Court

Minute of Extraordinary General Meeting held on Wednesday 30 September 2015 in Room 9 Hilton Glasgow

Present:
Mr Dave Anderson Employee Representative, Mr Graeme Bissett Co-opted Member, Ms Heather Cousins Co-opted Member, Dr Carl Goodyear Senate Assessor, Mr Liam King, SRC President, Professor Karen Lury Senate Assessor, Ms Margaret Anne McParland Employee Representative, Ms Margaret Morton Co-opted Member, Mr David Ross General Council Assessor (Convener of Court), Dr Morag MacDonald Simpson General Council Assessor, Dr Duncan Ross Senate Assessor, Ms Lesley Sutherland General Council Assessor, Professor Paul Younger Senate Assessor

In attendance:
Ms Deborah Maddern (Administrative Officer)

Apologies:

Members: Professor George Baillie Senate Assessor, Mr Ken Brown Co-opted Member, Mr Marvin Karrasch SRC Assessor, Mr Brian McBride General Council Member, Cllr Pauline McKeever Glasgow City Council Representative, Mr Murdoch MacLennan Chancellor’s Representative, Mr David Milloy Co-opted Member, Professor Anton Muscatelli Principal

CRT/2014/50. Matters Arising

There were no matters arising.

CRT/2014/51. Remuneration Committee Business

Court noted from the paper that at its next meeting, on 7 October, Remuneration Committee would conduct the annual review of the salaries of SMG members. In line with established practice, it would submit a full minute of that meeting to the December meeting of Court, summarising the decisions it had made and setting out the rationale.

There had been one significant development in this area since the Committee had last met, which was that the Committee of Scottish Chairs had issued a Guidance Note, which was provided to Court for its present meeting; the Remuneration Committee’s remit was also provided for reference. In addressing its work in 2015, the Committee would observe the guidance provided by the Guidance Note. One aspect of it was that ‘each year, in advance of the committee’s annual review of senior salaries, the governing body should provide policy guidance to the committee’. This practice had been adopted by the University in 2014. Following the approach adopted then, members of the Remuneration Committee wished to establish if Court was content with the following statement, which reflected the approach it had adopted in the previous year and which had been approved by Court.

Proposed method of reviewing senior management salaries

Remuneration Committee’s review of the salaries of members of SMG will 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 2014/15, 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 intends to:
- 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.

Court agreed that it was content with the proposed approach.

**CRT/2014/52. Any Other Business**

There was no other business.

**CRT/2014/53. Date of Next Meeting**

The next ordinary meeting of the Court will be held on Wednesday 7 October 2015 at 2pm in the Senate Room.
Minute of Meeting held on Wednesday 7 October 2015 in the Senate Room

Present:
Mr Dave Anderson Employee Representative, Professor George Baillie Senate Assessor, Mr Graeme Bissett Co-opted Member, Mr Ken Brown Co-opted Member, Ms Heather Cousins Co-opted Member, Dr Carl Goodyear Senate Assessor, Mr Liam King SRC President, Mr Brian McBride General Council Assessor, Dr Morag Macdonald Simpson General Council Assessor, Ms Margaret Anne McParland Employee Representative, Mr David Milloy Co-opted Member, Ms Margaret Morton Co-opted Member, Professor Anton Muscatelli Principal, Mr David Ross General Council Assessor (Convener of Court), Dr Duncan Ross Senate Assessor, Ms Lesley Sutherland General Council Assessor, Professor Paul Younger Senate 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 Academic and Educational Innovation), Mr Robert Fraser (Director of Finance), Professor Neal Juster (Senior Vice-Principal), Ms Deborah Maddern (Administrative Officer), Mr David Newall (Secretary of Court), Professor Roibeard O Maolalaigh (Head of College of Arts and Vice-Principal)

Apologies:

Members: Mr Marvin Karrasch SRC Assessor, Professor Karen Lury Senate Assessor, Cllr Pauline McKeever Glasgow City Council Representative, Mr Murdoch MacLennan Chancellor’s Assessor

Attenders: Professor Anne Anderson (Head of College of Social Sciences and Vice-Principal), Professor Muffy Calder (Head of College of Science & Engineering and Vice-Principal), Professor Anna Dominiczak (Head of College of Medical, Veterinary and Life Sciences and Vice-Principal), Professor Miles Padgett (Vice-Principal Research)

CRT/2015/1. Announcements

Liam King was welcomed back, now in his capacity as SRC President. Marvin Karrasch, SRC Assessor, had been unable to attend his final meeting of Court. Christine Forde, Senate Assessor, had demitted office in July. Court’s thanks to them for their contributions to Court were recorded.

CRT/2015/2. Minutes of the meetings held on Wednesday 24 June 2015

The minutes were approved.

CRT/2015/3. Matters Arising

With regard to minute CRT/2014/45.4, Socially Responsible Investment Policy – Fossil Fuels,
Paul Younger reported that Anglo American had discontinued financial support for a course of study.

**CRT/2015/4. Report from the Principal**

**CRT 2015/4.1  Student Admissions including RUK.**

Court noted details of student admissions figures for 2015 entry, for Undergraduate and Postgraduate (PGT/PGR), Home, RUK and International students. Court noted the very positive outcome in the context of fierce competition for recruitment. The position on international student recruitment in the future remained uncertain, given the UK government’s potential restricting of visas; the sector continued to lobby strongly in this area.

**CRT 2015/4.2  Universities Superannuation Scheme USS.**

A revised benefit structure for USS had been developed, to address the deficit in the scheme and to mitigate the risk that contribution rates would become unaffordable for employers and employees. The proposal had been that final salary accruals cease as at 31 March 2016, with benefits built up before this date being protected. Future defined benefits would be grown in the Career Revalued Benefits section of the scheme, up to a threshold of £55k. Any pensionable salary over this threshold would be pensioned through a new Defined Contribution section of the scheme. There had been a statutory consultation process, which had run from 16 March to 22 May.

Following the consultation, the final position was that the new USS arrangements would be introduced in phases from 1 April 2016. The timing of these phases was still being discussed by USS and employers. The key features, once fully implemented, would be:

- Career Revalued Benefits (CRB) for all members on salary up to £55,000. Pension would be built up based on 1/75th of salary per year. The lump sum would be 3/75ths of salary. This was a change from the current basis of pension being built up based on 1/80th of salary per year and the lump sum being 3/80ths of salary.

- A Defined Contribution section for members based on salary above £55,000.

- An option for all members to make additional contributions to the Defined Contribution section of the scheme and to claim an additional 'matched' 1% from the employer contributions, provided the member contributed an additional 1%.

To fund the changes to the USS, employee contributions would rise from 7.5% (Final Salary members) or 6.5% (CRB members), to 8% of salary. The University would also pay more, contributing 18% of an employee's earnings to his/her pension, up from 16%.

**CRT 2015/4.3  Living Wage**

Earlier in the year, Court had heard that work had been initiated to explore the potential for the University to become a Living Wage accredited employer. The Living Wage (set by the Living Wage Foundation) was a voluntary rate that employers could choose to commit to paying, was the same for all workers over the age of 18, and was based on the cost of living and the “minimum income standards” required for a basic, but adequate, standard of living.

All University employees were already paid at this level, but steps had been taken in relation to casual workers (largely student assistants), who were now also paid the Living Wage, and to
contractors on campus, whom the University had encouraged to commit to paying the Living Wage. Formal confirmation had been received in August of accreditation as a Living Wage Employer.

**CRT 2015/4.4 Joint Educational Initiatives in China**

Negotiations had taken place earlier this year with the Chinese Ministry of Education with regard to the formation of a Joint Educational Institute (JEI) in Engineering with the University of Electronic Science and Technology of China (UESTC). A delegation had visited the UK on the 18 June to consolidate the agreement. At the UK-China Education Summit in London in September, Professor Li Yanrong, President of UESTC, and the Principal had signed a Memorandum of Agreement in the presence of the Minister for Education China and UK Ministers and government officials, confirming the commitment to establish the JEI.

In July, the First Minister had observed the signing of a Memorandum of Understanding between the University and Nankai University, marking the inauguration of the University of Glasgow-Nankai University Joint Graduate School, the first postgraduate higher education programme to be set up on a Chinese university campus in partnership with a UK institution. The School had opened in August, with its first intake of postgraduates.

**CRT 2015/4.5 University Rankings and Awards**

Court noted recent details of rankings and awards, including a fall back from 55th to 62nd place in the QS World University Rankings and a rise from 95th to 76th place in the THE World Rankings, the highest position ever. The University was continuing to monitor where improvements or changes might be effected, in the context of the overall strategic plan.

In July, the University had been named Institution of the Year at the inaugural Herald Higher Education Awards. In August, the University had been ranked top in Scotland and third in the Russell Group in the National Student Survey 2015, as measured by overall satisfaction. The results had also placed 15 of the University’s subject areas in the UK’s top ten. In September, the University had received the award of a 5*Plus rating in the QS Stars University Ratings, the first UK university to achieve this.

**CRT/2015/4.6 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/2015/5. Report from the Secretary of Court**

**CRT/2015/5.1 Court Strategy Day**

Court noted a report of the Strategy Discussion Day held on 30 September, which had included a substantial session on the Campus Estate Strategy, and briefing sessions on E-Learning and on Student Recruitment and Marketing. With regard to the Campus Estate Strategy, there had been briefings on: the overall management of the programme; the progress of specific projects; the funding strategy; and arrangements for ongoing review and reporting, during the last of which sessions Court had agreed that the following arrangements should be put in place:
i) Review
A Panel of experts should be established, who will be responsible for: a) undertaking Gateway Reviews in respect of each major project; and b) conducting an annual review of the whole programme. This annual review will conclude with a report to the Principal, which will then be discussed at SMG and at Court.

In addition to the work of the Panel of experts:
- the full capital plan will be reviewed annually by Finance Committee and Court as part of the annual budget process; and
- a small panel of senior designers will undertake a design review of the Masterplan, reporting to Estates Committee.

ii) Reporting
- As already agreed, all business cases over £25M will come to Court, after being considered by Finance Committee.
- Estates Committee will receive presentations on all major projects at key design stages, and will monitor performance in implementing the overall programme.
- A Court Working Group will be formed, including lay members, students and staff representatives and professional officers, to support Court in the ongoing work on the Estates Strategy and Capital Plan. At key points, the Working Group will discuss investment proposals, and test business cases prior to their being forwarded for committee approvals.

CRT/2015/5.2 Higher Education Governance (Scotland) Bill

Publication of the HE Governance (Scotland) Bill had been in June. Parliamentary scrutiny would run through until the first quarter of 2016. Calls for evidence, from the Scottish Government’s Finance and Education & Culture Committees, had been issued over the summer and responses to both had been submitted following consideration by the Court Governance Working Group. Certain aspects of the Bill, particularly in relation to the possibility of Ministerial involvement in governing institutions, continued to cause concern in the sector, and further co-ordinated representations would be made in the coming months.

Court would continue to be kept informed.

CRT/2015/5.3 Governance of Subsidiaries

Court received a paper on the governance of University subsidiaries, which had been drafted followed an internal audit. The audit had made four recommendations, one of which had been that 'The university will implement a formal, risk-based governance structure for each of its subsidiaries. This should be proportionate to the risks posed by each entity'.

Court approved a proposed structure, based on a tiered approach which took into account factors including annual turnover and risk assessment.

In response to a question about potential liabilities, such as contractual liabilities, being incurred by individual companies, it was agreed that there would be standard powers through the Memorandum and Articles, but that, for each new subsidiary, Court should agree a schedule of powers that would be reserved to Court, depending on the nature of the activity.

CRT/2015/5.4 Court Procedural Review Group: Library

At its meeting in June, Court had agreed changes to the remit and membership of the Court Procedural Review Group (CPRG). On Court's behalf, the group considered proposals on organisational change, and, since June, it had the authority to instruct management to take
forward Organisational Change proposals. Alternatively, it might decide not to authorise the proposals, and/or to refer them to Court for discussion.

The CPRG had considered one item of business since the last meeting of Court. This had been a proposal from the University Library, which involved restructuring the support service offered at evenings and weekends, with a view to reducing cost and providing a better-fitting structure. The proposal involved 43 current positions no longer being required. These were part-time roles, with a total FTE of 5.83. Having considered the proposal, the CPRG had authorised management to take forward implementation in consultation with the relevant campus trade unions. Court noted that the student experience should not be affected by the changes and that there should not be any impact on data used for league tables. The Secretary of Court agreed that he, the Director of the Library and the SRC President would meet to discuss any impact on students, arising from the changes.

CRT/2015/5.5 Nominations Committee business

i) Court and Committees

Court approved a recommendation from the Nominations Committee, which had conducted interviews on the previous day, that Ms Elizabeth Passey be confirmed in the appointment of Convener of Court. Ms Passey would formally take up her position as Convener from 1 August 2016, as a Co-opted member. This would be for a four year period, with an option of reappointment, at Court’s discretion, for a second term of office. The appointment was being made in advance of David Ross’s retirement in July 2016, to give an opportunity for shadowing, to include observing at a Court meeting or meetings and observing the main Committees.

There were also a number of Court and Court Committee vacancies, with recruitment currently taking place through the Nominations Committee, for positions comprising: two co-opted members on Court, a Remuneration Committee lay member, an Audit Committee external (non-Court) member, an Estates Committee external (non-Court) member, and two GU Holdings external members, further to Court's approval of revised Terms of Reference for this company. Court would be kept informed, with recommendations for appointments following shortly.

ii) Equality and Diversity Committee EDSC

The EDSC was an executive group, chaired by the Principal, and to date it had not had a lay governor present. Given her interest and expertise in this area, Lesley Sutherland had attended the Committee for the last two meetings and, following approval by the Nominations Committee, had now joined as a member of the EDSC, for the same period as her membership of Court, currently to 31 July 2018.

iii) Audit Committee chair

Following approval by the Nominations Committee, Dr Paul Brady had been re-appointed as chair of the Audit Committee from 1 August 2015 to 31 July 2016.

iv) Court Procedural Review Group CPRG

At Court’s June 2015 meeting, it had been agreed to expand the CPRG to include three, rather than two, lay members. Ken Brown and Morag Macdonald Simpson had already been members and both had confirmed they were willing to continue. Following approval by the Nominations Committee, David Milloy had been appointed as the third lay member of the
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group. The remaining two members of the CPRG were the Senior Senate Assessor (Duncan Ross) and another Senate Assessor (Karen Lury) as nominated by the Senior Senate Assessor.

v) Remuneration Committee

Ken Brown had agreed to chair the Remuneration Committee, following the death of David Anderson. A recommendation for the chairship in the longer term would follow via the Nominations Committee; in the meantime Mr Brown was willing to continue in the role.

