keeping these optimal links will also require action by Court where there are matters of importance to the Committee.

2.2 Financial Accounts

The Committee has reviewed the University's accounts for 2013/14 and the commentary on these, together with the audit results report prepared by the external auditor, Ernst & Young.

It was noted that, as detailed in the audit planning report discussed with the Committee at its meeting on 20 May 2014, Jim Bishop’s tenure as engagement audit partner had been extended one year beyond the normal 10 year maximum, to enable the introduction to the team of Stephen Reid, who had joined Ernst & Young as a partner on 1 September 2014. In accordance with professional standards and E&Y internal requirements, E&Y had adopted additional procedures to eliminate any actual or perceived threat to its independence arising from Mr Bishop’s extended period as engagement partner.

The audit opinion was unqualified and, for the ninth successive year, the accounts reflect an operating surplus. The Committee has also reviewed the accounts for the University’s ‘subsidiaries’ including UGlasgow Singapore Pte Ltd (related to the University’s activities with Singapore Institute of Technology) and the University Trust. It has also seen the restated accounts under the US GAAP, arising from the significant student loan funding provided by the US Department of Education, for US students studying at Glasgow.

2.3 Internal Audit Activity 2013/14

The Committee has continued to consider the work of Internal Audit, a service provided by...
PricewaterhouseCoopers (PWC) for the period of this report. During the year, the Committee has:

- reviewed and approved a new strategic audit plan with PWC;
- reviewed the outcome of each new internal audit report, assessing the main areas requiring attention, the management responses to the related recommendations, and the actions taken, challenging these responses and actions where it considered this was required, to ensure appropriate action was taken in light of recommendations;
- required the Director of Finance and the Secretary of Court to report regularly on progress in implementing internal audit recommendations; and
- convened special meetings or briefings to look in more depth at a number of areas, including: IT penetration testing; the new HE/FE Statement of Recommended Practice (SORP) for the sector, which updates current accounting practice; and the Research Management System.

The number of Priority 1 audit recommendations had reduced in recent years, with no Priority 1 recommendations in 2012/13, two in 2011/12 and 2010/11, and five in 2009/10. The Committee had welcomed this trend, in its past reports to Court. The recommendation ‘rating’ system has changed with the appointment of PWC as auditors. In 2013/14 there were with no ‘critical risk’ recommendations, and seven ‘high risk’ recommendations. While direct comparisons with the ratings used previously (Priority 1, 2, 3) are not possible, the committee will monitor trends in the coming years.

The auditors have followed up a sample of recommendations from previous reports to check on implementation. In the Committee’s view, the University management is generally following up audit recommendations appropriately, or providing reasons for any delays or for any recommendations not implemented. This area will continue to be kept under review by both the Committee and the auditors, with management challenged to ensure recommendations are implemented in a timely way. The attendance of the Principal, Secretary of Court, Deputy Secretary and Director of Finance at meetings provides evidence to the Committee of the University management’s engagement with the audit process.

Particular areas of interest for the Committee, arising from specific audits or reviews, or from wider aspects of the University’s operation, were:

- An audit review of Contract Management, where areas for improvement were identified within Estates and Buildings, including one high risk finding that some situations arose whereby suppliers with an annual spend exceeding the threshold of £25,000 operated outside formal framework agreements and were not subject to the formal tendering/quotation process. This was because the individual amounts involved did not exceed procurement limits; however, no consideration was given to total expected expenditure over a forty eight month period, as required by University policy. There was also a finding relating to the absence of a register for staff to record interests with external suppliers. The Committee has expressed strong concern about the findings of this review, particularly given previous compliance issues raised in this area, and the additional management pressures which will arise from implementation of the proposed Estate Strategy.

- An audit review of Risk Management, which found that risk management practices are in operation at strategic, central and College levels, but highlighted areas where these were of an informal nature with a lack of clearly documented guidance. While the SMG has implemented a robust process for ongoing strategic risk management, many College risk management practices are more informal or implicit within business-as-usual activities. A number of
recommendations were made to clarify activities and provide greater structure and clarity over the University’s risks and the arrangements to ensure mitigating controls were in place. An action plan has been agreed with management. The Committee discusses risk management further elsewhere in this report.

- An audit review of Capital Investment Projects, which although rated ‘medium’ overall, found there was scope to improve the control environment for capital investment project management and financial processes, specifically in relation to staff resource strategy (including monitoring of forecast vs. outturn on staff resources), formalisation of capital project prioritisation, and formal management of costs, including escalation procedures. While the Committee understands that Estates and Buildings is reviewing its processes and procedures in light of the number of significant capital investment projects, it will continue to monitor this area, particularly given the major campus redevelopment proposals. As referred to elsewhere, a briefing on the Estate Strategy is already scheduled for the Committee in the current session.

- An audit review of the University’s Consultancy Policy, which (within stated parameters) allows staff to undertake consultancy work on behalf of external bodies. Again, while there were no findings rated critical or high risk, there were medium findings of concern to the Committee, relating to there being no individual or committee within the University with overall responsibility for the policy and adherence to it; and to the approval process not having been followed in full, in over 50% of sample testing of new projects. The Committee has recorded on several occasions its concerns about the need for an improved compliance culture, and raised the specific issue about non-compliance with the Consultancy Policy, in its annual report last year, in the context of an audit review of fee payments.

- An audit review of International Activity, where it was recommended that revision of formal structures and mechanisms should be undertaken, to ensure effective delivery of the internationalisation strategy, so that: activity is directed across the University; responsibilities and reporting lines are clarified across the institution; action relating to partnerships which are not delivering benefits to the University is taken; and that effective operation is assured within the comprehensive framework for academic collaborations.

- The approach to the treatment of potential fraud, where the Committee has noted that mechanisms exist for the external auditors to be kept informed of any issues and also that the University’s Whistleblowing mechanism exists for staff to raise any concerns within the institution; the internal auditors are also involved in any fraud investigations on a case by case basis if required, with management liaising with the internal auditors to provide relevant information. There is a Research misconduct policy in operation, where the Committee has noted that no formal investigations relating to research misconduct were undertaken during the 2013/14 academic year for University of Glasgow staff. The Committee has also noted that a Concordat to Support Research Integrity was published in 2012, in response to an increasing international focus on the importance of good research practice.

The internal auditors’ annual report for 2013/14 has concluded that subject to management addressing high risk issues noted in the reports of their reviews of Contract Management (Estates and Buildings) and Project Management (Research), the auditors believe the University has adequate and effective arrangements to address the risks that management’s objectives are not achieved, in respect of risk management, control and governance.

2.4 External Audit

At the end of 2014, the contract for the provision of External Audit services by Ernst & Young will terminate. A tender exercise is currently being conducted, involving the input of the Committee to
the process, the outcome of which will be included in the Committee’s regular report to Court in the spring of 2015.

2.5 Risk Management

The Committee’s role includes an active interest in the University’s approach to risk management. During the year, the Committee has again concluded that risk management is well embedded as a regular element in the agenda of the SMG, with the University’s key business risks identified, risk owners appointed from among SMG members, and risk mitigation strategies clearly defined. During the period of this report, PWC reviewed the University risk workshop system, including the format, facilitation and timing of workshops, with a view to better focus, action planning and mitigation, and improved reporting of College and School risks.

Last year it was reported that the Committee had concerns about the risk register relating to the Colleges, which it considered required more work to embed the risk culture, including greater focus on key risks, better engagement by Colleges with risks that are managed locally, and clear identification of those responsible for progressing matters within Colleges. PWC are facilitating College workshops, in a similar format to the refreshed University-level workshops. These have been extended to cover the prioritisation process and agreement of actions and owners to address risks, for areas of activity for which the Colleges themselves are responsible. The Committee welcomes these developments, and will be keeping this area under review in the coming year.

2.6 Pension Schemes

The Committee was kept updated about actions relating to addressing the deficit in the University of Glasgow Pension (UGPS) fund, including details about a cash injection and payment of the balance over a period of years until the deficit is closed; and has also been briefed on the actions being taken in respect of the deficit in USS, including consultations with sector employers. The Committee notes the additional cost pressures that will arise on the University’s finances, and the associated increased risks.

2.7 Western Infirmary site/Campus Estate Strategy

The Committee has maintained its interest in the development of the Western Infirmary site and the wider campus, and particularly the potential risks associated with this. It has received details of the Court’s discussion of the Estate Strategy at the September 2014 Strategy Day and Court’s subsequent approval of elements of this including the progression to the next stage of the Learning & Teaching Hub,. The Committee will continue its scrutiny of this area, with particular regard to the assessment and management of the additional risks, in relation to financing, resource management and project management. The Committee looks forward to being briefed in the coming year, involving as appropriate the Director of Estates & Building and chairs of key Court committees associated with the development.

3 The Committee's plans for 2014/15

In 2014/15, the Committee’s focus will include: audits about aspects of risk management and corporate governance; value for money audits including project management (with a particular focus on Estates), procurement, and facilities management; general assurance audits relating to financial controls, including the University’s financial management processes for managing and monitoring the pensions deficit, and key financial functions of Payroll and Expenses; risk-based internal control reviews including research grants management and international activity, in particular in China; and computer-related audits including a review of responsibilities and reporting structures with IT
functions across the University.

The Committee will maintain its ongoing interest in areas from the past year, including IT security, risk management within the Colleges, and, in particular, the development of the Estate Strategy, covering (as indicated above) areas such as the management of capital projects, the scale and manageability of the financial commitment, and risk management for the overall undertaking and for individual aspects of it.

4 Adequacy and Effectiveness of Internal Control

On the basis of the internal audit work undertaken in the course of the year, and of the comments of the external auditors on the University's financial statements, the Audit Committee believes that the University generally has an adequate framework of internal control.

PB/DM 27.11.14
Report from the Human Resources Committee

Brief description of paper
The minute of the meeting of the Human Resources Committee held on Monday 17 November 2014 is attached for information.

The HR Director provided an update to the Committee highlighting a number of substantive areas including the outcome of the recent UCU ballot with regards to the proposed changes to USS and the industrial action short of a strike in the form of a marking and assessment boycott effective from 6 November 2014; this year’s Performance & Development Review process; an overview of a recent Employment Appeal Tribunal ruling relating to Holiday Pay and Overtime; and the soon to be launched University Services Leadership Development Programme.

The Committee received two presentations. The first from Simon Wilson, Head of HR, College of Science & Engineering focussing on the HR Excellence in Research Award which is shortly due for renewal. The second from Professor Steve Beaumont with support from Gillian Shaw, Head of HR, College of Arts updated the committee on the Academic Workload Modelling project. Both presentations were well received and generated good dialogue amongst the members.

The Committee received an update on Policy matters specifically the Extended Workforce Policy which updates the existing Atypical and zero hours arrangements. There has been extensive consultation with the unions on this matter and there is some potential for media interest following its launch on 8th December.

The Management of Organisational Change Policy was also discussed by the Committee. This policy had been due for review in October, two years post introduction, however, since its inception the policy had only been applied at Tier 1 and there was currently no experience upon which to base a wider review of the policy. The Committee concurred with the view of the Policy Review Group and JCCN that a full review was not appropriate at the current time and should be considered at a point when the arrangements had been further tested. In the meantime HR are developing appropriate guidance on the actual management of a restructuring exercise which is currently the subject of consultation with the TUs and would form an appendix to the existing policy.

Action required
Court is asked to note the draft minute of the HR Committee meeting on 17 November 2014.

Richard Claughton
Deputy Director of HR & Clerk to the HR Committee
8 December 2014
UNIVERSITY OF GLASGOW
Human Resources Committee
Minute of meeting held in the Melville Room on Monday 17 November 2014

Present: The Principal (AM); Mr D Anderson (Convener) (DA), Mrs A Allen (AA), Mrs C Barr (CB), Professor E Cameron (EC), Mr R Claughton (RPC), Mrs H Durnedell (HD), Professor C Forde (CF), Dr Morag Macdonald Simpson (MMS), Mr David Newall (DN), Professor R O Maolalaigh (ROM), Dr D Spaeth (DS).

By Invitation: Mr Simon D Wilson (SDW), Professor Steve Beaumont (SB), Ms Gillian Shaw (GS)

Attending: Mrs E Rae (Minute)

HR/14/16 Opening Remarks & Apologies
DA opened the meeting and noted no apologies on this occasion. He welcomed Dr. Morag Macdonald Simpson, Lay Member of Court to the Committee. DA also advised that a new Senate Assessor, Professor George Baillie had been appointed to the HR Committee and would attend the next meeting in January 2015.

DA indicated that, following discussions with CB and RPC the agenda was set out so as to highlight the focus of the particular items, thus ensuring that the committee was able to maintain its goal to concentrate on the key strategic people issues.

HR/14/17 Minute of the Meeting held on 15 September 2014
The minute was taken as read and approved by the committee.

HR/14/18 Matters Arising from 15 September 2014
RPC updated the Committee in relation to the Maternity/Paternity leave policies and that this item would be the subject of further discussion at the January meeting of the Committee.

Action - RPC

All other matters arising were covered in the HR Director's Report or other agenda items.

HR/14/19 HR Director's Report
CB provided an overview of the HR Director's Report highlighting a number of substantive areas including an update on the outcome of the recent UCU ballot with regards to the proposed changes to USS and the industrial action short of a strike in the form of a marking and assessment boycott effective from 6 November 2014; this year's Performance & Development Review process; an overview of a recent Employment Appeal Tribunal ruling relating to Holiday Pay and Overtime; and the soon to be launched University Services Leadership Development Programme.

HR/14/20 CB reported that UCU had proceeded to conduct a ballot of its members at 66 pre-92 institutions with respect to proposed changes to USS which duly resulted in support for strike action (77.8%) and action short of a strike (86.7%) on the basis of a 45% turnout.

This had required the mobilisation and engagement of relevant members of various leadership teams across the University to ensure that plans were put in place to contain the impact of this action and minimise disruption for students. Given that negotiations with regards to the changes are not as yet complete, the current action might be considered to be somewhat premature. Initial indications following a number of recent communications to staff, anticipate approximately 150 members of academic staff may participate in the action. However, a decision to postpone the action for now may well follow from the JNC meeting (19 November) which would provide some reassurance for students that marking and assessment would be uninterrupted until at least January. DN highlighted the key date in the timetable which the trade union may focus upon thereafter would be the setting of papers for the exam diet scheduled...
for March 2015. He suggested local assessment duties might be more difficult to manage for individual Heads of Schools.

The Principal commented that current relations with UCU were very positive and there was, in his view, every prospect of a resolution. DA concurred with this view stating that dialogue with the Unions at a local level in recent times had appeared to be more collaborative.