CRT/2015/5.6 Ordinance relating to Membership of Court

Ordinance 206 had been approved by the Privy Council in July 2015. Its impact was to increase the number of co-opted positions on Court from 5 to 9, to reduce the number of Senate Assessors from 7 to 6 and to reduce the number of General Council Assessors from 5 to 2. As previously agreed by Court, the change in composition would take place in a phased manner as vacancies arose. In Session 2015/16, Court would have 7 co-opted members, 6 Senate Assessors and 4 General Council Assessors.

CRT/2015/5.7 Ordinance relating to Membership of the General Council

Membership of the General Council was currently governed by an Ordinance, which listed categories of members. The Ordinance included provisions relating to graduates whose degrees were either jointly awarded in conjunction with other institutions, or awarded by another institution whose degrees were validated by the University. These categories needed to be updated to reflect changes that had been made in recent years to the portfolio of collaborative programmes.

Court agreed that to generalise such categories would be the preferred way forward, so that they could cover any such joint awarding/validation arrangements in operation from time to time, meaning that future requirements for amendments would be kept to a minimum. The Privy Council would therefore be asked for an early view on the feasibility of making the Ordinance more flexible, with any formal processes to follow, to involve Court and the normal consultations for an Ordinance change.

CRT/2015/5.8 Court Business 2015/16

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.

The attendance lists for meetings of Court and its committees for 2014/15 had been reviewed; there were no outstanding issues to report in connection with this.

CRT/2015/5.9 Senate Assessor on Court

Professor Christine Forde had demitted office, at 31 July 2015. Senate was in the process of appointing an Assessor to replace her.

CRT/2015/5.10 Queen Margaret Union – Constitutional Changes

On Court’s behalf, the Secretary of Court had approved minor changes to the constitution of the Queen Margaret Union.
CRT/2015/5.11  Appointments of Head of School

College of MVLS - School of Life Sciences

Professor Simon Guild had been appointed as Head of the School Life Sciences for 4 years from 1 October 2015.

College of Social Sciences - School of Social and Political Sciences

Professor Michele Burman had been appointed as Head of the School of Social and Political Sciences from 1 September 2015 to 31 July 2017

CRT/2015/6. Learning & Teaching Strategy

Professor Frank Coton updated Court on the Learning and Teaching Strategy, including performance against Key Performance Indicators, which were noted by Court, in particular the maintenance of an excellent student satisfaction rate in the NSS.

Highlights in the Learning and Teaching sphere in the past year included investment in online programmes, with several courses launching in 2015/16 and more planned for the following year. The Recognition of Excellence in Teaching framework had been accredited, with a pilot having run and a wider roll-out scheduled for the coming year. The New Staff training programme had been accredited, and embedded as part of the Early Career Development Programme. The EVASys system for gathering in-course student feedback had been implemented across the University. The Early Secondary Programme (widening access) scheme has been implemented and was now being expanded. With regard to estate development, design work was underway for the Learning and Teaching Hub, the Library refurbishment was continuing, and new configurations for teaching and learning spaces were being trialled.

The Learning and Teaching Strategy 2015-2020 underpinned all activity. It had been developed in consultation with the University community, and was aligned with the University Strategic Plan. Key aspects were: Focussing on Enhancement, through reviewing, reflecting on and developing teaching practice, processes and facilities - all of which involved input from the student body; Fostering critical thought and investigative learning, putting the fundamental relationship between teaching and cutting-edge research at the heart of a transformational learning experience; Inclusiveness, including promoting access and opportunity; and Providing a supportive environment.

Court noted that the quality of the physical environment and IT infrastructure was essential to the successful implementation of the strategy, and that regular analysis of student needs, including consultation with students, was undertaken to this end.

The strategy was aligned with the University Strategic Plan workstreams, in the areas of: Empowering People, where activity included initiatives relating to recognition and reward of teaching, and development and professional recognition of staff; Agility, including improved teaching and information support systems, and developing physical infrastructure; and Focus, on areas such as curricular innovation and internationalisation of the curriculum.

Court thanked Professor Coton for the briefing.
CRT/2015/7. Reports of Court Committees

CRT/2015/7.1 Finance Committee

CRT/2015/7.1.1 Finance Committee Remit

The Remit of the Committee required to be updated to take account of changes agreed to approval processes for very large capital projects. A new section had been proposed, to add that projects requiring expenditure above £25M must be referred to Court for final decision, with a recommendation from Finance Committee.

Court approved the change.

CRT/2015/7.1.2 Capex applications and current programme of capital works

Finance Committee had received two capex applications for additional funding for the Quantum Technology Hub (additional expenditure of £1.85M) and the Acre Road Wind Tunnel facility (additional expenditure of £222.5k). The two projects had presented distinct challenges but there had been similarities in that both could be categorised as smaller, technically complex projects which had required significant technical expertise to brief. Both applications had been approved by Finance Committee, but with a request that a review be performed of any other smaller projects currently under way.

CRT/2015/7.1.3 Endowment Investment Report

Court noted an endowment investment report as at 31 July 2015.

CRT/2015/7.1.4 Financial reports

Court noted an overview of performance as at 31 July 2015.

The report was noted.

CRT/2015/7.2 Audit Committee

The Committee had received reports on recent internal audits. No reports had been classified as critical or high risk.

The Committee had received an update on IT Penetration Testing, noting an assessment (re-test) based on an exercise undertaken in 2014, covering threats posed to the University’s internet-facing infrastructure. The large majority of actions had been satisfactorily addressed. The exercise would be repeated annually. The Committee had received a report on Research Misconduct cases, noting that two formal investigations relating to research misconduct were undertaken during the 2014/15. The Committee also noted that a review of the University’s policies and procedures for promoting good research practice and investigating breaches of research integrity was being undertaken.

The report was noted.

CRT/2015/7.3 Estates Committee

CRT/2015/7.3.1 Estate Strategy and Capital Programme

Court noted the progress made in respect of the Estate Strategy and Capital Programme.
**CRT/2015/7.3.2 CapEx applications**

Court noted and endorsed Estates Committee’s approval of CapEx applications in respect of: Acre Road Wind Tunnel facility in the additional sum of £222.5k; and Quantum Technology Hub in the additional sum of £1.85M.

The report was noted.

**CRT/2015/7.4 Human Resources Committee**

The HR Director had provided an update to the Committee highlighting a number of substantive areas including the National Pay negotiations, the USS consultation, the current year’s Performance & Development Review process, the University’s application for accreditation as a Living Wage employer, and initiatives underway on reward and diversity.

The Committee had received an update on the launch of the new University Strategy and the progress being made in relation to the three central work streams; and an update on the activities of the HR function within the College of MVLS and the strategic challenges within its people agenda. The Committee had also received an update of the key HR data, in particular information about absence management. The policy was currently under review by HR and the Trade Unions.

The report was noted.

**CRT/2015/7.5 Health, Safety and Wellbeing Committee**

The Committee had discussed whether Glasgow should follow the lead of most other UK universities in banning the smoking of e-cigarettes within university premises, agreeing that in order to maintain an enjoyable and comfortable working environment for staff and students, the Committee would recommend to Court that it prohibit the smoking of e-cigarettes within University buildings.

Court approved the recommendation.

The Committee had reviewed standard reports on Occupational Health activities and on accidents that had occurred in recent months. The Committee had also received an update on departmental health & safety management audits, and on the extent to which recommendations from these had been addressed by departments. The Committee had noted that certain departments had several recommendations still outstanding, and the relevant members of the Committee had agreed to speak in each case with the department head to stress the importance of addressing these promptly.

The report was noted.

**CRT/2015/7.6 Remuneration Committee**

The Remuneration Committee had considered a paper from the Director of HR, seeking to establish the Voluntary Severance (VS) Scheme on a fresh footing, creating a Voluntary Severance Panel to consider all cases for VS, and addressing the governance requirements that had emerged over the last 2 years through the Scottish Code of Good Governance in Higher Education and the Scottish Funding Council's revised Financial Memorandum.

Court approved a recommendation from the Committee to approve the terms of the Voluntary Severance Policy.
The report was noted. Court also noted that Remuneration Committee would meet again on 7
October, at which meeting it would conduct the annual review of the SMG salaries. The
proposed method of reviewing senior management salaries had been approved at a meeting of
Court held on 30 September.

**CRT/2015/8. Communications from Meeting of Council of Senate held on 1 October 2015**

Council of Senate had approved an extension of the appointment of Professor John Briggs in
the role of Clerk of Senate until 21 July 2018.

Council of Senate had received briefings on the Internationalisation Strategy 2015-20 and on
the Learning & Teaching Strategy 2015-20. The Council had also received an update on the
University Strategy and the implementation of the improvement programme that had been
developed.

Council of Senate had discussed the HE Governance (Scotland) Bill, with members’ concerns
expressed about the future implications of the proposed legislation.

Council of Senate had received a report from the Honorary Degrees Committee concerning
recommendations for the conferment of honorary Degrees in 2016.

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 2015/2016 nominations, on a confidential basis. Members of Court
could contact the Clerk of Senate should they have observations to make.

The Communications from the Council of Senate were noted.

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 2014-15. 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

**CRT/2015/10. Any Other Business**

Court members would shortly start to receive daily summary media reports, and the campus
e-news publication. The clerk would contact members to establish who wished to receive
Court papers electronically.

**CRT/2015/11. Date of Next Meeting**
The next meeting of the Court will be held on Wednesday 16 December 2015 at 2pm in the Senate Room.
Items A : For Discussion

1. Comprehensive Spending Review/University Funding

The government published a joint Spending Review and Autumn Statement on 25 November 2015. The Comprehensive Spending Review (CSR) set out how £4 trillion of UK government money will be allocated over the next five years.

Universities UK made a submission to the government ahead of the CSR, setting out: i) how universities contribute to the UK’s economy by meeting skills needs, undertaking world-leading research, driving innovation and supporting growth; ii) how the sector will ensure that public funding is spent as effectively and efficiently as possible – including an efficiency agenda, responsive and strategic financial management, and a framework to support excellence and innovation in teaching; and iii) specific proposals for the CSR, around each element of public funding for university teaching, research and innovation.

The submission drew on evidence from across the sector on the role of universities in the economy and identified a number of common issues across the UK. The proposals focused on the spending decisions made by the UK government, since although some responsibilities are devolved, such decisions affect all universities. The submission concluded that cuts in funding could jeopardise the excellence and global reputation of our universities, limiting the contribution they can make to the economy.

The focus in the CSR as announced on 25 November was on cutting running costs, at government departmental level, and in the welfare budget. The Chancellor asked all but a few departments to find very substantial cost savings. The Department for Business, Innovation and Skills (BIS) will see its overall budget drop by 17 per cent, falling from £13.7bn in 2014-15 to £11.5bn by the end of the decade. However, within this the Chancellor reiterated his support for science and announced that, in this Parliament, the budget for science will be protected in real terms and rise to £4.7bn – to include a £1.5bn new Global Challenges Fund (the latter to come from the Department for International Development, passed to BIS to spend as it sees fit). This is a small increase from the 2015-16 science budget, which came to £4.691bn, and although the full details are not yet clear, it is better than the settlements for many parts of the public sector. The science budget provides the public funding for the seven Research Councils, which operate across the UK, providing research grants on a competitive basis.

Innovate UK’s budget will be maintained and spending on Catapult Centres will increase. Innovate UK will be integrated into Research UK, but will retain a separate funding stream.
The Chancellor has also advised that the government will implement the Royal Society president Paul Nurse’s recommendations following his independent review of the Research Councils and, subject to legislation, will introduce a new body (Research UK), which will work across the Councils.

The teaching grant in England will fall by £120m in cash terms by 2019-20. Funding for high-cost subjects will be protected in real terms – this includes STEM subjects which are seen as important for economic growth.

I will update Court further at the December meeting, including providing some more detail on the likely position for HE funding in Scotland for the following years, given that the Scottish Budget will be published on 16 December.

Items B: For Information

2. Major science-based initiatives

**Precision Medicine Catapult**
Last month, Glasgow was named as the base of one of six regional centres of excellence by the Precision Medicine Catapult, the UK’s new national innovation centre for precision medicine, funded by Innovate UK. The aim of the Catapult is to make the UK the most attractive place in the world in which to develop precision medicine testing and therapies. Precision medicine uses diagnostic tests and data-based insights to understand disease more precisely and select treatments with more predictable, safer and cost-effective outcomes.

The Scottish centre will be led by the University of Glasgow and the Scottish Government on behalf of NHS Research Scotland, the Universities of Edinburgh, Dundee and Aberdeen and a number of industry partners. The other regional centres of excellence will be based in Belfast, Cardiff, Leeds, Manchester and Oxford.

The recent CSR confirmed a plan to move Innovate UK into Research UK. However, BIS has said it will ensure it has a separate funding stream, as well as protecting its budget in cash terms. This will not be contained within the overall UK science budget’s ring fenced budget, referred to above.

**Imaging Centre of Excellence**
At the end of October, Minister for Universities and Science Jo Johnson MP helped to break ground to mark the construction of a new University of Glasgow-led Clinical Imaging Centre of Excellence (ICE), based at the Queen Elizabeth University Hospital. The ICE will be supported by £16m of UK Government funding through the Medical Research Council, as part of the Glasgow & Clyde Valley City Deal. The ICE will provide clinical research facilities unique in the UK and will create more than 200 new jobs for local people. It is expected to be completed by the end of 2016.