**HR/14/21**
CB requested that the PDR update within her report be taken as read simply highlighting that the completion rate reached for this year is 94.4%. The Board of Review was scheduled to take place on 18 November and a fuller update would follow in March 2015. The Board of Review would receive a report on lessons learned from this year’s process in which, amongst other aspects, the number of performance assessment outcomes had increased.

**HR/14/22**
The committee noted that the anticipated date for re-location of university service areas would now be end January/early February 2015.

**HR/14/23**
CB invited RPC to outline the outcome of a recent Employment Appeal Tribunal (EAT) which had the potential to change the way in which holiday pay is calculated to include elements of non-contractual overtime payments. He explained that this represented a degree of risk to organisations within the UK that regularly pay overtime which was resulting in claims for back pay associated with historical holiday pay, potentially as far back as 1996 when the EU legislation was introduced. The University had thus far received notification of 9 formally lodged claims with a further 15 potential cases, lodged informally with the local branch of UNITE. Work was underway to scope the scale, the potential impact of these most recent tribunal outcomes and the most effective way of implementing change.

**HR/14/24**
CB highlighted that Eddie O’Grady, Head of Employee/Organisational Development was scheduled to attend the January 2015 meeting to provide an overview of the strategic development of OD since taking up his role earlier this year, and the effectiveness of the recently launched Academic Leadership Development Programme. CB informed the Committee that all Heads of University Services had been invited to nominate suitable candidates to participate in the newly developed University Services Leadership Programme the aim of which is to develop leaders whose capabilities and behaviour supports the achievement of the University’s strategic ambitions.

**HR/14/25**
**Early Career Researchers/HR Excellence in Research**
DA welcomed SDW to present to the Committee.

SDW focussed on the following key areas: update on the HR Excellence in Research Award 2010-14 action plan, strategic input required to the 2015 – 2018 action plan aimed at supporting renewal of the award (submission for which was due on 19 December, 2014) and an overview of the seven principles of the Concordat. SDW reminded the committee that the Concordat is the agreement between funders and the employers of UK researchers aimed at improving the quantity, quality and impact of research as well as enhancing the attractiveness and sustainability of research careers in the UK.

SDW invited the Committee to note the current status of the consultation process and award renewal submission. He also invited comment on the evidence forming part of the 2010-14 action plan. Finally he invited comment on the direction of the new action plan.

CB sought input from the Committee on the extent of engagement in researcher development activity at a local level. EC commented that, in his view, there was an intriguing ambivalence evident in some areas, most likely due to varying ambitions of eligible individuals. He could identify areas of conflict where researchers, for example, might wish to develop their careers elsewhere. CB advised the Committee that feedback from recent surveys of contract researchers and principal investigators that
career related support and development are regarded as an expectation during periods of early career research employment whilst at Glasgow.

DA stated that activities such as the staff survey and the annual PDR process should provide intelligence in terms of whether research staff feel valued or not and CB confirmed that information was gleaned from both of those sources. SDW indicated that the last CROS/PIRLS (Careers in Research Online Survey) and (Principal Investigators and Research Leaders Survey) had highlighted some areas for development and significant progress had been made in implementation of the Concordat. Many recent developments had been directly informed and enhanced by feedback from research staff and research managers. SDW relayed some challenging statistical outcomes from the survey; for example 45% of research staff in 2013 claimed they did not have a career plan or CPD programme in place. DA invited SDW to share the statistical information quoted with the Committee.

**Action – SDW**

DA stated that, in his view, PDR objectives and Researcher Development should be inextricably linked. SDW suggested that in some cases, individuals mistakenly assume that completing objectives is evidence of being on a particular career path, which is clearly not the case.

DA thanked SDW for his presentation and the Committee agreed that the progress outlined was encouraging.

**HR/14/26  Academic Workload Modelling**

DA welcomed SB and GS to present to the committee.

SB stated the aim of the project is to maintain a suitable balance between teaching, research and administrative workloads in the context of growing student numbers and the quest for income generation: to answer the question of whether the University is appropriately resourced for the future. SB outlined actions taken within the pilot preparation stage and findings of a due diligence exercise. Significant (non-technical) data integrity/quality issues had emerged during the work requiring attention pre rollout, but a good understanding of where data existed and where it did not, had been achieved. Overall feedback on the consultation regarding the tool undertaken thus far had been very positive and it was hoped that momentum could be maintained and system implementation could potentially be accelerated.

SB highlighted the importance of regular consultation with the academic trade union and the completion of an Equality Impact Assessment to ensure fine grain analysis and data breakdown, e.g. gender divisions.

GS advised that rollout on a University wide basis is likely to be during academic session 2015/16 following a pilot in a number of Schools. SB confirmed that Heads of Schools would still allocate workloads and that the modelling system will be a recording and reporting tool. GS advised that Deans of Learning & Teaching would still be required to enter the parameters given by the Heads of Schools.

EC commented that following "go live", the first six months would be critical in terms of establishing the new system and that plans should be put in place to enable and maximise opportunities to maximise the benefits of utilising a "pilot" approach over a full scale university wide "launch".

MMS asked about data security and was advised that individuals would only be permitted access to data they had the right and need to view, utilising the system security hierarchy used for existing systems.

DA thanked SB and GS for their attendance and looked forward to further committee updates in due course.

**HR/14/27  Transforming Research Management (TRM) project update**

RPC reminded the Committee that the key aim of the project is to support University strategic goals with regards to research activity. It had also presented the first
requirement to utilise the Management of Organisational Change policy beyond Tier one.

He outlined that there would be a change in the nature of some roles and other roles would effectively no longer be required. It was hoped to manage the required transitions in a phased manner with an initial launch in May/June 2015 covering a small number of schools and RIs within all four colleges. RPC confirmed that the Court Procedural Review Group had been convened and a paper presented. Initial consultation had also taken place with the relevant campus trade unions and Court would receive a project update in December. Subject to Court approval, recruitment for Phase 1 of the project would commence in January following communication to staff. The Committee noted the progress update provided.

HR/14/28 Policy update

HR/14/29 Management of Organisational Change

RPC advised that this policy was due for review in October, two years post introduction. Since its inception the policy had only been applied at Tier 1 and there was currently no experience upon which to base a wider review of the policy. The view of the Policy Review Group and JCCN was that a full review was not appropriate at the current time and should be considered at a point when the arrangements had been further tested, in the New Year following the launch of the TRM project (as discussed above). In the meantime clearer guidance should be developed on the actual management of a restructuring exercise and the principles which would be applied in managing internal transitions from one organisational design to a new one. RPC indicated that a draft document was currently being consulted upon with the campus trade unions

RPC thanked the Committee for its input and advised that, subject to ongoing discussions with the Trades Unions the appendix may be finalised in time for the January meeting. The Committee agreed the proposed approach.

HR/14/30 Review of Casual and zero hours employment practices

RPC presented the Extended Workforce Policy for comment and approval. In particular, RPC drew attention to Section 6.3 where SMG had requested re-wording of the phrase "limit abuse" in relation to the use of Fixed Term contracts. RPC was asked to review sections 7.3 and 7.4 and he noted the points expressed. When asked if there were cost implications in making the changes proposed, RPC confirmed that there would be if a person chose to remain in a pension scheme if they had moved from a casual worker arrangement to formal employment. CB stated that there is a substantial annual spend often in excess of the allocated budget and that the change in approach would facilitate greater scrutiny of this and ensure appropriate management focus on budget control.

DA asked the committee if they could approve the policy with the information at hand and the commitment of RPC and CB to effect the amendments. The policy was approved and RPC confirmed that he would circulate a final version once available.

Action - RPC

HR/14/31 KPIs: Management Information Reporting

CB introduced this item to the committee confirming that RPC would summarise the HR KPIs for the year and that the KPIs would also be presented to Court in December. She reminded the Committee that an expanded update on sickness absence had been discussed at its previous meeting and items on the other areas were scheduled for future meeting. CB highlighted that the University headcount now exceeded 7000 staff and handed over to RPC to present. RPC briefly spoke to the key data points in the paper.

CB reminded the Committee that part of the work this year had been developing a set of KPIs which properly and correctly allowed service performance to be monitored. EC agreed that recording the data was important along with trend analysis, provided these informed actions to be taken forward. This is a useful way of identifying KPIs and the way in which these could influence and which could not.
HD suggested there was a danger in focussing too much on academic metrics. Further information and analysis was sought with regards to Gender Pay Difference by Grade, as there appears to be a significant swing in the data provided for Grade 5 over a three year period which had not been identified as a potential issue by the HR team. CB agreed to investigate and provide further clarity at the March meeting of the Committee when Gender Pay is discussed as a substantial agenda item. 

Action - CB

DA thanked RPC and CB for the summary data. He proposed that a more focussed set of measures be presented to Court along with a summary of the key HR related points associated with them. In this way it would be possible to highlight the key actions potentially arising from the data. 

Action - RPC

HR/14/32 HRC Sub-Committee Update

HR/14/33 JCCN (Joint Committee of Consultation and Negotiation):
The minute of the meeting of the JCCN held on 22 October 2014 was noted.

HR/14/34 Any other business
There being no other business, the meeting closed at 12 Noon. DA thanked CB, RPC and team for input to the November Committee.

HR/14/35 Date of next meeting
The next meeting of the HR Committee was noted as Wednesday 21 January 2015 at 10am – 12.15pm in the Melville Room.
Court - Wednesday 17 December 2014

Report from the Estates Committee

The Minutes of the meeting of the Estates Committee held on 3 November 2014 are attached.

Action Requested

Court is asked to:

Note the progress made on the Estate Strategy (EC/2014/12 refers);

Note and endorse Estates Committee’s approval of CapEx applications in respect of:

Centre for Virus Research (Overspend) in the sum of £1.626m (inc VAT)  
EC/2014/13.2.1 and EC/2014/13.3.1 refer

Teaching and Learning Hub (Design Fees) in the sum of £2,225,688 (inc VAT)  
EC/2014/12.1.2 and EC/2014/13.3.2 refer

JWNC Expansion and Quantum Hub in the sum of £457k  
EC/2014/13.3.3 refers

Note the remainder of the minute.

Originator of the Paper

Lynn Duncan  
Clerk to Estates Committee  
17 November 2014
UNIVERSITY of GLASGOW
Estates Committee
Minute of the meeting held in the Estates and Buildings Conference Room on
Monday 3 November 2014

Present: Mrs A Allen, Professor S Beaumont, Mr R Fraser, Professor N Juster, Professor K Lury, Mr D Milloy, Ms M Morton (Convener), Professor A Muscatelli, Mr D Newall, Mr A Seabourne

In Attendance: Mrs L Duncan, Mr R Kilpatrick, Mr R Smith

Apologies: Professor J Briggs, Professor F Coton, Dr S Inch, Ms B O’Connor

EC/2014/9 Minute of the meeting held on 1 September 2014

The minute was approved as an accurate record.

EC/2014/10 Matters Arising

EC/2014/10.1 Estate Strategy Progress Report (Western Infirmary Transfer - EC/2013/34.1 refers)

The Committee noted that subject to reaching agreement on one matter handover was scheduled to take place late 2015/early 2016.

EC/2014/11 Declaration of Interest

There were no declarations.

EC/2014/12 Strategies and Performance

EC/2014/12.1 Estate Strategy Update

The Committee noted that in the two months since it last received an update there had been significant progress in the development of the Strategy and of the associated business cases. At its last meeting the Committee had approved the draft Strategy and this approval was endorsed by Court on 8 October 2014.

A succinct version of the Strategy, in condensed format and capturing the strategic narrative and key messages, was being prepared in conjunction with Development and Alumni Office and Corporate Communications. A draft would be provided to the Committee in advance of its next scheduled meeting.

The Committee noted that an essential element of business case development would be the demonstration of efficient and effective use of space. It noted that over the next nine months Estates and Buildings aim to review and revise existing space develop descriptors for the major and standard space types and a series of measurable targets for improving space efficiency. The Director of Estates advised that an experienced person with sector knowledge could add significant value to this project and would be able to develop a programme for the work to ensure that the deliverables were agreed and approved by April 2015 and incorporated into business cases by June 2015. They would also benchmark standards across a number of sectors and, building on the space principles document, develop descriptors for different space types and models for office and laboratory space types. The Committee noted that a brief had been prepared setting out the key elements of the work required.

The Committee noted that Gateway Review three was undertaken in September 2014 and had focused on readiness to progress business cases and levels of engagement across the University, as well as the University’s strategic thinking. The Committee noted the Gateway report and recognised the significant progress made. It noted the report’s recommendations in relation to engagement, business planning, governance, funding and investment opportunities, all of which are incorporated in next steps.
**EC/2014/12.1.1 Business Case Update**

The Committee noted the development of the business cases since its last meeting. It noted that further detailed work was required on the financial elements.

The Committee agreed that given the magnitude of the cumulative construction and development proposed, it would be impossible for Schools and Colleges to maintain and deliver an acceptable quality of student experience and research order book, if all projects were to run simultaneously. It also considered the level of financial investment required would require programme phasing with those projects considered to deliver the greatest benefits to the University being undertaken earlier in the programme.

**EC/2014/12.1.2 Teaching and Learning Hub (EC/2014/13.3.2 refers)**

The Committee noted and supported SMG and Court’s views that a fit-for-purpose, modern teaching and learning facility was considered essential if the University is to achieve its ambitious growth targets. Professor F Coton, Vice Principal (Teaching and Learning) was leading the project through briefing and design.

It noted the imperative to progress the design and the requirement for appointment of a design team which would be via the new consultancy framework. It noted the framework included architectural practices leading on the design of buildings in the Higher Education sector.

Project governance arrangements had been agreed by SMG in October 2014 and a Project Board would be established in consultation with SRC. It was noted that the Board would include widely representative student members and would provide regular progress reports to Estates Committee.

In advance of the meeting scheduled to take place on 7 January 2015, Estates and Buildings would prepare a draft project programme for circulation to Committee members for comment.

**EC/2014/12.1.3 Master Planning and Infrastructure Proposals**

The Committee noted that following a review of potential procurement strategies for delivery of the Campus Development Framework, a high-level Procurement Strategy had been prepared and reviewed by the Court Working Group. The Strategy seeks to allocate design and construction activities into packages offering optimum cost effectiveness, efficiency and flexibility.

It was noted that Court had been supportive of the appointment of master planners and that in conjunction with the Head of Procurement an OJUE notice, seeking expressions of interest and progressing to the PQQ stage, would be placed. A detailed tender document would be prepared over the next few months.

The Committee noted that design and construction delivery projects were grouped into two categories: Programme Level (masterplan development/infrastructure/landscaping design and delivery); and Project Level (individual building/group of buildings design and delivery).

Work relating to warranties and responsibilities was underway in conjunction with the University’s Procurement Team and with the University’s solicitors and the Committee would be updated on progress.