**Quantum Technology Hub**
The University is lead in one of 4 UK Quantum Technology Hubs - QuantIC. Funded by the EPSRC, £29M for the next five years, it brings together the Universities of Glasgow, Bristol, Edinburgh, Heriot-Watt, Oxford and Strathclyde. The Hub’s vision is to work in partnership with industry to translate our world-leading discovery science into revolutionary imaging systems that will benefit the UK economy across commercial, scientific and security sectors. It will pioneer imaging and sensing systems, now all pervasive in industry, science, security, healthcare and the consumer sector and will range across discovery to application.
3. 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.

**Academic Development and Strategy**


10 December: Attended Estates Committee Workshop at AECOM to review Master Plan options for the Campus Development.

**Internationalisation activities**

11 November: Hosted a lunch in the Lodging for President Tony Chan and a senior delegation from the Hong Kong University of Science & Technology (HKUST) who were visiting the UK, and as part of this trip, visiting the University to explore areas of shared interest.

22 October: Attended the Confucius Institutes Conference in London.

**Lobbying/Policy Influencing and Promoting the University**

I was invited along with some other Principals to participate in a series of meetings and teleconferences (9, 20 and 26 November and 1 December) with Scottish Government Ministers and officials to discuss the Spending Review and likely budget outcomes for HEIs in Scotland over the next and succeeding years. This was a new, very important and welcome initiative allowing the sector to make its case for a reasonable budget settlement.

8 October: Gave evidence to the Economy, Energy and Tourism Committee Evidence Session at Scottish Parliament as a member of the Council of Economic Advisers

8 & 9 October, and Teleconference on 7 December: Attended the Council of Economic Advisers meeting chaired by the First Minister and Deputy First Minister.

20 October: Met with Richard Brown and Alan Vesey of Glasgow City Council re City Deals.

22 October: Attended the CASE Europe Pre-Board Meetings including Strategic Planning session and on 23rd the Board of Trustees meeting.

26 October: As reported in Section 2, hosted a visit to the University of Jo Johnson MP, Minister for Universities and Science. In addition to ICE the Minister visited the QEUH to hear about Precision Medicine, met for a roundtable discussion with a group of Principals/Senior members from Scottish HEIs in the Melville Room and then attended a briefing session on Smart Cities and Campus developments which involved University academics with expertise in this area and the Director of Estates & Buildings.

27 October: Attended Universities Scotland Main Committee Meeting and SFC Liaison Committee.

29 October: Attended a Strategic Session of the Scottish Funding Council, and the next day, the Business meeting.

30 October: Met with Jennifer Halliday (CFO) and Kevin Smith (Chief Service Delivery Officer) of USS.
1 November: Archbishop Tartaglia celebrated Mass in the Chapel and attended a Lodging dinner.

2 November: Living Wage/Business Pledge announcement, with Roseanna Cunningham Cabinet Secretary for Fair Work, Skills and Training and representatives from Living Wage foundation.

4 November: Attended Widening Access Commission meeting and on 15 December will chair a Commission Workshop looking at ‘Funding and Accountability’.

5 November: Hosted a reception for the Institute of Chartered Accountants Scotland (ICAS) in the Lodging and gave a presentation entitled *Leading a Global University: The importance of strategy and the limits of planning*. On 27 November, I attended the annual ICAS Dinner as a guest.

6 November: Attended the UUK Board Meeting in London.

12 November: Attended USS Investment Committee Meeting in London and on the 19 November, a USS Board Meeting. 29 & 30 November attended a USS Investment Committee Away Day.

23 November: Attended the City of Glasgow College Graduation ceremony and delivered the charge to the graduates.

24 November: Attended the Glasgow City Marketing Bureau Board Meeting.

24 November: Attended and gave the welcome to the Reid Foundation Lecture, which was given this year by the First Minister, Nicola Sturgeon.

26 November: Met with Stephen Farry MLA, Northern Ireland Minister for Employment and Learning.

2 December: On the invitation of the Italian Ambassador, attended a Concert and reception - *Scots Italians over two centuries*.

3 December: Attended and presented at the Scottish Parliament’s Devolution (Further Powers) Committee on Fiscal Framework, which will underpin the provisions in the Scotland Bill.

8 December: Hosted a visit of Nathan Bostock, CEO, Santander UK Plc and a group of senior members of Santander Universities.


11 December: Gave an interview for Holyrood magazine on our new Economic Impact publication.

11 December: Visited PwC Glasgow and provided an update on the University including the Campus Development plans.

14 December: Met with Martin Griffiths, Chief Executive, Stagecoach group.

**Internal activities and Communications and Alumni events**

28 October: Hosted a reception for the School of Modern Languages in the Lodging. This was the second alumni reception held by the School and is intended to inform and engage alumni in its work and latest developments.

3 November: Hosted an Influencers Dinner, in liaison with Glasgow Chamber of Commerce in relation to the Campus Development.

7 November: Visited the GU Medical Infection and Immunology Conference, run by students and provided closing remarks and awarded conference prizes.

8 November: Attended the Service of Remembrance in the Bute Hall and delivered the main congregation address.

9 November: Co-hosted with Sandy Black the Chair of Glasgow World Changing Campaign Leadership Board a Campaign Briefing Reception.

10 November: Undertook a filmed interview with the SRC.

13 November: Attended the James Wood Lecture delivered by Lord Sumption, Justice of the Supreme Court and hosted a dinner in the Lodging.

18 November: Attended 1451 Society Lunch in the Caledonian Club London, and an evening reception for donors.

19 November: Attended and presented at a meeting of the Campaign Board in London.

1 & 2 December: Presided at Winter Graduations.

Held Principal's Surgeries on 23 November and 9 December.

1 December: Welcomed and Introduced Stevenson Trust for Citizenship symposium entitled *Understanding Scottish Politics: the Legacy of Professor James Kellas*.

5 December: Attended the Alumni Christmas Dinner.

9 December: Hosted a celebration event for Music in recognition of its excellent NSS results. Similar receptions are being held for all Schools that achieved top rating in the UK.

10 December: Attended an evening alumni event in the City Art Centre, Edinburgh.

14 December: Held a reception in the Lodging for recipients of the Teaching Excellence Awards.

4. **Senior Management Group business**

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

**SMG Meeting of 21 October 2015**

- Estates Strategy and Campus development
  - *Monthly report*
  - *Research Hub strategic brief*
  - *Smart Campus*
- REF Review Reporting
  - *UoA 2 Public Health, Health Services & Primary Care*
- UoA 5 Biological Sciences
- UoA 7 Earth Sciences & Environmental Sciences
- Counter-Terrorism & Security Act 2015 - Speakers & Events

**SMG Meeting of 17 November 2015**

- Estates Strategy – Monthly report
- REF Review Reporting
  - UoA 32 Philosophy
  - UoA 33 Theology & Religious Studies
  - UoA 35 Music
- Improving our Fraction of 4* Outputs: Observations on our UoA Reviews
- Professorial Recruitment Scheme
- Readership Promotion Criteria
- 2014-15 Annual Report on Complaints
SECTION A - ITEMS FOR DISCUSSION / DECISION

A.1 Higher Education Governance (Scotland) Bill

The Bill is continuing its passage through the Scottish Parliament, and meanwhile Universities Scotland and the Committee of Scottish Chairs, of which David Ross is convener, have had discussions on the Bill with the Cabinet Secretary and her advisers. The focus of these discussions has been on areas where the sector has previously expressed concerns, including Ministerial involvement in governing institutions, the potential for reclassification of institutions as public bodies by the Office for National Statistics, the composition of governing bodies and of Senates/academic boards, the mechanism for election of Convener/Chair, and the respective roles of Convener and Rector. David will update Court further at the meeting.

It is expected that, in week beginning 14 December, the Scottish Government will issue a report on the Stage 1 parliamentary review of the Bill, and that, if amendments are to be made to the Bill, the nature of these will become known in early February.

A.2 Estates Strategy: Court Working Group

The Working Group met on 25 November to receive an update on the Estate Strategy, including in particular a briefing from Professor Frank Coton on progress relating to the Learning and Teaching Building. Frank will also brief Court on 16 December.

SECTION B – ITEMS FOR INFORMATION / ROUTINE ITEMS FOR APPROVAL

B.1 Nominations Committee Business

Since the last meeting, recruitment has taken place to a number of Court and Court Committee vacancies. A series of interviews was held in October, for the following positions:

- Convener of Court, with Court having already approved (at its October meeting) the appointment of Ms Elizabeth Passey for 4 years from 1 August 2016, with an option of reappointment, at Court’s discretion, for a second term of office. There will be the opportunity for shadowing David Ross ahead of that date, to include observing at a Court meeting or meetings and observing the main Committees.

- 2 Co-opted positions on Court. Court has since approved the appointment of Mr Ronnie Mercer and Ms June Milligan to these positions for 4 years from 17 October 2015.
- A Remuneration Committee external (non-Court) member. Court has since approved the appointment of Mr Dominic Cole-Morgan to this position, for four years from 1 December.

- An Audit Committee external (non-Court) member, to replace a member who was demitting office. Court has since approved two appointments, of Mr Simon Bishop and Ms Lindsay Campbell, for 4 years from 1 November 2015.

Court has also approved the appointment of Mr Rob Goward to a co-opted (non-Court) position on the HR Committee, for 4 years from 1 November 2015.

In November, interviews were held for an Estates Committee external (non-Court) member. Court is asked to approve a recommendation from the Nominations Committee that Douglas Smith be appointed to this position. Douglas is a Chartered Surveyor and is currently UK Executive Director of CBRE, the largest commercial real estate advisor in the world. The appointment would be for four years, from 1 January 2016.

Interviews will be held shortly for 2 GU Holdings Ltd external members, further to Court's approval of revised Terms of Reference for this company; recommendations for appointment will follow.

B.2 Honorary Fellowships of the University

Court’s approval of nominations is sought.

B.3 Ordinance relating to Membership of the General Council

At the last meeting, Court agreed that an approach to the Privy Council could be made, to ask for an early view on the feasibility of making the above Ordinance more flexible. This would be so as to generalise categories of membership associated with joint and validated degrees, so that they could cover any such joint awarding/validation arrangements in operation from time to time, rather than listing specific courses, meaning that future requirements for amendments should be kept to a minimum.

The Privy Council has indicated that this approach is possible. Further discussion will therefore take place with relevant parties, and a draft will be brought to Court at a future meeting.

B.4 Senate Assessors on Court

Professor Lindsay Farmer, School of Law, has been appointed as Senate Assessor until 31 July 2019, replacing Professor Christine Forde.

Professor George Baillie will demit office as Senate Assessor wef 31 December 2015. Senate is in the process of appointing an Assessor to replace him.

B.5 SRC Assessor on Court

Morag Deans has been appointed as SRC Assessor on Court until 31 October 2016, replacing Marvin Karrasch.
B.6 Head of School Appointment

College of Science & Engineering

School of Physics and Astronomy

Professor Martin Hendry has been reappointed as Head of the School of Physics and Astronomy, for 2 years from 1 August 2016.

B.7 Voluntary Severance

Following recent publicity surrounding voluntary severance payments in the Scottish FE sector, this note is intended to clarify our practice at the University.

Our voluntary severance policy was approved by Court at its last meeting, on the recommendation of Remuneration Committee. It allows that a Panel of senior executives (the Principal, the Senior Vice-Principal and the Secretary of Court) may authorise severance payments where they comply with the standard terms of the policy. A report is made to each meeting of Remuneration Committee on the number and cost of severances approved by the Panel between meetings of the Committee, and the Committee’s minute records the number and cost of the cases approved.

Wherever any proposal for severance: a) would involve a payback period of more than one year; b) would cost £100,000 or more; and/or c) is intended for a member of the Senior Management Group, the offer of severance may only be made following a decision by the Remuneration Committee itself. In these exceptional cases the Remuneration Committee minute will record the severance payment approved and the reasons why it has agreed to make an offer that departs from the standard terms.
Court – Wednesday 16 December 2015

Report from the Meeting of the Finance Committee held on
18 November 2015

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.

A Items – for action

CA/2015/19. Draft University Financial Statements
Finance Committee noted a final operating surplus for 2014/15 of £45.5m (£55.1m
before exceptional items and tax), £39.8m ahead of the original budgeted surplus.

Court is invited to approve the University Financial Statements for 2014/15

CA/2015/20 - 25. 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, UGlasgow Singapore Pte Limited, and UOG
Utilities Supply Company.

Court is invited to approve the accounts.

B Items – for noting

CA/2015/32. Endowments Investment Reports
Finance Committee noted the endowments investment reports
University of Glasgow
Finance Committee
Minute of Meeting held on Wednesday 18 November 2015
Melville Room

Present:
Mr Graeme Bissett, Mr Ken Brown (Convener), Mr Robert Fraser, Dr Carl Goodyear, Prof Neal Juster, Mr Liam King, Ms Margaret Morton, Mr David Ross, Dr Duncan Ross, Mr Iain Stewart

In attendance:
Mrs Ann Allen, Ms Brenda Massie, Mr David Newall, Ms Fiona Quinn

Apologies:
Mr Paul Brady, Prof Anton Muscatelli

CA/2015/16. Minutes of the meeting held on Friday 11 September 2015

The minutes of Finance Committee held on 11 September 2015 were approved.

CA/2015/17. Matters arising

CA/2015/05. Capex Application: Wind Tunnel, Acre Road

With regard to the Committee’s request to review the governance of capital projects in order to avoid overspends arising, Committee members noted that this would be addressed under the capital expenditure applications (Item CA/2015/29 refers)

CA/2015/06. Finance Committee Remit

The Director of Finance confirmed his team were considering possible useful benchmarking in terms of other Finance Committee remits across the sector, in Scottish and Russell Group universities.

CA/2015/18. Conflict of Interest

No new conflicts of interest were noted.