The Committee noted CHP project had scope to support an additional 60,000 sqm of campus development.

The Committee endorsed the general principle and main proposals of the Strategy but required significant additional detail prior to considering approval.

**EC/2014/13 Projects**

**EC/2014/13.1 Approved Projects Status (RAG) report**
The Committee noted the report and the current status of projects.

EC/2014/13.2 Project Exception Report

The Committee noted the position in relation to the project exceptions:

EC/2014/13.2.1 CP09/319 – Centre for Virus Research (CVR) – (EC/2014/13.3.1 refers)
Handover of the main accommodation was achieved on 25 August 2014 with the CLIII labs handed over on 9 September 2014. Occupation commenced on 15 September 2014 as planned. A number of issues were identified by the users and were being closely managed. The Final Account was being progressed by the Cost Consultant in conjunction with the Contractor. The sum would be in excess of the CapEx authorised sum and consequently a further CapEx application had been prepared for the projected overspend.

EC/2014/13.2.2 CP11/433 CP09/305 - GUU/Stevenson
The Contractor had reported programme slippage of four weeks, mainly due to unforeseen ground conditions but was confident this was recoverable during fit-out and the original completion date achievable.

EC/2014/13.2.3 CP11/412 - Garscube Learning and Social Space (GLaSS)
The Contractor had reported programme slippage of six weeks. Whilst issues were encountered in the sub-structure and with existing services, the predominant and critical issue was the Contractor’s delay in the procurement and design of the structural steelwork. The Contractor was taking measures to mitigate the delay and was confident that slippage was recoverable during the fit-out.

EC/2014/13.2.4 CP12/496 & LM12/588 – Liskamp Laboratories & Fabric Repairs
The final project costs exceed approved CapEx budget and a further CapEx application for the additional funding element would be prepared for the November 2014 CapEx Committee. The extent and reasons for the overspend were being examined by Estates and Buildings.

EC/2014/13.2.5 LM12/533 & LM12/588 Joseph Black Building Fabric Repairs (Phase 1)
Approval was previously given for fees (LM12/533) in the sum of £359k for design and scheduling of the external fabric repairs. The overall scope was quantified and specifications had been developed.

The separate CP13/592 Strategic Study of the Joseph Black Building and College business case submissions led to the overall programme being temporarily suspended with only certain critical aspects progressed to delivery. Estates and Buildings was updating accounts with respective consultants and would confirm the status of reports and documentation. The Project Board would provide further information on next steps once the outcomes of business case decision are known.

CapEx approval was also granted in the sum of £416k for delivery of Phase 1 (LM12/588) for external works associated with the Liskamp Laboratory to include roof and window replacement. Works were instructed via the contract packages associated with the main laboratory upon which there was now a predicted overspend. A review had commenced to establish if any cost variances relate to the external works package and findings would be report via CapEx Committee.

EC/2014/13.2.6 LM12/534 Main Building Tower (Phase Two)
There was potential for an increase in overall project construction costs due to additional repair works undertaken in Phase One. Additionally, detailed surveys for Phase 2 had identified a need for additional unforeseen repair works. The PQQ process for Phase 2 was complete and the tender issued for pricing. Tender return values were difficult to predict due to the access complexities and the specialist works required. The increased scope has been included in the package but would be reviewed on receipt of approved tenders with variances in budget requirement reported to CapEx Committee.

EC/2014/13.2.7 CP13/570 – Wind Tunnel, Acre Road
Delayed delivery of specialist equipment to be supplied by the College was negatively affecting progress and the final completion date, now anticipated as late November 2014.
The Committee was concerned about the number of projects delayed and exceeding approved budget due to unforeseen ground conditions. It was assured that future projects would be managed to ensure more comprehensive site investigation and/or that the liability for assessing ground conditions lay with the respective contractor although noted that project costs would increase as a result of this transfer of liability.

EC/2014/13.3 Project Approvals

EC/2014/13.3.1 Centre for Virus Research (Overspend) – (EC/2014/13.2.1 refers)
The Committee noted problems had arisen within the project, similar in nature to those which had occurred in the original GUU/Stevenson project.

There had been significant issues at the earlier stages including connections to existing utilities, unforeseen ground conditions and a large number of client design changes, particularly to finishes. It was noted that some of the changes were as a direct result of Home Office regulatory changes which required compliance-related design changes. There had also been insufficient design checks which only became evident in the latter stages of the project and which have resulted in programme delay and further cost creep.

The Committee noted the issues and, whilst unhappy with a situation it considered avoidable, approved the additional funding in the sum of £1.625m (inc VAT).

EC/2014/13.3.2 Teaching and Learning Hub (Design Fees) - (EC/2014/12.1.2 refers)
The Committee noted and approved the CapEx application in the sum of £2,225,688 (inc VAT) for design fees to allow detailed surveys and design works, up to RIBA Stage 3, and leading to submission of a planning application in respect of the proposed facility.

The Committee noted that it would receive regular reports on progress, as would the Governance Group, and that it was likely that the detailed business case would be submitted to Court for approval in June 2015.

EC/2014/13.3.3 JWNC Expansion and Quantum Hub
The Committee noted and approved the CapEx application in the sum of £457k in respect of the JWNC Expansion and Quantum Hub. It noted the project would result in expansion of cleanroom facilities, provision of an SFC-funded Industry Innovation Space and associated enabling works.

EC/2014/13.4.4 Disposal of Surplus Residential Properties
The Committee recalled its approval, in March 2013, of the Residential Student Accommodation Strategy focusing the provision of accommodation in purpose built halls of residence, supplemented by accommodation held by the major private sector providers. It had also proposed the disposal of a number of converted houses, currently used for student accommodation. The Committee noted the detailed list of properties managed by Residential Services which were vacant or due to become vacant and which were considered surplus to requirements.

EC/2014/14 Estates Operating Matters

EC/2014/14.1 Critical Path
Noted.

EC/2014/14.2 JLL Review Update

The Committee noted that a number of the recommendations within the report were being implemented, specifically in relation to procurement matters.

It noted that it would receive a further update at its meeting scheduled for 7 January 2015.
EC/2014/15 Any Other Business

In response to an enquiry regarding cost price inflation it was agreed to seek a forward look from a Quantity Surveyor.

EC/2014/16 Schedule of Meetings for 2014/15

Wednesday 7 January 2015
Monday 16 March 2015
Monday 18 May 2015

All meetings will take place in the Estates and Buildings Conference Room at 9am.
Court - Wednesday 17 December 2014

Report from the Remuneration Committee

Minutes of the Remuneration Committee meeting held on 6 October 2014 are attached, for noting by Court.

Prepared by Deborah Maddern
4 December 2014
UNIVERSITY OF GLASGOW

Remuneration Committee

Notes of the Meeting held on 6 October 2014

Present  David Anderson (convener)
          Brian McBride
          Anton Muscatelli
          David Ross

Attending  Christine Barr
           David Newall

Apologies  Ken Brown

1. Notes of the meeting on 2 May 2014

   These were approved.

2. Professorial Reward 2014

   .1 The policy agreed by Remuneration Committee

   At its meeting on 2 May, Remuneration Committee had discussed the University's policy on professorial reward, and the following points had been agreed:

   - that professorial staff and Grade 10 staff should as a matter of course benefit from any nationally negotiated annual award;

   - that, at University level, recognition and reward should be informed by: annual P&DR outcomes; sustained academic performance outputs; budgetary considerations; and comparative Russell Group professorial pay trends;

   - that reward would not be provided in addition to any out-of-cycle pay increase awarded in the course of the year;

   - that a high level of performance in a single year should be rewarded by a modest non-consolidated payment; and

   - that a consolidated payment, within the relevant professorial zone, should be made in respect of sustained performance over time.