CA/2015/19. Draft University Financial Statements at 31 July 2015 (paper 5.1)

Finance Committee received the Draft University Financial Statements for the year to 31 July 2015. The Committee noted a final operating surplus for 2014/15 of £45.5m (£55.1m before exceptional items and tax), £39.8m ahead of the original budgeted surplus. The movement in surplus reflected: staff savings of £9.6m, increased income of £3.6m, £15.9m net income relating to one-off R&D tax relief, reduction of £6.4m in the FRS 17 pensions liability, and
movements in endowments and subsidiaries totalling £2.3m. At year end, cash and deposits totalled £153.7m, a decrease of £9.6m in the year.

The Finance Director briefed the Committee on the background to the R&D tax claim, explaining that this was a one-off exceptional benefit that could not be claimed again in future due to a change in the rules. There was a discussion regarding the presentation of this item in the Financial Statements, with the Committee noting the unique nature of the claim and suggesting that the tax relief should perhaps be recorded as an exceptional item. The Director of Finance agreed to discuss this with the external auditors.

The Committee noted capital expenditure for 2014/15 of £64.6m, an increase of £15.8m compared to 2013/14. The increase was largely due to investment in the Queen Elizabeth University Hospital, the Centre for Virus Research, and investment in the new Combined Heat and Power system.

The net pension liability for the University of Glasgow Pension Scheme and Strathclyde Pension Fund had increased by £12.1m. The Committee noted that the University had made a deficit reduction contribution of £2.5m in line with the agreed deficit reduction plan.

There were comments from members of the Committee on the wording of some sections. It was suggested that a reference to Transnational Education could be added to the section on Internationalisation (p.3), and minor amendments were suggested to the section on Ethical investment policy (p.5).

The Convenor congratulated all concerned for their work in delivering such a strong set of financial results.

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

CA/2015/20. Draft Accounts for GU Heritage Retail Limited as at 31 July 2015 (paper 5.2)

The Committee received a draft report and financial statements for GU Heritage Retail Limited. There had been a strong financial performance, with operating profits of £132,001, up from £85,833 in 2013/14. GUHRL had gift-aided a sum of £86,244 to the University in 2014/15, resulting in a net surplus for that year of £45,757.

Finance Committee agreed to recommend the accounts to Court.

CA/2015/21. Draft Accounts for GU Holdings Limited as at 31 July 2015 (paper 5.2)

Finance Committee received draft annual accounts for GU Holdings Limited to 31 July 2015. GU Holdings exists to hold University investments in spin-out companies. GU Holdings reported an operating loss of £37,168 in 2013/14, as compared to a profit of £33,046 the previous year. Net current assets stood at £181,457 at 31 July 2015 (£29,586 at 31 July 2014).

Finance Committee agreed to recommend the accounts to Court.

CA/2015/22. Draft Accounts for Kelvin Nanotechnology Limited as at 31 July 2015 (paper 5.2)

Draft accounts for Kelvin Nanotechnology for year 2014/15 were presented to Finance Committee. The Committee noted the principal activity of the subsidiary was electronics and
electrical engineering. Kelvin Nanotechnology Limited reported a loss of £118,836 in 2014/15 compared to a profit of £2,973 in 2013/14.

The Committee noted that better performance was anticipated in 2015/16. It was hoped that there would be a return on the significant investment in the James Watt Nanofabrication Centre.

Finance Committee agree to recommend the accounts to Court.

CA/2015/23. Draft Accounts for UGlasgow Singapore Pte Ltd as at 31 July 2015 (paper 5.2)

The Committee received the accounts from UGlasgow Singapore Pte Ltd for to 31 July 2015. The Committee noted the after tax profit of $526,433 (Singapore dollars) which had fallen from $2,146,184 for 2013/14.

The cash balance of $3.97m was held in Singapore dollars. A dividend of $2m (Singapore dollars) had been declared and paid during 2014/15.

Finance Committee agreed to recommend the accounts to Court.

CA/2015/24. Draft Accounts for University of Glasgow Trust as at 31 July 2015 (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 £7,308,851 in 2014/15. This included £7,249,178 to University priority fundraising projects (restricted income) and £59,673 to other projects (unrestricted income). This represented an increase from disbursements of £4,827,168 in 2013/14. Finance Committee noted that the Trust also held an investment portfolio of £4,744,095 invested in the market at 31 July 2015 (£3,892,042 at 31 July 2014). At 31 July 2015 the University of Glasgow Trust’s reserves stood at £595,028, up from £591,930 on the previous year.

Finance Committee agreed to recommend the accounts to Court.

CA/2015/25. Draft Accounts for UOG Utilities Supply Company as at 31 July 2015 (paper 5.2)

The Committee received the accounts from UOG Utilities Supply Company for the period from 14 August 2014, the date of incorporation, to 31 July 2015. The Committee noted that the Company’s principal activity was the provision of utilities to the University and to that end it was currently installing the University’s new combined heat and power (CHP) system. The CHP system was expected to be operational in the following financial period.

The Committee noted a loss for 2014/15 of £2,262 as a result of administration expenses. The net asset position at 31 July 2015 was £8,997,738 and net current assets amounted to £958,903.

Finance Committee agreed to recommend the accounts to Court.
CA/2015/26. 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 2015.

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/2015/27. Capex application: Focused Ion Beam Microscopy (paper 5.4.1)

Finance Committee received a capital expenditure application for £1.42m to purchase a focused noble gas ion/electron beam microscope (FIB), in order to augment the University’s world-leading electron microscopy infrastructure.

The Committee noted that the equipment would be 80% funded from an external grant and the purchase would not go ahead if funding was not secured. Further, the Committee noted that the equipment would be revenue generating over its life.

Finance Committee approved the application.

CA/2015/28. Capex application: IT Servers (paper 5.4.2)

Finance Committee received a capital expenditure request for £0.7m to replace a number of Oracle/SUN servers used by IT Services to host Web services, networked file stores and business applications.

The Committee noted that the servers were nearing the end of their useful life and that the cost of replacement would be lower than projected maintenance costs on the existing hardware over the next five years.

In answer to a question from the Committee the Director of Finance reported that the financial appraisal did not correctly reflect the maintenance savings in discounted cash flow analysis.

Finance Committee approved the application.

CA/2015/29. Capex application: Library Levels 1 & 2 update (paper 5.4.3)

Finance Committee received a capital expenditure request for an additional £0.71m to complete the Library Levels 1 and 2 refurbishment project, increasing the total cost of the project from £2.905m to £3.615m.
The Committee noted that the Senior Management Group was extremely concerned by cost over-runs on capital projects, the most recent example being the Library project.

Before discussing the specific request, the Committee received a briefing note setting out the actions which the Senior Vice-Principal, Secretary of Court, Director of Finance and Director of Estates would take forward in order to address the ongoing issue of cost overspend on capital projects.

The Committee noted the key changes which were suggested for immediate implementation in order to resolve the problems. An update would be brought to the Estates Committee meeting in January 2016.

The Committee agreed that there was a need for greater scrutiny at the front end of projects to mitigate the need for both value engineering when tender returns are received, and applications for cost overruns when costs exceed accepted contract prices.

Following discussion, Finance Committee considered the capital expenditure application relating to the Library project. It was noted that the previously completed phase of the project on Level 3 had resulted in an excellent outcome with real benefits to students and other Library users.

The Secretary of Court and Director of Estates confirmed that they had confidence that the new figure of £3.615m for the total project would not be exceeded.

Finance Committee approved the application.

\[\text{CA/2015/32. Endowments Investment Reports (paper 6.1)}\]

Finance Committee noted the Endowments Investment reports as at 30 September 2015.

\[\text{CA/2015/33. Overview of Performance as at 30 September 2015 (paper 7.1)}\]

The Director of Finance presented the overview of performance for Period 2. Finance Committee noted that the Year to Date surplus stood at £24.2m, £1.5m ahead of the Year to Date budget. The projected surplus at full year stood at £11.2m, which was £0.3m lower than budget. The Committee noted that salaries were £0.8m lower than budget as a result of voids and unfilled strategic appointments.

The Committee noted net funds at Period 2 were £178.2m, representing a cash inflow of £32.3m for the year to date.

\[\text{CA/2015/34. Debtors Reports as at 30 September 2015 (paper 7.2)}\]

Finance Committee received an update on debtors as at 30 September 2015. Overall debt stood at £116.79m in comparison to £17.26m at September 2014.

The Committee noted that the large increase compared to prior year was due to the timing of processes in terms of student and sponsor debt, which totalled £99.69m at 30 September 2015 compared to £2.13m at 30 September 2014. Current year fee balances were now included in the
figures and a high volume of invoices had been issued. It was expected that most tuition fee
debts would be settled by February 2016.

Commercial debt totalled £14.41m at 30 September 2015 compared to £12.33m at September
2014. This increase was explained by increased billing.

CA/2015/35. Consumables Reports as at 30 September 2015 (paper 7.3)

Finance Committee noted an analysis of spending on consumables for 2014/15. The Committee
noted that the majority of the spend on IT equipment had been directed to enhancing
computing facilities for students.

CA/2015/36. Date of next meeting

Wednesday 20 January 2016, 2pm, Melville Room.
Reports and Financial Statements
for the year to 31 July 2015
Reports

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Charity number: SC004401
OPERATING AND FINANCIAL REVIEW
for the year ended 31 July 2015

This Operating and Financial Review describes the main trends and factors underlying the University of Glasgow’s (“the University’s”) performance during the year to 31 July 2015 (“2014-15”).

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 17,700 undergraduate students, 7,100 postgraduate students and over 2,500 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 on the 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 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 mission 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 have been pursued over the 2010-15 period covered by Glasgow 2020, whilst also ensuring that the University remains in a financially sustainable position to allow 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.

As we reach the end of the 2010-15 planning cycle it is noticeable that progress against the plan’s KPIs has been strong: eighteen of the KPIs have improved since 2010. Internationalisation has been a particular area of strength in the past five years, with the international student population increasing by 90% and international research income more than doubling. The University has also increased its postgraduate taught student population by a third and has made encouraging gains in the quality of research output, student entry tariff and the quality of the estate, while also consolidating the financial position.

Student satisfaction at Glasgow remains towards the upper end of the sector and the 2015 National Student Survey (NSS) placed the University joint first in Scotland and third in the Russell Group. Satisfaction scores of postgraduate research students have increased and although international student
satisfaction has dropped very slightly it remains 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 62nd in the QS World University Rankings, 76th in the Times Higher Education league table, and at its highest ever place in the Shanghai Jiao Tong global tables. Glasgow’s position in the domestic league tables remains relatively static, being placed between 24 and UK 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 2015 National Student Survey (NSS), which showed 90% satisfaction among final year students. This ranks the University 13th equal amongst the UK’s universities. Impressively, the University was ranked first or joint first in overall satisfaction in 6 of the 55 subjects surveyed and was in the top 10 of a further 9. This result is due to the commitment of the University’s staff and the impact of significant investment made in the learning environment. Whilst this result is pleasing, the University is not complacent; the headline 90% satisfaction figure is a summary of a complex range of issues important to students, as reflected in the 22 questions contained in NSS. The University continues to work on improving the student experience, particularly on providing assessment and feedback and in developing the teaching infrastructure.

The University met its Scottish domiciled and EU undergraduate recruitment target for 2014-15 whilst increasing the average qualification tariff of the students entering the University. The University now has the 10th highest entry tariff in the Russell Group.

The change in the undergraduate fee regime within 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 and 2014-15 was very healthy and exceeded target. Applications for 2015-16 entry indicate that this trend will continue.

Taught postgraduate numbers grew in 2014-15 by 17%.

The University’s outstanding reputation for research, learning and teaching, and its investment in facilities is contributing to making 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 2014-15 saw the University’s highest ever research order book, beating the previous high point set in 2013-14. 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 2015-16 grew for the fifth year in a row.

The University’s selective investment in research leaders and early career researchers also led to a greatly improved performance in the 2014 Research Excellence Framework assessment (REF2014) when compared with the previous exercise conducted in 2008. The REF2014 outcomes showed that the power of the University’s research (overall quality multiplied by volume) placed 12th in the UK and 2nd in Scotland. The percentage of research judged to be ‘internationally excellent’ or better rose from 56% in 2008 to 81% in 2014. The percentage of research judged to be ‘world leading’ – the top category – has doubled to 31%.

Plans have been articulated to ensure these improvements are built upon towards the next assessment exercise expected in 2020.

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 2015-16, reflecting the efforts put into marketing and the promotion of a wide range of international activities over the past four to five 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 2015 International Student Barometer. According to the survey, the University’s international students remain amongst the most satisfied at UK universities.

In recent years the University has established a number of partnerships to enable students to gain University of Glasgow degrees overseas whilst being taught by University of Glasgow staff. These partnerships are with: Singapore Institute of Technology (Singapore) offering undergraduate degrees in Engineering and Computer Science; UESTC (Chengdu, China), undergraduate Engineering; and Nankai University Tianjin (China), postgraduate degrees in Environmental Management, International Relations, and Urban and Regional Planning. In academic year 2014-15 there were over 1000 FTE students studying for Glasgow Degrees in these locations. These numbers are expected to double by 2016-17 and talks continue with all partners to expand the range of degrees on offer.

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, patterns 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 2014-15 outcome agreement focussed on the following areas: knowledge exchange, research, skills growth, coherent provision and widening access. The University met all of the targets contained within the outcome agreement.
The University enjoyed another successful year financially as follows:

<table>
<thead>
<tr>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Total income</td>
<td>542,935</td>
</tr>
<tr>
<td>Total expenditure</td>
<td>(514,209)</td>
</tr>
</tbody>
</table>

Surplus after depreciation of tangible fixed assets at valuation before corporation tax and non-operating exceptional items

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>£000</td>
<td>£000</td>
<td></td>
</tr>
<tr>
<td>28,726</td>
<td>20,814</td>
<td></td>
</tr>
</tbody>
</table>

Add back operating exceptional items; R&D tax credits (RDEC) and deferred capital grants released

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>£000</td>
<td>£000</td>
<td></td>
</tr>
<tr>
<td>26,384</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

The five year operating surplus after depreciation and before non operating exceptional items history is as follows:

<table>
<thead>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>£m - Net Funds Five Year History</td>
<td>111.4</td>
<td>116.9</td>
<td>152.5</td>
<td>163.4</td>
<td>153.7</td>
</tr>
</tbody>
</table>

The five year net funds history is as follows:

The main cash inflows were from operating activities (+£7.5m) and return on investments and servicing of finance (+£7.5m).

The net inflow from operating activities represents the operating surplus of £50.6m offset by an outflow of £30.5m related to a rise in working capital, primarily due to an increase in debtors, which includes the RDEC cash receipts due at the year end and the pension cost of £8.7m.

The main cash outflow was on capital expenditure for the year where investment in the estate continued, including £8m investment in a new heating system for part of the Estate. Capital expenditure for the year was £64.6m, which was £15.8m higher than 2013-14. Capital commitments authorised but not yet contracted decreased by £27.6m in the year to £38.2m 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 (SPF) has increased in the year from £37.7m to £49.8m. In July 2014 the University made an initial deficit recovery contribution of £30.0m (UGPS) and an additional contribution of £2.5m in March 2015. The University expects to continue to make additional contributions of £2.5m per year, increasing by 2.5% per annum. The underlying pension assets increased during the year, however, this was offset by an increase in liabilities due to a reduction in the discount rate from 4.1% to 3.5%.

Investment performance

In the past financial year, the value of global stock markets has continued on an upwards trajectory, although there has been a sharp falling off in the latter few months. The strong performance in the early part of the year is reflected in the market value of investments, which rose by £4.4m compared to £2.1m in 2013-14. New bequests received during the year
increased from £0.9m to £1.3m. Overall, the value of endowment asset investments increased from £157.8m to £164.3m. The performance of the fund managers continues to be monitored by the Investment Advisory Committee against targets set by the committee and is 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 2015 the University’s outstanding payments represented approximately 15 days’ purchases. This is a decrease from 17 days in 2014.

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 BBB+ (as per Standard and Poor’s long term rate) with money market funds at a minimum of A+ rated. 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 0.5% of the total income of the University in 2014-15.

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 fulfill 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 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 requires its investment managers to commit to Socially Responsible Investment within their investment policies. In addition, it prohibits direct investment in the tobacco industry, as such investment would run counter to the University’s direct interest in research. In 2014/15 Court also committed to a phased reduction in the University’s direct investment in the fossil fuel extraction industry. The first phase of that disinvestment strategy is now being implemented, involving a reduction of 25% over the next four years. This means that, by July 2019, the value of the investments held in fossil fuel extraction will be no more than 6.4% of the University’s total endowment investment.

Future developments and principal risks and uncertainties
The last four 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 2015-16 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 charged 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 charged £9,000 a year for the first three years for all subjects, with the fourth year free. This change did not impact negatively on recruitment; in fact recruitment grew slightly. However, the fees regimes in the four home countries and their impact on student recruitment patterns continue to cause uncertainty for financial projections across the higher education sector. From 2015-16 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 a negative financial impact on Glasgow. Early indications are that the University is performing strongly in the UK market; however, we 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). The GGCHB will vacate the site in April 2016. 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 within a total funding envelope for the campus redevelopment of £600m. A new combined heat and power system is currently being installed, which will significantly reduce the University’s carbon footprint and utility bills. The system is expected to be fully operational by March 2016 and has been designed to be extendable into the Western Infirmary site as it is developed. Decisions on investment in individual building projects on the site, made in the context of a Court-approved and City-adopted Campus Development Framework, are expected to be taken towards the end of the 2015-16 financial year. It is also important that, whilst the redevelopment of the campus is being planned, investment is maintained in order to ensure that 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. This risk was also reported last year; however, international student numbers grew by nearly 20%.

Staffing costs are likely to cause significant pressure in the near to mid-term as cost of living and incremental pay rises outstrip the expected increase in income from the SFC. A comprehensive spending review is expected in Scotland towards the end of 2015 and real terms increases in Government funding of universities is looking increasingly unlikely. 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 and contributions to the Universities Superannuation Scheme (USS) will increase from April 2016. There will also be increases in National Insurance payments as the NI contracted out rate is abolished.

A new strategic plan with an updated set of KPIs was adopted by Court in June 2015. This new strategy, Inspiring People, Changing the World, when coupled with the substantial development of the main campus, places the University in an exciting position of being able to achieve its ambition of being a World-Class, World-Changing University. The previous strategic plan Glasgow 2020 – A Global Vision enabled the University to make great strides in its performance. This new strategic plan sets out the University’s ambition to build on the University’s already strong academic and financial position achieved through Glasgow 2020 – A Global Vision and become even better.

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 with the capacity, and continuing ability, to recruit additional international and postgraduate students saw the University deliver a record surplus excluding one off RDEC income in 2014-15 and an operating surplus for the tenth consecutive year, whilst also maintaining 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 new strategic plan.

Professor Anton Muscatelli
Principal

Ken Brown
Convenor of Finance Committee

Robert Fraser
Director of Finance
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, of the Scottish Code of Good HE Governance, as issued by the Committee of Scottish Chairs in July 2013, and of 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.

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 2015.

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, in financial year 2014/15, consisted of: the Rector (who is elected by the students of the University), 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 has proposed 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 proposals, which were approved by the Privy Council in July 2015, will have the effect of: reducing from five to two the number of General Council assessors, reducing from seven to six the number of Senate assessors, and increasing from five to nine the number of independent members appointed by Court. 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. When vacant, the position of Convenor of Court is advertised publicly and an appointment is made by Court for a period of four years. Meetings of Court are held five times a year. The future composition of Court may be affected by legislation on Higher Education Governance which will be considered by the Scottish Parliament in the course of 2015/16.

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 2015 are set out in note 6 to the financial statements. The Committee is currently chaired by Ken Brown, an independent member of Court and meets at least 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 an independent member of Court (position currently vacant) 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. Senate has delegated authority to a Council of Senate to expedite business on its behalf. The Council of Senate meets five times per year. The future composition of Senate may be affected by legislation on Higher Education Governance which will be considered by the Scottish Parliament in the course of 2015/16.

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 2015 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
16 December 2015
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 all relevant Acts of Parliament, with the Statement of Recommended Practice on Accounting for Further and Higher Education issued in 2007, and with 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 2015 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
16 December 2015
MEMBERSHIP OF COURT

Members of Court who served during the year to 31 July 2015 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.

The Rector
Mr Edward Snowden  
Expiry date: (Mar 2017)

The Principal and Vice-Chancellor
Professor Anton Muscatelli  
Expiry date: (Sep 2019)  
Committee Membership: (FC) (HRC) (EC) (NC) (RC)

The Chancellor’s Assessor
Mr Murdoch MacLennan  
Expiry date: (Dec 2017)

Assessor of City of Glasgow Council
Councillor Pauline McKeever  
Expiry date: (May 2017)

General Council Assessors
Mr David Ross  
Expiry date: (Jul 2016)**  
Committee Membership: (FC) (RC) (NC)  
* Independent Member
Mr David C Anderson  
Expiry date: (Jun 2015)  
Committee Membership: (HRC) (RC)  
* Independent Member
Mr Brian McBride  
Expiry date: (Jul 2016)  
Committee Membership: (RC)  
* Independent Member
Dr Morag Macdonald Simpson  
Expiry date: (Jul 2018)  
Committee Membership: (HRC)  
* Independent Member
Ms Lesley Sutherland  
Expiry date: (Jul 2018)  
Committee Membership: (AC)  
* Independent Member

Senate Assessors
Professor George Baillie (from Oct 2014)  
Expiry date: (Dec 2015)  
Committee Membership: (HRC)
Professor Lindsay Farmer (from Oct 2015)  
Expiry date: (Jul 2019)  
Committee Membership: (HRC)
Professor Christine Forde  
Expiry date: (Jul 2015)  
Committee Membership: (HRC)
Dr Marie Freel  
Expiry date: (Oct 2014)  
Committee Membership: (EC)
Dr Carl Goodyear (from Oct 2014)  
Expiry date: (Jul 2018)  
Committee Membership: (FC)
Professor Nicholas Jonsson  
Expiry date: (Aug 2014)  
Committee Membership: (HRC)
Professor Karen Lury  
Expiry date: (Jul 2017)  
Committee Membership: (EC)
Dr Duncan Ross  
Expiry date: (Jul 2017)  
Committee Membership: (FC) (NC)
Dr Donald Spaeth  
Expiry date: (Jul 2015)  
Committee Membership: (HRC) (NC)
Professor Paul Younger (from Nov 2014)  
Expiry date: (Jul 2018)  
Committee Membership: (EC)

Employee Representatives
Mr David W Anderson  
Expiry date: (Jan 2018)
Ms Margaret Anne McParland  
Expiry date: (Jul 2018)

Co-opted Members of Court
Mr Graeme Bissett  
Expiry date: (Dec 2017)  
Committee Membership: (FC)  
* Independent Member
Ms Heather Cousins  
Expiry date: (Mar 2018)  
Committee Membership: (AC) (NC)  
* Independent Member
Mr Ronald Mercer (from Nov 2015)  
Expiry date: (Oct 2019)  
Committee Membership:  
* Independent Member
Ms June Milligan (from Nov 2015)  
Expiry date: (Oct 2019)  
Committee Membership:  
* Independent Member
Mr David Milloy  
Expiry date: (Dec 2017)  
Committee Membership: (EC)  
* Independent Member
Mr Ken Brown  
Expiry date: (Dec 2017)  
Committee Membership: (FC) (RC)  
* Independent Member
Ms Margaret Morton  
Expiry date: (Dec 2017)  
Committee Membership: (EC) (FC)  
* Independent Member

President of the Students’ Representative Council
Ms Breffini O’Connor  
Expiry date: (Jun 2015)  
Committee Membership: (FC) (EC) (NC)
Mr Liam King (from Jul 2015)  
Expiry date: (Jun 2016)  
Committee Membership: (FC) (EC) (NC)

Assessor of the Students’ Representative Council
Mr Donald Mackay  
Expiry date: (Oct 2014)
Mr Marvin Karrasch (from Nov 2014)  
Expiry date: (Oct 2015)
Ms Morag Deans (from Nov 2015)  
Expiry date: (Oct 2016)

Secretary of Court
Mr David Newall  
Expiry date:  
Committee Membership: (EC) (HRC) (NC) (HSWC)

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.**
INDEPENDENT AUDITORS’ REPORT TO THE UNIVERSITY COURT OF THE UNIVERSITY OF GLASGOW

We have audited the financial statements of the University of Glasgow for the year ended 31 July 2015 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 27. 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 the 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), the 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 in the Operating and Financial Review, Corporate Governance Statement and Statement of the Responsibilities of Court to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2015 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
Statutory auditor
Glasgow
16 December 2015
Ernst & Young LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006
**STATEMENT OF PRINCIPAL ACCOUNTING POLICIES**

**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. The following accounting policies have been applied consistently in dealing with the items that are considered material in relation to the financial statements.

**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 of valuation of each property (other than freehold land) over its expected useful life within the range 10 years to 300 years.

Major Infrastructure plant is depreciated on a straight line basis over the estimated useful life up to a maximum of 50 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 10.

**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 estimated useful 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...


**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 capitalised and stated at cost. The capitalisation 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.

**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 24 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 2015

<table>
<thead>
<tr>
<th>Note</th>
<th>Before exceptional items £000</th>
<th>Exceptional items* £000</th>
<th>2015 £000</th>
<th>2014 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funding body grants</td>
<td>1</td>
<td>162,090</td>
<td>3,368</td>
<td>165,458</td>
</tr>
<tr>
<td>Tuition fees and education contracts</td>
<td>2</td>
<td>142,930</td>
<td>-</td>
<td>142,930</td>
</tr>
<tr>
<td>Research grants and contracts</td>
<td>3</td>
<td>152,613</td>
<td>20,369</td>
<td>172,982</td>
</tr>
<tr>
<td>Other income</td>
<td>4</td>
<td>71,649</td>
<td>2,647</td>
<td>74,296</td>
</tr>
<tr>
<td>Endowment and investment income</td>
<td>5</td>
<td>13,653</td>
<td>-</td>
<td>13,653</td>
</tr>
</tbody>
</table>

Total income 542,935 26,384 569,319 511,341

| Expenditure |                          |                        |           |           |
| Staff costs | 6 | 279,600 | - | 279,600 | 269,680 |
| Other operating expenses | 7 | 210,193 | - | 210,193 | 198,414 |
| Depreciation | 9 | 24,416 | - | 24,416 | 22,433 |

Total expenditure 514,209 - 514,209 490,527

Surplus after depreciation of tangible fixed assets at valuation before corporation tax and non-operating exceptional items 28,726 26,384 55,110 20,814

Corporation taxation 8 (45) (4,447) (4,492) (188)

Surplus before non-operating exceptional items 28,681 21,937 50,618 20,626

Net loss on disposal of fixed assets - (5,134) (5,134) -

Surplus on continuing operations after depreciation of assets at valuation, disposal of fixed assets and taxation 28,681 16,803 45,484 20,626

Surplus for the year transferred to accumulated income in endowment funds 12 (781) - (781) (905)

Surplus for the year retained within general reserves 27,900 16,803 44,703 19,721

All items of income and expenditure arise from continuing operations.