   It had been agreed that the role of Remuneration Committee would be, on an annual basis, to approve the level of non-consolidated award (if any) and to approve the algorithm for consolidated payments.
.2 Non-consolidated awards in respect of high-level performance in 2013/14

Remuneration Committee now discussed what level of non-consolidated award should be made - with effect from 1 August 2014 - to recognise high-level performance in session 2013/14. The Committee agreed that:

- for staff assessed as 'outstanding' (i.e. the top point on the five-point P&DR scale), there should be a non-consolidated payment of 1% of salary. Remuneration Committee's decision was made on the understood that the 'outstanding' rating would be awarded to a maximum of 10% of professorial and Grade 10 staff;

- for staff assessed as 'excellent' (i.e. the second point on the five-point P&DR scale), there should be a non-consolidated payment of 0.5% of salary. Remuneration Committee was advised that the P&DR guidelines were that 10-15% of professorial staff could be included in this category.

.3 Consolidated awards in respect of sustained high-level performance

The Committee now considered what approach should be adopted in future years for the award of consolidated payments in recognition of sustained high levels of performance. At its meeting in May, the Committee had favoured a points-based approach, by which a consolidated payment would be related to performance assessments over a three-year period. The Committee now confirmed that this approach should be implemented as follows:

- points should be recorded for each P&DR performance level, as follows:

<table>
<thead>
<tr>
<th>Performance Level</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding</td>
<td>4 pts</td>
</tr>
<tr>
<td>Excellent</td>
<td>3 pts</td>
</tr>
<tr>
<td>Highly Satisfactory</td>
<td>2 pts</td>
</tr>
<tr>
<td>Inconsistent</td>
<td>1 pt</td>
</tr>
<tr>
<td>Improved Performance Required</td>
<td>0;</td>
</tr>
</tbody>
</table>

- a cumulative score of 9 points or more over a three-year period should result in a consolidated payment being made;
- the consolidated payment should, subject to the upper limit of the zone boundary, be calculated as the average of the non-consolidated payments made over the course of the previous three-year period;
- receipt of a consolidated payment based on performance should have the effect of re-setting the clock for the forthcoming three year cycle.

3. Senior Management Group Performance and Reward

.1 Guidance from Court

Court, at its meeting on 30 September, had considered the approach which Remuneration Committee should take in its annual review of salaries for members of SMG. In doing so, Court had agreed on the following approach:

*The Committee’s annual review of the salaries of members of SMG should be informed by:*
- a statement of each SMG member's salary for this and the previous 4 years;
- benchmark information, from the Universities and Colleges Employers Association, showing how Glasgow's salary levels compare with those of other UK universities;
- advice from the Principal on the performance of each member of the SMG in 2013/14, following his P&DR discussions with them; and
- in respect of the Principal, advice on performance from the Convener of Court, following his P&DR discussion with the Principal and reflecting the views he has obtained on the Principal’s performance through his discussions with staff, students and lay governors.

In considering the appropriate level of reward, the Committee should:
- provide tangible reward for excellent performance;
- give consideration to any cases where the salary awarded by the University is substantially out of line with that of managers in equivalent positions at comparable universities; and
- apply a general principle that percentage pay increases for senior managers should not be higher than those for the workforce as a whole.

.2 Comparative Review of SMG salaries
Consistent with the guidance agreed by Court, Remuneration Committee received a report which set out the salaries of all SMG members over their period on SMG, and which provided comparative data for managers in similar roles in other major UK universities, including an analysis of Russell Group comparators. The Committee noted that the University currently had no established policy on benchmarking with like institutions, and asked that the HR Director draft such a policy for the Committee to consider.

[Action : CB]

For the purposes of the current meeting, Remuneration Committee expressed the view that the University ought to pay salaries that were competitive with its Russell Group peers and that, where salaries were significantly out of line with the Russell Group median, then consideration should be given as to whether an adjustment was appropriate. Having conducted this analysis, the Committee identified three members of SMG whose salaries were less than 90% of the Russell Group median. It was agreed that in each case, an upward salary adjustment would be appropriate, and the Committee agreed that the levels of these adjustments should be, respectively, £10,000, £5,000 and £5,000.

.3 Performance and reward of SMG members
The Principal now provided Remuneration Committee with his assessment of performance levels for each member of SMG in the course of 2013/14, relating these assessments to the delivery of high-level objectives that had been agreed for SMG as a whole, and for each individual member of SMG, at the start of the year. The Secretary of Court absented himself while his own performance was discussed.

The performance assessments ranged from high quality to outstanding on the P&DR scale. In considering how these should translate into salary reward, Remuneration Committee referred to the guidance from Court that pay increases for senior managers
should be no more than for the workforce as a whole. In 2014, all University staff other than SMG members would benefit from a 2% national award. In addition, many staff graded at Level 9 or below would benefit from incremental progression (of 3% for each beneficiary), while staff at Level 10 would be eligible for performance-based reward (minute 2 above) of 1% or 0.5%. Having considered this, and having noted the Principal's advice that SMG as a group had successfully delivered in 2013/14 against challenging targets, the Committee agreed: that members of SMG whose performance was rated as high quality should be awarded a 2% consolidated salary increase; that members rated excellent should be awarded 2.75%; and that those rated outstanding should be awarded 3%.

.4 The Principal's remuneration

In the Principal's absence, Remuneration Committee now considered his performance in leading the University through the last year. The Principal's P&DR had been conducted by the Convener of Court who had received input to that exercise from staff, student and lay governors and from senior executive members of the University. This has been a year of success for the University, evidenced by improved National Student Survey ratings, by success in achieving stretching student recruitment targets and by a strong financial performance. In view of this, and of his effective overall leadership of the University, the Convener proposed an assessment of outstanding, which Remuneration Committee agreed should be rewarded by a consolidated salary increase of 3%.

Remuneration Committee also analysed the Principal's salary with reference to benchmark comparisons for other major UK universities, including Russell Group universities. The Committee did not propose a salary adjustment in respect of this analysis, but it noted that the Principal's salary at Glasgow was clearly below the median level of Russell Group comparators.

4. Universities Superannuation Scheme

In August 2014, the lay members of the Remuneration Committee had liaised by email to draft a University response to a Universities UK consultation document on the future funding and structure of the Universities Superannuation Scheme. This approach reflected the University's established practice that University policy input on USS should be led by lay members, who had no personal interest in the Scheme. The lay members' draft response had been shared with members of Court for comment, and some minor changes had been made in response to points raised by Court members. The final version of the response had then been submitted to Universities UK on 12 September. Remuneration Committee noted the contents of that response.

5. Voluntary Severance Approvals

The Committee was advised that there had been no voluntary severance payments made in the period since its last meeting in May 2014.

DN, 17.10.14
University of Glasgow

University Court- Wednesday 17 December 2014

Communications to Court from the meeting of Council of Senate held on 11 December 2014

(All matters are for noting)

1. Senate Assessors on Court

The following recent appointments had been made to the vacancies of Senate Assessor on Court until 31 July 2018.