* Exceptional items comprises i) £20.4m in respect of RDEC tax credits included within research income and a corresponding corporation tax charge of £4.4m in respect of this income ii) deferred capital grants released in respect of assets on which a loss on disposal arose and is included within the net loss on disposal of fixed assets. The assets were written off as a result of a reconfiguration of NHS facilities following the move to the Queen Elizabeth University Hospital.
### CONSOLIDATED STATEMENT OF HISTORICAL COST SURPLUSES

for the year ended 31 July 2015

<table>
<thead>
<tr>
<th>Note</th>
<th>2015 £000</th>
<th>2014 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus for the year retained within general reserves</td>
<td>44,703</td>
<td>19,721</td>
</tr>
<tr>
<td>Difference between historical cost depreciation and the actual charge for the period calculated on the re-valued amount</td>
<td>3,450</td>
<td>4,068</td>
</tr>
<tr>
<td><strong>Historical cost surplus for the year</strong></td>
<td><strong>48,153</strong></td>
<td><strong>23,789</strong></td>
</tr>
</tbody>
</table>

### CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 July 2015

<table>
<thead>
<tr>
<th>Note</th>
<th>2015 £000</th>
<th>2014 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus on continuing operations after depreciation of assets at valuation, disposal of fixed assets and taxation</td>
<td>45,484</td>
<td>20,626</td>
</tr>
<tr>
<td>Unrealised gains on investments</td>
<td>19</td>
<td>1,260</td>
</tr>
<tr>
<td>Appreciation of endowment asset investments</td>
<td>12, 18</td>
<td>4,375</td>
</tr>
<tr>
<td>New endowment bequests</td>
<td>12, 18</td>
<td>1,312</td>
</tr>
<tr>
<td>Currency translation</td>
<td>19</td>
<td>(7)</td>
</tr>
<tr>
<td>Actuarial loss in respect of pension schemes</td>
<td>19, 27</td>
<td>(20,811)</td>
</tr>
<tr>
<td><strong>Total recognised gains for the year</strong></td>
<td><strong>31,613</strong></td>
<td><strong>15,319</strong></td>
</tr>
</tbody>
</table>

Reconciliation:

<table>
<thead>
<tr>
<th></th>
<th>2015 £000</th>
<th>2014 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening reserves and endowments</td>
<td>401,497</td>
<td>386,178</td>
</tr>
<tr>
<td>Total recognised gains for the year</td>
<td>31,613</td>
<td>15,319</td>
</tr>
<tr>
<td>Closing reserves and endowments</td>
<td>433,110</td>
<td>401,497</td>
</tr>
</tbody>
</table>
 BALANCE SHEETS  
as at 31 July 2015  

<table>
<thead>
<tr>
<th>Note</th>
<th>Consolidated 2015 £000</th>
<th>University 2015 £000</th>
<th>Consolidated 2014 £000</th>
<th>University 2014 £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>9</td>
<td>536,127</td>
<td>528,089</td>
<td>502,487</td>
</tr>
<tr>
<td>Investments</td>
<td>11</td>
<td>10,467</td>
<td>11,956</td>
<td>7,795</td>
</tr>
<tr>
<td></td>
<td></td>
<td>546,594</td>
<td>540,045</td>
<td>510,282</td>
</tr>
<tr>
<td>Endowment assets</td>
<td>12</td>
<td>164,316</td>
<td>164,316</td>
<td>157,848</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock</td>
<td></td>
<td>782</td>
<td>588</td>
<td>732</td>
</tr>
<tr>
<td>Debtors</td>
<td>13</td>
<td>94,801</td>
<td>100,552</td>
<td>60,917</td>
</tr>
<tr>
<td>Short term investments</td>
<td>14</td>
<td>87,179</td>
<td>87,179</td>
<td>48,032</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>14</td>
<td>66,562</td>
<td>60,480</td>
<td>115,352</td>
</tr>
<tr>
<td></td>
<td></td>
<td>249,324</td>
<td>248,799</td>
<td>225,033</td>
</tr>
<tr>
<td>Less: Creditors – amounts falling due within one year</td>
<td>15</td>
<td>(222,305)</td>
<td>(220,405)</td>
<td>(218,698)</td>
</tr>
<tr>
<td>Net current assets</td>
<td></td>
<td>27,019</td>
<td>28,394</td>
<td>6,335</td>
</tr>
<tr>
<td>Total assets less current liabilities</td>
<td></td>
<td>737,929</td>
<td>732,755</td>
<td>674,465</td>
</tr>
<tr>
<td>Less: Provisions for liabilities</td>
<td>16</td>
<td>(4,328)</td>
<td>(4,328)</td>
<td>(4,452)</td>
</tr>
<tr>
<td>Net assets excluding pension liability</td>
<td></td>
<td>733,601</td>
<td>728,427</td>
<td>670,013</td>
</tr>
<tr>
<td>Net pension liability</td>
<td>27</td>
<td>(49,793)</td>
<td>(49,793)</td>
<td>(37,721)</td>
</tr>
<tr>
<td>Net assets including pension liability</td>
<td></td>
<td>683,808</td>
<td>678,634</td>
<td>632,292</td>
</tr>
</tbody>
</table>
Deferred income

Endowment funds

Permanent

Reserves

Income and expenditure excluding pension liability

Pension liability

Income and expenditure including pension liability

Revaluation reserve

Total funds

The financial statements on pages 12 to 43 were approved by the University Court of the University of Glasgow on 16 December 2015 and were signed on its behalf by:

Professor Anton Muscatelli
Principal

Ken Brown
Convenor of Finance Committee

Robert Fraser
Director of Finance
## CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 July 2015

<table>
<thead>
<tr>
<th>Note</th>
<th>2015 £000</th>
<th>2014 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net cash inflow from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>7,478</td>
<td>24,767</td>
</tr>
<tr>
<td><strong>Return on investments and servicing of finance</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from endowments</td>
<td>18</td>
<td>6,246</td>
</tr>
<tr>
<td>Interest received</td>
<td>5</td>
<td>1,219</td>
</tr>
<tr>
<td><strong>Net cash inflow from return on investments and servicing of finance</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>7,465</td>
</tr>
<tr>
<td><strong>Capital expenditure</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Endowment assets acquired</td>
<td></td>
<td>(35,840)</td>
</tr>
<tr>
<td>Receipts from the sale of endowment assets</td>
<td></td>
<td>35,019</td>
</tr>
<tr>
<td>New bequests</td>
<td>18</td>
<td>1,312</td>
</tr>
<tr>
<td>Payments to acquire tangible assets</td>
<td>9</td>
<td>(64,644)</td>
</tr>
<tr>
<td>Deferred capital grants received</td>
<td>17</td>
<td>38,651</td>
</tr>
<tr>
<td>Proceeds of disposal of assets</td>
<td></td>
<td>1,454</td>
</tr>
<tr>
<td><strong>Net cash outflow from capital expenditure</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(24,048)</td>
</tr>
<tr>
<td><strong>Currency translation</strong></td>
<td>19</td>
<td>(7)</td>
</tr>
<tr>
<td><strong>Net cash (outflow) / inflow before management of liquid resources</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(9,112)</td>
</tr>
<tr>
<td><strong>Management of liquid resources</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash transferred (to) / from term deposits</td>
<td>25</td>
<td>(39,147)</td>
</tr>
<tr>
<td>Cash transferred (to) / from endowments</td>
<td></td>
<td>(531)</td>
</tr>
<tr>
<td><strong>(Decrease) / increase in cash in the year</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>(48,790)</td>
<td>12,712</td>
</tr>
</tbody>
</table>

## RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
for the year ended 31 July 2015

<table>
<thead>
<tr>
<th>Note</th>
<th>2015 £000</th>
<th>2014 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Decrease) / increase in cash in the year</td>
<td>25</td>
<td>(48,790)</td>
</tr>
<tr>
<td>Cash inflow / (outflow) of liquid resources</td>
<td>25</td>
<td>39,147</td>
</tr>
<tr>
<td>Movement in net funds in the year</td>
<td></td>
<td>(9,643)</td>
</tr>
<tr>
<td>Net funds at 1 August</td>
<td>25</td>
<td>163,384</td>
</tr>
<tr>
<td>Net funds at 31 July</td>
<td>25</td>
<td>153,741</td>
</tr>
</tbody>
</table>
### 1 Funding body grants

<table>
<thead>
<tr>
<th>Description</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main teaching grant</td>
<td>86,680</td>
<td>84,840</td>
</tr>
<tr>
<td>Main quality research grant</td>
<td>47,317</td>
<td>44,417</td>
</tr>
<tr>
<td>Research postgraduate grant</td>
<td>6,405</td>
<td>6,411</td>
</tr>
<tr>
<td>Knowledge transfer grant</td>
<td>2,288</td>
<td>2,522</td>
</tr>
<tr>
<td>Infrastructure grants</td>
<td>1,258</td>
<td>1,287</td>
</tr>
<tr>
<td>Deferred capital grants released</td>
<td>9,043</td>
<td>5,701</td>
</tr>
<tr>
<td>Other funding council grants</td>
<td>12,467</td>
<td>16,035</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>165,458</td>
<td>161,213</td>
</tr>
</tbody>
</table>

### 2 Tuition fees and education contracts

<table>
<thead>
<tr>
<th>Description</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home and EU students</td>
<td>38,293</td>
<td>38,411</td>
</tr>
<tr>
<td>Rest of the UK Students</td>
<td>12,637</td>
<td>8,401</td>
</tr>
<tr>
<td>Overseas students</td>
<td>73,332</td>
<td>67,459</td>
</tr>
<tr>
<td>Short courses</td>
<td>5,144</td>
<td>5,661</td>
</tr>
<tr>
<td>Other fees</td>
<td>1,756</td>
<td>1,260</td>
</tr>
<tr>
<td>Research support grants</td>
<td>11,768</td>
<td>11,032</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>142,930</td>
<td>132,224</td>
</tr>
</tbody>
</table>

### 3 Research grants and contracts

<table>
<thead>
<tr>
<th>Description</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research Councils</td>
<td>54,918</td>
<td>47,192</td>
</tr>
<tr>
<td>Charities</td>
<td>41,661</td>
<td>39,246</td>
</tr>
<tr>
<td>UK Government excluding RDEC</td>
<td>24,147</td>
<td>20,378</td>
</tr>
<tr>
<td>RDEC (1)</td>
<td>20,369</td>
<td>-</td>
</tr>
<tr>
<td>European Commission</td>
<td>12,928</td>
<td>9,951</td>
</tr>
<tr>
<td>UK industry</td>
<td>5,171</td>
<td>4,470</td>
</tr>
<tr>
<td>Overseas</td>
<td>8,536</td>
<td>9,285</td>
</tr>
<tr>
<td>Other sources</td>
<td>795</td>
<td>551</td>
</tr>
<tr>
<td>Deferred capital grants released</td>
<td>4,457</td>
<td>2,545</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>172,982</td>
<td>133,618</td>
</tr>
</tbody>
</table>

(1) A proportion of the University’s activities were identified as qualifying R&D in accordance with Chapter 6A, Corporation Taxes Act 2009. RDEC tax credits have been incorporated in the current year covering the period 1 April 2013 to 31 July 2015.

### 4 Other Income

<table>
<thead>
<tr>
<th>Description</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residences and Hospitality</td>
<td>25,790</td>
<td>26,382</td>
</tr>
<tr>
<td>Other services rendered</td>
<td>23,232</td>
<td>23,361</td>
</tr>
<tr>
<td>Deferred capital grants released</td>
<td>5,248</td>
<td>2,874</td>
</tr>
<tr>
<td>Health Authorities</td>
<td>4,240</td>
<td>4,542</td>
</tr>
<tr>
<td>Other income</td>
<td>15,786</td>
<td>16,326</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>74,296</td>
<td>73,485</td>
</tr>
</tbody>
</table>
### 5 Endowment and investment income

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from expendable endowments (note 18)</td>
<td>984</td>
<td>971</td>
</tr>
<tr>
<td>Income from permanent endowments (note 18)</td>
<td>5,262</td>
<td>5,119</td>
</tr>
<tr>
<td>Endowment management fees</td>
<td>742</td>
<td>561</td>
</tr>
<tr>
<td>FRS 17 Interest (note 27)</td>
<td>5,446</td>
<td>3,021</td>
</tr>
<tr>
<td>Income from short-term investments</td>
<td>1,219</td>
<td>1,129</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13,653</strong></td>
<td><strong>10,801</strong></td>
</tr>
</tbody>
</table>

### 6 Staff costs

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>By expense type:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries</td>
<td>215,512</td>
<td>207,574</td>
</tr>
<tr>
<td>Social security costs</td>
<td>16,899</td>
<td>16,327</td>
</tr>
<tr>
<td>Other pension costs (note 27)</td>
<td>47,189</td>
<td>45,779</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>279,600</strong></td>
<td><strong>269,680</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 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>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>By staff category:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Academic departments</td>
<td>137,562</td>
<td>135,240</td>
</tr>
<tr>
<td>Academic services</td>
<td>15,716</td>
<td>16,169</td>
</tr>
<tr>
<td>Research grants and contracts</td>
<td>73,649</td>
<td>69,114</td>
</tr>
<tr>
<td>Residences and hospitality services</td>
<td>4,096</td>
<td>4,037</td>
</tr>
<tr>
<td>Premises</td>
<td>14,392</td>
<td>14,208</td>
</tr>
<tr>
<td>Administration and other central services</td>
<td>26,049</td>
<td>23,429</td>
</tr>
<tr>
<td>Other income generating</td>
<td>8,136</td>
<td>7,483</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>279,600</strong></td>
<td><strong>269,680</strong></td>
</tr>
</tbody>
</table>

**Remuneration of the Principal:**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professor Anton Muscatelli</td>
<td>271</td>
<td>263</td>
</tr>
</tbody>
</table>

**Contribution in respect of pensions:**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professor Anton Muscatelli</td>
<td>43</td>
<td>42</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation paid</td>
<td>-</td>
<td>37</td>
</tr>
</tbody>
</table>
6 Staff costs (continued)