Professor George Baillie, College of Medicine Veterinary and Life Sciences
Dr Carl Goodyear, College of Medicine Veterinary and Life Sciences
Professor Paul Younger, College of Science and Engineering

2. Council of Senate Business Committee

The Business Committee comprised: The Principal (Convener), Clerk of Senate, the Vice- Principals, the President of the Students’ Representative Council and eight elected members of the Council of Senate. The constitution had been for there to be two elected members from each College, one professorial and one non-professorial. The Business Committee had become the Council of Senate Business Committee and therefore represented a smaller constituency than previously. Due to the smaller constituency of the Council of Senate and therefore the smaller number of members eligible to nominate or stand for the Business Committee vacancies, The Council of Senate agreed at its meeting on 2nd October 2014 that a change be made to the constituency so that, of the eight elected members, there would be a minimum of one from each College but there would no longer be a professorial/non-professorial distinction. There were three continuing elected members of the Committee: Dr Simon Kennedy (MVLS), Professor Thomas Munck (Arts) and Dr Helen Purchase (Science & Engineering).

The following appointments had been made:-

Professor Jeremy Bagg -MVLS
Dr lain Johnstone -MVLS
Mrs Margaret Milner- Social Sciences
Dr Andrew Roach -Arts
Professor Colin Selman - MVLS

3. Outcomes of Staff Survey

Council of Senate received a presentation from Mrs Christine Barr, Director of Human Resources and Miss Selina Woolcott, Director of Health Safety and Wellbeing Administration. Mrs Barr reported that the survey had been conducted by an external company Capita for the
first time and that the questions had been agreed in consultation with the Trade Unions. The purpose of the survey was to biennially gauge employee satisfaction. There had so far been wide dissemination of the results which were available on the website.

It was reported that the response rate for each College has almost doubled since the previous survey in 2012 and the overall response rate was 60%.

Ninety percent of staff agreed that the University was a good place to work, 12% higher than in the previous survey. Based on this question, of the 52 Higher Education Institutions for which Capita conduct an employee survey, the University of Glasgow ranked 201.

The key areas of good practice were highlighted as being:

- Equality and Diversity
- Roles and Responsibilities
- Job Satisfaction
- Line Management
- Feeling Supported and Trusted
- Physical Environment and Safety

The key areas for improvement were also highlighted. Workload pressures were evident from a number of the individual questions. It was recognised that there was a need to look at ways of reducing bureaucracy. Respondents agreed that there was room for improvement in respect of management of change and that communication could be improved. It was also evident that staff considered there to be room to strengthen leadership effectiveness in the management chain. Feeling valued was also an area which highlighted concern and it was acknowledged that there was a need to better understand these concerns, recognising that there were multiple variables for staff when responding to questions about whether they believe they were valued.

In terms of action planning, it was reported the Vice-Principal for Learning and Teaching, Vice-Principal and Head of College for the Colleges of MVLS and Social Sciences and the Deputy Secretary of Court had formed a sub-group of Senior Management Group to establish how university level actions might be addressed and that similar processes were happening within Colleges, Schools and Research Institutes. The sub-group had identified thirteen key questions around five broad areas:

- Cultural Transformation initiatives
- Effective structures and team working
- Improve Leadership Capability and Increase Visibility
- Engagement & Involvement
- Internal communication (including IT/web based strategies)

It was noted that some of the actions identified involved removing excess hierarchy, developing seamless processes and working with HR managers to identify how to improve staff engagement. In relation to the area of effective structures and management, the Principal's Advisory Group had already been established.

Miss Woolcott reported that 34 stress factor questions had been measured in the questionnaire. Increases had been seen in relation to support received from line managers and colleagues. The results around management support and peer support were available at School and Research Institute level for the first time.
Four percent of staff believed they were being bullied or harassed at work which compared to a sector average of 5% and ranged from 3% to 5% across Colleges. It was noted that it was not helpful to group bullying and harassment together in the question. Of those who reported feeling bullied or harassed, 50% said that this was directly from their line-manager or from a colleague. It was reported that there was anecdotal evidence that the cause could also be a student or a situation, for example not being listened to as part of a consultation process. It was acknowledged that bullying affects not only the bully and the victim, but also others in the work environment where bullying took place.

In relation to questions about role, it was evident that conflicting demands around priorities could have an effect on the clarity of an individual's role.

Issues of legitimacy in comparing this year's survey with those from previous years were raised as the survey was not based on a sample, but on the whole population, which changed over time. In response to these concerns it was acknowledged that although this was the case, the purpose of the survey was to look at generalities and therefore it was felt that it was reasonable to draw some comparisons with previous surveys findings.

In discussion, concerns were raised that there might be a delay in action as experienced following the 2012 survey. It was reported that the process was more ambitious than in 2012 and that specific measures would evolve as part of the process. A set of focus groups were due to be completed and outcomes identified would be monitored on an ongoing basis.

It was suggested that staff would value being involved in action planning as a democratic process. There would be benefit in staff being consulted about proposed changes that were considered by Senior Management Group. It was reported that greater autonomy at local level was being considered. It was acknowledged that cultural change was difficult to manage in any organisation and tended to be slow.

Views were expressed about the importance of involving those members of staff who feel disaffected or disengaged in consultation for change. It was recognised that it was necessary to reach out to these members of staff as they may not self nominate for focus groups etc. Ms Barr agreed that this was an important point and that ways to engage with these members of staff would be considered.

Members highlighted that a high proportion of staff were unhappy with workload and the lack of administrative support. It was acknowledged that there was a need to manage workload more effectively and that staff needed to know what was happening about improving administrative structures. It was agreed that regular updates could be provided as initiatives evolved.

4. Estates and Buildings Strategy Update (Mrs Ann Allen, Director, Estates & Buildings, Professor Frank Coton, Vice-Principal Learning and Teaching)

Council of Senate received an update on the Estates and Buildings Strategy including the proposals for the development of a Learning and Teaching Hub.

Mrs Allen informed the Council that the purpose of the presentation was to provide an update on what was emerging, but that all the information was not available at the current time. Detailed plans were due to be presented to Court in February. Key milestones highlighted were that the
City Council had approved the campus Development Framework in June 2014. Although considerable debate and planning for individual buildings would still be required, the general principles for development had already been approved as part of the framework. In October 2014 Court had approved the headline Estate Strategy and agreed that proposals for the Teaching and Learning Hub be developed to a full business case. The next key milestone would be agreement at Court of the capital programme and level of spend for the next 10 years, including a financial envelope £450m which would require £16m surplus year on year to support the development over 10 years.

It was reported that the Estate Strategy was being developed to be consistent with the University Strategic Plan, supporting effective ways of working, the sustainability agenda, conditions around buildings and financial sustainability.

Themes emerging as part of the Estate Strategy were to support research as it was recognised that there was pressure due to award of research grants and how to co-locate Colleges so that they were not dispersed across the campus. It was reported that a Court working group had been established to allow for debate and testing of ideas. A full business case was being developed for a Teaching and Learning Hub involving consultation with staff and students with the proposal that this would be developed on the Boyd Orr site.

The aim of the Teaching and Learning Hub was to address issues around the need for large teaching spaces where there was considerable pressure. There was currently a bad fit in terms of configuration of space and the student population which needed to be addressed. The proposal was for the Hub to house an 800 seat lecture venue that could easily and quickly be converted into two smaller spaces plus 1250 study spaces, some of which would be computer space and some small teaching rooms. This would ease pressure on the space available in the Library. The Hub would be accessible 24 hours per day to maximise usage and spaces could be booked for use by clubs and societies. The proposals were for the Hub to be developed on the Boyd Orr car park and integrated with Boyd Orr building to provide a major Learning and Teaching facility and to create a credible conference venue that could be used outside of teaching time. There was also potential to replace the existing teaching capacity in the Maths building at the same time and to augment with additional capacity to replace disposals. The construction costs were £44.7m without the Maths Building and £69.4m including the Maths Building.