<table>
<thead>
<tr>
<th>Category</th>
<th>2015 Number</th>
<th>2014 Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic departments</td>
<td>2,416</td>
<td>2,419</td>
</tr>
<tr>
<td>Academic services</td>
<td>366</td>
<td>378</td>
</tr>
<tr>
<td>Research grants and contracts</td>
<td>1,263</td>
<td>1,201</td>
</tr>
<tr>
<td>Residences and Hospitality services</td>
<td>140</td>
<td>133</td>
</tr>
<tr>
<td>Premises</td>
<td>499</td>
<td>507</td>
</tr>
<tr>
<td>Administration and other central services</td>
<td>552</td>
<td>522</td>
</tr>
<tr>
<td>Other income generating</td>
<td>201</td>
<td>195</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,437</strong></td>
<td><strong>5,355</strong></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>Range</th>
<th>2015 Number</th>
<th>2014 Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>£70,001 - £80,000</td>
<td>93</td>
<td>90</td>
</tr>
<tr>
<td>£80,001 - £90,000</td>
<td>67</td>
<td>70</td>
</tr>
<tr>
<td>£90,001 - £100,000</td>
<td>47</td>
<td>41</td>
</tr>
<tr>
<td>£100,001 - £110,000</td>
<td>27</td>
<td>21</td>
</tr>
<tr>
<td>£110,001 - £120,000</td>
<td>16</td>
<td>12</td>
</tr>
<tr>
<td>£120,001 - £130,000</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td>£130,001 - £140,000</td>
<td>9</td>
<td>6</td>
</tr>
<tr>
<td>£140,001 - £150,000</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>£150,001 - £160,000</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>£160,001 - £170,000</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>£170,001 - £180,000</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>£180,001 - £190,000</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>£190,001 - £200,000</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>£200,001 - £210,000</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>£210,001 - £220,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>£220,001 - £230,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>£230,001 - £240,000</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>£240,001 - £250,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>£250,001 - £260,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>£260,001 - £270,000</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>£270,001 - £280,000</td>
<td>1</td>
<td>-</td>
</tr>
</tbody>
</table>

7 Other operating expenses

<table>
<thead>
<tr>
<th>Category</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic departments</td>
<td>57,405</td>
<td>54,800</td>
</tr>
<tr>
<td>Academic services</td>
<td>9,117</td>
<td>9,441</td>
</tr>
<tr>
<td>Research grants and contracts</td>
<td>62,394</td>
<td>51,074</td>
</tr>
<tr>
<td>Residences and hospitality services</td>
<td>20,058</td>
<td>20,096</td>
</tr>
<tr>
<td>Premises</td>
<td>32,034</td>
<td>32,229</td>
</tr>
<tr>
<td>Administration and other central services</td>
<td>20,767</td>
<td>22,034</td>
</tr>
<tr>
<td>Agency staff</td>
<td>1,633</td>
<td>1,121</td>
</tr>
<tr>
<td>Other income generating</td>
<td>6,785</td>
<td>7,619</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>210,193</strong></td>
<td><strong>198,414</strong></td>
</tr>
</tbody>
</table>
7 Other operating expenses (continued)-

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
</tbody>
</table>

Other operating expenses include the following fees (including VAT) in respect of services provided to the group for:

<table>
<thead>
<tr>
<th>Fee Description</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>External auditors’ remuneration in respect of audit services</td>
<td>111</td>
<td>78</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>308</td>
<td>99</td>
</tr>
<tr>
<td>Internal auditors’ remuneration in respect of non-audit services</td>
<td>146</td>
<td>139</td>
</tr>
</tbody>
</table>

Operating lease rentals
- Land and buildings: 3,421 £000 (2014: 2,751 £000)

8 Corporation taxation

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
</tbody>
</table>

UK Corporation tax: 4,448 £000 (2014: -)
Singapore corporation tax at 11.8% on the profits of UGlasgow Singapore Pte Ltd: 44 £000 (2014: 188 £000)

Total: 4,492 £000 (2014: 188 £000)

As an exempt charity the University 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 UK Corporation tax is solely in respect of Research and Development Expenditure Credit grants receivable by the University as described in note 3 which is of a one off nature.

Reconciliation of current year UK corporation tax charge

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
</tbody>
</table>

Surplus after depreciation of tangible fixed assets at valuation and before exceptional items: 55,110 £000 (2014: 20,814 £000)

Surplus on ordinary activities multiplied by the average standard rate of corporation tax in the UK of 20.67% (2014: 22.33%): 11,391 £000 (2014: 4,648 £000)

Surplus falling within charitable exemption: (6,908) £000 (2014: (4,385) £000)
Adjustment in respect of prior year tax rates: 238 £000 (2014: -)
Effect of tax rates in foreign jurisdiction: (229) £000 (2014: (75) £000)

Total: 4,492 £000 (2014: 188 £000)
## NOTES TO THE FINANCIAL STATEMENTS
Continued

### 9 Tangible assets

<table>
<thead>
<tr>
<th></th>
<th>Freehold land and buildings</th>
<th>Equipment</th>
<th>Assets Under Construction</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td><strong>Cost or valuation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As at 1 August 2014</td>
<td>823,563</td>
<td>109,421</td>
<td>34,865</td>
<td>967,849</td>
</tr>
<tr>
<td>Additions at cost</td>
<td>-</td>
<td>17,229</td>
<td>47,415</td>
<td>64,644</td>
</tr>
<tr>
<td>Disposals</td>
<td>(893)</td>
<td>-</td>
<td>-</td>
<td>(893)</td>
</tr>
<tr>
<td>Transfer to fixed assets</td>
<td>48,485</td>
<td>-</td>
<td>(48,485)</td>
<td>-</td>
</tr>
<tr>
<td>Assets written off</td>
<td>(7,293)</td>
<td>-</td>
<td>-</td>
<td>(7,293)</td>
</tr>
<tr>
<td><strong>As at 31 July 2015</strong></td>
<td><strong>863,862</strong></td>
<td><strong>126,650</strong></td>
<td><strong>33,795</strong></td>
<td><strong>1,024,307</strong></td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As at 1 August 2014</td>
<td>(379,340)</td>
<td>(86,022)</td>
<td>-</td>
<td>(465,362)</td>
</tr>
<tr>
<td>Charge for the year</td>
<td>(15,559)</td>
<td>(8,857)</td>
<td>-</td>
<td>(24,416)</td>
</tr>
<tr>
<td>Eliminated on disposal</td>
<td>685</td>
<td>-</td>
<td>-</td>
<td>685</td>
</tr>
<tr>
<td>Assets written off</td>
<td>913</td>
<td>-</td>
<td>-</td>
<td>913</td>
</tr>
<tr>
<td><strong>As at 31 July 2015</strong></td>
<td><strong>(393,301)</strong></td>
<td><strong>(94,879)</strong></td>
<td>-</td>
<td><strong>488,180</strong></td>
</tr>
<tr>
<td><strong>Net Book Value</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As at 31 July 2015</td>
<td>470,561</td>
<td>31,771</td>
<td>25,757</td>
<td>536,127</td>
</tr>
<tr>
<td>As at 31 July 2014</td>
<td>444,223</td>
<td>23,399</td>
<td>34,865</td>
<td>502,487</td>
</tr>
</tbody>
</table>

### University

<table>
<thead>
<tr>
<th></th>
<th>Freehold land and buildings</th>
<th>Equipment</th>
<th>Assets Under Construction</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td><strong>Cost or valuation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As at 1 August 2014</td>
<td>823,563</td>
<td>109,124</td>
<td>34,865</td>
<td>967,552</td>
</tr>
<tr>
<td>Additions at cost</td>
<td>-</td>
<td>17,229</td>
<td>39,377</td>
<td>56,606</td>
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<tr>
<td>Disposals</td>
<td>(893)</td>
<td>-</td>
<td>-</td>
<td>(893)</td>
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<tr>
<td>Transfer to fixed assets</td>
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<td>-</td>
<td>(48,485)</td>
<td>-</td>
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<td>Assets written off</td>
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<td>-</td>
<td>-</td>
<td>(7,293)</td>
</tr>
<tr>
<td><strong>As at 31 July 2015</strong></td>
<td><strong>863,862</strong></td>
<td><strong>126,353</strong></td>
<td><strong>25,757</strong></td>
<td><strong>1,015,972</strong></td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As at 1 August 2014</td>
<td>(379,340)</td>
<td>(85,725)</td>
<td>-</td>
<td>(465,065)</td>
</tr>
<tr>
<td>Charge for the year</td>
<td>(15,559)</td>
<td>(8,857)</td>
<td>-</td>
<td>(24,416)</td>
</tr>
<tr>
<td>Eliminated on disposal</td>
<td>685</td>
<td>-</td>
<td>-</td>
<td>685</td>
</tr>
<tr>
<td>Assets written off</td>
<td>913</td>
<td>-</td>
<td>-</td>
<td>913</td>
</tr>
<tr>
<td><strong>As at 31 July 2015</strong></td>
<td><strong>(393,301)</strong></td>
<td><strong>(94,582)</strong></td>
<td>-</td>
<td><strong>(487,883)</strong></td>
</tr>
<tr>
<td><strong>Net Book Value</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As at 31 July 2015</td>
<td>470,561</td>
<td>31,771</td>
<td>25,757</td>
<td>528,089</td>
</tr>
<tr>
<td>As at 31 July 2014</td>
<td>444,223</td>
<td>23,399</td>
<td>34,865</td>
<td>502,487</td>
</tr>
</tbody>
</table>
9 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 £496,545k 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 £74.6m of land (2014: £74.7m) which is not depreciated and £33.8m (2014: £34.9m) of assets that are under construction and have not yet received a charge for depreciation.

10 Heritage assets

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

The Hunterian

The Hunterian at the University of Glasgow is Scotland’s oldest public museum and the collections are ‘recognised’ by the Scottish Government as being of ‘national significance’. The Hunterian has full accreditation through Museums Galleries 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 Hunterian’s policy for the acquisition, preservation and management and disposal of heritage assets can be found at: http://www.gla.ac.uk/media/media_287267_en.pdf

There have been no disposals or acquisitions during the financial year.
10 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 public holidays. Information about Special Collection’s policy for the acquisition, preservation and management and disposal of heritage assets can be found at: www.gla.ac.uk/services/specialcollections/aboutus/developmentpolicy/

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 Archive Services’s policy for the acquisition, preservation and management and disposal of heritage assets can be found at: http://www.gla.ac.uk/media/media_287267_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 2015 do not meet the definition of a heritage asset and therefore are not recognised on the balance sheet.

11 Investments

<table>
<thead>
<tr>
<th></th>
<th>Consolidated 2015</th>
<th>University 2015</th>
<th>Consolidated 2014</th>
<th>University 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treasury stock at market value</td>
<td>2,122</td>
<td>2,122</td>
<td>2,069</td>
<td>2,069</td>
</tr>
<tr>
<td>Unlisted investments at cost</td>
<td>84</td>
<td>9,834</td>
<td>84</td>
<td>334</td>
</tr>
<tr>
<td>Listed investments at market value</td>
<td>8,261</td>
<td>-</td>
<td>5,642</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>10,467</td>
<td>11,956</td>
<td>7,795</td>
<td>2,403</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, UOG Utilities Supply Company 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.

During the year, the University invested £9,000,000 into UOG Utilities Supplies Company Limited and a further £500,000 into GU Holdings limited.
### 12 Endowment assets (Consolidated and University)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Balance at 1 August</td>
<td>157,848</td>
<td>153,923</td>
</tr>
<tr>
<td>New endowments invested</td>
<td>1,312</td>
<td>943</td>
</tr>
<tr>
<td>Increase in market value of investments</td>
<td>4,375</td>
<td>2,077</td>
</tr>
<tr>
<td>Surplus transferred from the income and expenditure account</td>
<td>781</td>
<td>905</td>
</tr>
<tr>
<td><strong>Balance at 31 July</strong></td>
<td><strong>164,316</strong></td>
<td><strong>157,848</strong></td>
</tr>
<tr>
<td>Represented by</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Listed investments at market value</td>
<td>154,690</td>
<td>148,764</td>
</tr>
<tr>
<td>Cash on hand and at bank</td>
<td>9,626</td>
<td>9,084</td>
</tr>
<tr>
<td><strong>Total endowment assets</strong></td>
<td><strong>164,316</strong></td>
<td><strong>157,848</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Consolidated</th>
<th>University</th>
<th>Consolidated</th>
<th>University</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>43,543</td>
<td>43,543</td>
<td>33,602</td>
<td>33,602</td>
</tr>
<tr>
<td>Prepayments and other sundry debtors</td>
<td>22,522</td>
<td>21,105</td>
<td>9,568</td>
<td>9,273</td>
</tr>
<tr>
<td>Capital projects</td>
<td>4,595</td>
<td>4,595</td>
<td>5,406</td>
<td>5,406</td>
</tr>
<tr>
<td>Salaries recoverable externally</td>
<td>1,542</td>
<td>1,542</td>
<td>566</td>
<td>566</td>
</tr>
<tr>
<td>Courses, consultancies and contracts</td>
<td>2,845</td>
<td>2,845</td>
<td>7,739</td>
<td>7,739</td>
</tr>
<tr>
<td>Net RDEC recoverable</td>
<td>15,922</td>
<td>15,922</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Amounts due from subsidiaries</td>
<td>-</td>
<td>7,168</td>
<td>-</td>
<td>3,888</td>
</tr>
<tr>
<td></td>
<td><strong>90,969</strong></td>
<td><strong>96,720</strong></td>
<td><strong>56,881</strong></td>
<td><strong>60,474</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Consolidated</th>
<th>University</th>
<th>Consolidated</th>
<th>University</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>3,832</td>
<td>3,832</td>
<td>4,036</td>
<td>4,036</td>
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<tr>
<td></td>
<td><strong>94,801</strong></td>
<td><strong>100,552</strong></td>
<td><strong>60,917</strong></td>
<td><strong>64,510</strong></td>
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### 14 Cash balances

<table>
<thead>
<tr>
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<th>Consolidated</th>
<th>University</th>
<th>Consolidated</th>
<th>University</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Short term investments</td>
<td>87,179</td>
<td>87,179</td>
<td>48,032</td>
<td>48,032</td>
</tr>
<tr>
<td>Cash at bank and on hand</td>
<td>66,562</td>
<td>60,480</td>
<td>115,352</td>
<td>112,592</td>
</tr>
<tr>
<td></td>
<td><strong>153,741</strong></td>
<td><strong>147,659</strong></td>
<td><strong>163,384</strong></td>
<td><strong>160,624</strong></td>
</tr>
</tbody>
</table>
## Creditors: amounts falling due within one year