It was reported that student numbers were set to grow by a further 1000 over the next five years and that maintenance of surplus levels beyond that would require further growth which had been echoed in College business cases. It was anticipated that the balance of the student population would change with a greater proportion of students who do not live at home, resulting in more intensive use of campus. The current student per space ratio was 1 to 11 compared to the recommended 1 to 6 and a Russell Group average of 1 to 9. Temporary solutions currently being used to address the need for large teaching space meant that these venues were not available for other purposes.

It was noted that the student experience was fundamental to the success of the University and that all top 20 universities had good ratings for student experience as well as teaching and research. Enhancing the student experience was crucial to supporting the University’s strategic commitment as well as its ability to recruit in an increasingly competitive market. Supporting recruitment also helped to protect a key income stream. In 2008/09 fee income was 18% of total income. It was currently at 23.7% and current forecasts for 2017/18 indicating 29% (£146M).
Several comparators within the UK were reported to be already investing in vastly improved student learning spaces to attract RUK and international students and it was evident that similar trends were also emerging elsewhere, particularly in key competitor markets such as Australia and more developed countries in Asia.

The Hub would be a major asset in marketing the University to prospective applicants and would support acceleration of changing pedagogy through cutting edge design aligned to evolving trends and support the evolution of the teaching model and curriculum. It would allow the University to continue to grow its student numbers and fee income up to and beyond 2018 at the levels needed to sustain surpluses, facilitate disposals and other moves for the campus master plan, protect the student experience and would be an asset to recruitment in the RUK and overseas markets. There would also be the added potential to generate commercial income and to host major conferences.

Council of Senate were positive about the proposals to address the issues around space and capacity.

Some concern was raised about the sense of belonging to a School or Research Institute if located in a hub facility, however it was recognised that an integrated centralised facility was beneficial in some circumstances, for example collaboration and bringing together different disciplines and in providing expansion space. It was acknowledged that there were immediate needs and that the intention was not to create dislocation. The aim was to bring Colleges together, but that this could not be done all at once. It was reiterated that the Research Hub was still a concept at this stage.

One of the key benefits of the Learning and Teaching Hub was anticipated to be less dispersion of teaching across the campus as it should reduce the number of visits to different sites students needed to make. It was questioned whether the proposed Learning and Teaching Hub would be big enough. It was anticipated that the Maths Building would be included in the modelling process to establish whether the existing teaching spaces were the right size. Staff offices and other spaces could also potentially be moved out of the Maths Building.

In terms of timescale it was reported that, once approved by Court and planning approval has been sought, it was anticipated that architects could be in place by February 2015, aiming for construction to start at the end of 2016.

Information was requested on the costs of the campus developments. A figure of £450M had been noted. It was explained that the £450M was the maximum budget that had been calculated to be affordable. This would necessitate a £16M annual surplus to service borrowing and to fund ongoing refurbishments and disposals. Based on surplus levels in recent years, this figure was considered achievable. It was noted that currently the University did not have any debt, but that there was £170M in current capital commitments and ongoing maintenance to service and recognition that there was a need to spend wisely. In terms of disposals, once capital plans were agreed, buildings being vacated would be reviewed in terms of how to maximize return, but this was a later stage in the plan and Estates and Buildings were mindful that the planning should not be driven by disposals.

A further update would be provided following the meeting of Court in February.

5. Consultation on legislation of HE Governance.
The Council of Senate received the Consultation Paper on a Bill on Higher Education Governance issued by the Scottish Government. A draft response to the Consultation had been prepared by the Council of Senate Business Committee. The Council was asked to consider and comment on the attached documents. The University Court would also consider the Consultation Paper at its meeting on 17 December. Court had indicated that it would welcome the advice of the Council, in particular regarding Sections B and F of the Consultation, which covered issues to do with academic freedom and the role and composition of ‘Academic Boards’. The Clerk of Senate will provide Court with a report on discussion at the Council of Senate meeting.

6. Report from Student Support & Development Committee 7 November 2014

Professor Briggs, Convenor of the Student Support and Development Committee reported that at its meeting on 7 November there had been discussion about the use of dictionaries in exams. The issue was more complex had initially realised by the Council when it considered the matter in June. The Student Support and Development Committee had been split on the proposals put forward and it was agreed that a working group would be established to consider the matter in greater detail and report back the April meeting of the Council of Senate.

7. Convener’s Business

7.1 REF Outcomes update
Council of Senate were notified that University of Glasgow results for the REF would be available under embargo on the 16 December with access to data from other institutions on 17 December. Data would be available publicly on 18 December including grading profiles. It was highlighted that the results would need to inform the Research Strategy which was currently in development. Analysis would take place with more detailed review of those areas in the lower quartile, utilising the knowledge of the Panel members with regards to how to improve in the future. It was acknowledged that it would be important for thorough analysis and review to take place before appointments were sought.

7.2 HE Budget Adjustment / Autumn Statement Announcement
Senate was advised that the Chancellor of the Exchequer’s recent Autumn Statement in Westminster had not been positive regarding future UK spending. It was evident that there were difficult fiscal times ahead both the UK and Scottish Parliament. The sector had also been notified of a £2M reduction in grants from the Scottish Funding Council.

8. Honorary Degrees 2015

The Clerk of Senate reported that following acceptances had been received from nominees to receive Honorary Degrees in 2015:

DOCTOR OF LAWS (LLD)

The Rt Hon BARONESS SCOTLAND OF ASTHAL, PC, QC
Lawyer and Politician
DOCTOR OF LETTERS CDLittl

Professor Emeritus Nancy DORIAN
Professor Emeritus of Linguistics in German
and Anthropology, Bryn Mawr College
Pennsylvania, USA

Professor Emeritus Mairtin 6 MURCHU
Emeritus Professor of Irish,
Trinity College, Dublin

Professor Sir James MIRRLEES
Master of Morningside College
Hong Kong

Professor Emeritus Dr Elmar TERNES
University of Hamburg

Professor Emeritus Seosamh WATSON
Emeritus Professor of Modern Irish
University College Dublin

Toby WEBSTER - GSA
Artist

DOCTOR OF SCIENCE (DSc)

Dr Gerald CHAN
Co-Founded Morningside Foundation

Professor Sandro GALEA
Professor of Epidemiology
Mailman School of Public Health,
Columbia University

Professor Hermann HAUSER
Co-founder and partner of Amadeus
Capital Partners

Professor Sir Peter Knight FRS
Prominent and influential Scientist

Andrew ROBERTSON
Chairman of NHS Greater Glasgow and Clyde

Dr David SIBBALD
Chairman and CEO Aridhia

DOCTOR OF ENGINEERING (DEng)
Charles BERRY
Chairman, The Weir Group PLC

John Scott YOUNGER
Director of PT Nusantara Infrastructure Tbk

DOCTOR OF THE UNIVERSITY CDUniv)

Professor Suzanne FORTIER
Principal of McGill University
Montreal, Canada

Dr Frank MUGISHA
Executive Director of Sexual Minorities
Uganda

Ms Petra WETZEL
Founder and Managing Director
WEST- Brewery, Bar and Restaurant

James Elder WOODWARD
Disability Rights Campaigner