<table>
<thead>
<tr>
<th>Description</th>
<th>Consolidated 2015</th>
<th>University 2015</th>
<th>Consolidated 2014</th>
<th>University 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research grants and contracts</td>
<td>£93,747</td>
<td>£93,747</td>
<td>£86,625</td>
<td>£86,625</td>
</tr>
<tr>
<td>Sundry creditors</td>
<td>£31,472</td>
<td>£31,335</td>
<td>£29,442</td>
<td>£29,137</td>
</tr>
<tr>
<td>Accruals and sundry provisions</td>
<td>£68,758</td>
<td>£66,831</td>
<td>£72,867</td>
<td>£72,879</td>
</tr>
<tr>
<td>Courses, consultancies and contracts</td>
<td>£18,209</td>
<td>£18,209</td>
<td>£20,307</td>
<td>£20,307</td>
</tr>
<tr>
<td>Employment cost liabilities</td>
<td>£10,119</td>
<td>£10,113</td>
<td>£9,457</td>
<td>£9,457</td>
</tr>
<tr>
<td>Amounts due to subsidiaries</td>
<td>-</td>
<td>£170</td>
<td>-</td>
<td>113</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>£222,305</td>
<td>£220,405</td>
<td>£218,698</td>
<td>£218,518</td>
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</table>

## Provisions for liabilities (Consolidated and University)

<table>
<thead>
<tr>
<th>Description</th>
<th>Funded liability:</th>
<th>Unfunded liability:</th>
<th>FSSU and ex-gratia pension</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>St Andrew’s College</td>
<td>£2,730</td>
<td>£1,713</td>
<td>9</td>
<td>4,452</td>
</tr>
<tr>
<td>Income</td>
<td>46</td>
<td>-</td>
<td>-</td>
<td>46</td>
</tr>
<tr>
<td>Transfer from / (to) income &amp; expenditure account</td>
<td>172</td>
<td>(6)</td>
<td>-</td>
<td>166</td>
</tr>
<tr>
<td><strong>Utilised in year</strong></td>
<td>(160)</td>
<td>(176)</td>
<td>-</td>
<td>(336)</td>
</tr>
<tr>
<td><strong>As at 31 July 2015</strong></td>
<td>£2,788</td>
<td>£1,531</td>
<td>9</td>
<td>£4,328</td>
</tr>
</tbody>
</table>

A valuation of the pension liabilities at 31 July 2015 was carried out by the University’s appointed independent actuary, Hymans Robertson.
### Deferred income

**(Consolidated and University)**

<table>
<thead>
<tr>
<th>Deferred grants</th>
<th>Funding</th>
<th>Other sources</th>
<th>Other deferred income</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Council</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
</tbody>
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#### As at 1 August 2014:

<table>
<thead>
<tr>
<th></th>
<th>£000</th>
<th>£000</th>
<th>£000</th>
<th>£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><strong>139,752</strong></td>
<td><strong>61,944</strong></td>
<td><strong>29,099</strong></td>
<td><strong>230,795</strong></td>
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</tbody>
</table>

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

<table>
<thead>
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<th></th>
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<th>£000</th>
<th>£000</th>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>12,542</td>
<td>12,963</td>
<td>-</td>
<td>25,505</td>
</tr>
<tr>
<td>Equipment</td>
<td>4,077</td>
<td>9,069</td>
<td>-</td>
<td>13,146</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>16,619</strong></td>
<td><strong>22,032</strong></td>
<td>-</td>
<td><strong>38,651</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>£000</th>
<th>£000</th>
<th>£000</th>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>7,554</td>
<td>6,392</td>
<td>-</td>
<td>13,946</td>
</tr>
<tr>
<td>Equipment</td>
<td>2,234</td>
<td>1,078</td>
<td>-</td>
<td>3,312</td>
</tr>
<tr>
<td>Residences</td>
<td>-</td>
<td>-</td>
<td>1,490</td>
<td>1,490</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9,788</strong></td>
<td><strong>7,470</strong></td>
<td><strong>1,490</strong></td>
<td><strong>18,748</strong></td>
</tr>
</tbody>
</table>

#### Balance as at 31 July 2015:

<table>
<thead>
<tr>
<th></th>
<th>£000</th>
<th>£000</th>
<th>£000</th>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>142,506</td>
<td>66,791</td>
<td>-</td>
<td>209,297</td>
</tr>
<tr>
<td>Equipment</td>
<td>4,077</td>
<td>9,715</td>
<td>-</td>
<td>13,792</td>
</tr>
<tr>
<td>Residences</td>
<td>-</td>
<td>-</td>
<td>27,609</td>
<td>27,609</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>146,583</strong></td>
<td><strong>76,506</strong></td>
<td><strong>27,609</strong></td>
<td><strong>250,698</strong></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, £33.8m (2014 - £34.8m) 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 22).
### Endowment funds

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted Permanent £000</th>
<th>Restricted Permanent £000</th>
<th>Total Permanent £000</th>
<th>Restricted Expendable £000</th>
<th>Total £000</th>
<th>Total £000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>As at 1 August</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital value</td>
<td>3,318</td>
<td>111,723</td>
<td>115,041</td>
<td>22,322</td>
<td>137,363</td>
<td>134,736</td>
</tr>
<tr>
<td>Accumulated income</td>
<td>547</td>
<td>17,152</td>
<td>17,699</td>
<td>2,786</td>
<td>20,485</td>
<td>19,187</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,865</strong></td>
<td><strong>128,875</strong></td>
<td><strong>132,740</strong></td>
<td><strong>25,108</strong></td>
<td><strong>157,848</strong></td>
<td><strong>153,923</strong></td>
</tr>
<tr>
<td>New endowments</td>
<td>-</td>
<td>918</td>
<td>918</td>
<td>394</td>
<td>1,312</td>
<td>943</td>
</tr>
<tr>
<td>Investment income</td>
<td>151</td>
<td>5,111</td>
<td>5,262</td>
<td>984</td>
<td>6,246</td>
<td>6,090</td>
</tr>
<tr>
<td>Expenditure</td>
<td>(106)</td>
<td>(3,919)</td>
<td>(4,025)</td>
<td>(1,440)</td>
<td>(5,465)</td>
<td>(5,185)</td>
</tr>
<tr>
<td>Increase in market value of investments</td>
<td>107</td>
<td>3,573</td>
<td>3,680</td>
<td>695</td>
<td>4,375</td>
<td>2,077</td>
</tr>
<tr>
<td><strong>As at 31 July</strong></td>
<td><strong>4,017</strong></td>
<td><strong>134,558</strong></td>
<td><strong>138,575</strong></td>
<td><strong>25,741</strong></td>
<td><strong>164,316</strong></td>
<td><strong>157,848</strong></td>
</tr>
<tr>
<td>Represented by:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital value</td>
<td>3,425</td>
<td>116,227</td>
<td>119,652</td>
<td>22,788</td>
<td>142,440</td>
<td>137,363</td>
</tr>
<tr>
<td>Accumulated income</td>
<td>592</td>
<td>18,331</td>
<td>18,923</td>
<td>2,953</td>
<td>21,876</td>
<td>20,485</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,017</strong></td>
<td><strong>134,558</strong></td>
<td><strong>138,575</strong></td>
<td><strong>25,741</strong></td>
<td><strong>164,316</strong></td>
<td><strong>157,848</strong></td>
</tr>
</tbody>
</table>

#### Analysis by type of purpose:

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted Permanent £000</th>
<th>Restricted Permanent £000</th>
<th>Total Permanent £000</th>
<th>Restricted Expendable £000</th>
<th>Total £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lectureships</td>
<td>3,551</td>
<td>57,132</td>
<td>60,683</td>
<td>16,789</td>
<td>77,472</td>
</tr>
<tr>
<td>Scholarships and bursaries</td>
<td>463</td>
<td>66,793</td>
<td>67,256</td>
<td>8,869</td>
<td>76,125</td>
</tr>
<tr>
<td>Prize funds</td>
<td>3</td>
<td>5,866</td>
<td>5,869</td>
<td>83</td>
<td>5,952</td>
</tr>
<tr>
<td>General</td>
<td>-</td>
<td>4,767</td>
<td>4,767</td>
<td>-</td>
<td>4,767</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,017</strong></td>
<td><strong>134,558</strong></td>
<td><strong>138,575</strong></td>
<td><strong>25,741</strong></td>
<td><strong>164,316</strong></td>
</tr>
</tbody>
</table>

#### 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></th>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 August 2014</td>
<td>27,855</td>
</tr>
<tr>
<td>Transfer between endowments</td>
<td>-</td>
</tr>
<tr>
<td>Investment income</td>
<td>1,085</td>
</tr>
<tr>
<td>Expenditure</td>
<td>(1,189)</td>
</tr>
<tr>
<td>Increase in market value of investments</td>
<td>903</td>
</tr>
<tr>
<td>Balance at 31 July 2015</td>
<td>28,654</td>
</tr>
</tbody>
</table>
### Income and expenditure reserve

<table>
<thead>
<tr>
<th></th>
<th>Consolidated 2015 £000</th>
<th>University 2015 £000</th>
<th>Consolidated 2014 £000</th>
<th>University 2014 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 1 August</td>
<td>127,329</td>
<td>125,172</td>
<td>135,310</td>
<td>134,253</td>
</tr>
<tr>
<td>Surplus retained for the year</td>
<td>44,703</td>
<td>45,276</td>
<td>19,721</td>
<td>18,621</td>
</tr>
<tr>
<td>Currency translation</td>
<td>(7)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfer from revaluation reserve</td>
<td>3,450</td>
<td>3,450</td>
<td>4,068</td>
<td>4,068</td>
</tr>
<tr>
<td>Transfer from pension liability Reserve</td>
<td>(8,739)</td>
<td>(8,739)</td>
<td>(31,770)</td>
<td>(31,770)</td>
</tr>
<tr>
<td>As at 31 July</td>
<td>166,736</td>
<td>165,159</td>
<td>127,329</td>
<td>125,172</td>
</tr>
</tbody>
</table>

### Pension liability reserve

<table>
<thead>
<tr>
<th></th>
<th>Consolidated 2015 £000</th>
<th>University 2015 £000</th>
<th>Consolidated 2014 £000</th>
<th>University 2014 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 1 August</td>
<td>(37,721)</td>
<td>(37,721)</td>
<td>(59,600)</td>
<td>(59,600)</td>
</tr>
<tr>
<td>Actuarial loss (note 27)</td>
<td>(20,811)</td>
<td>(20,811)</td>
<td>(9,891)</td>
<td>(9,891)</td>
</tr>
<tr>
<td>Transfer to income and expenditure reserve</td>
<td>8,739</td>
<td>8,739</td>
<td>31,770</td>
<td>31,770</td>
</tr>
<tr>
<td>As at 31 July</td>
<td>(49,793)</td>
<td>(49,793)</td>
<td>(37,721)</td>
<td>(37,721)</td>
</tr>
</tbody>
</table>

### Revaluation reserve

<table>
<thead>
<tr>
<th></th>
<th>Consolidated 2015 £000</th>
<th>University 2015 £000</th>
<th>Consolidated 2014 £000</th>
<th>University 2014 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 1 August</td>
<td>154,041</td>
<td>151,651</td>
<td>156,545</td>
<td>155,744</td>
</tr>
<tr>
<td>Transfer to income and expenditure reserve</td>
<td>(3,450)</td>
<td>(3,450)</td>
<td>(4,068)</td>
<td>(4,068)</td>
</tr>
<tr>
<td>Increase / (decrease) in market value of general investments</td>
<td>1,260</td>
<td>53</td>
<td>1,564</td>
<td>(25)</td>
</tr>
<tr>
<td>As at 31 July</td>
<td>151,851</td>
<td>148,254</td>
<td>154,041</td>
<td>151,651</td>
</tr>
</tbody>
</table>
20 Reconciliation of operating surplus to the net cash inflow from operating activities

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating surplus</td>
<td>50,618</td>
<td>20,626</td>
</tr>
<tr>
<td>Depreciation (note 9)</td>
<td>24,416</td>
<td>22,433</td>
</tr>
<tr>
<td>Deferred capital grants released to income (note 17)</td>
<td>(17,258)</td>
<td>(9,631)</td>
</tr>
<tr>
<td>Deferred residences income released to income (note 17)</td>
<td>(1,490)</td>
<td>(1,489)</td>
</tr>
<tr>
<td>Change in value of investments</td>
<td>(1,412)</td>
<td>300</td>
</tr>
<tr>
<td>Interest receivable (note 5)</td>
<td>(1,219)</td>
<td>(1,129)</td>
</tr>
<tr>
<td>Endowment expenditure (note 18)</td>
<td>(5,465)</td>
<td>(5,185)</td>
</tr>
<tr>
<td>Endowment management fee (note 5)</td>
<td>(742)</td>
<td>(561)</td>
</tr>
<tr>
<td>Increase in stocks</td>
<td>(50)</td>
<td>(59)</td>
</tr>
<tr>
<td>Increase in debtors</td>
<td>(33,883)</td>
<td>(9,835)</td>
</tr>
<tr>
<td>Increase in creditors</td>
<td>3,607</td>
<td>42,008</td>
</tr>
<tr>
<td>Decrease in provisions</td>
<td>(124)</td>
<td>(36)</td>
</tr>
<tr>
<td>Pension costs less contributions payable (note 19)</td>
<td>(8,739)</td>
<td>(31,770)</td>
</tr>
<tr>
<td>Endowment transfer (note 12)</td>
<td>(781)</td>
<td>(905)</td>
</tr>
</tbody>
</table>

Net cash inflow from operating activities

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7,478</td>
<td>24,767</td>
</tr>
</tbody>
</table>

21 Commitments

<table>
<thead>
<tr>
<th>Capital commitments</th>
<th>Consolidated 2015</th>
<th>University 2015</th>
<th>Consolidated 2014</th>
<th>University 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitments contracted at 31 July</td>
<td>23,838</td>
<td>15,665</td>
<td>12,075</td>
<td>12,075</td>
</tr>
<tr>
<td>Authorised but not contracted at 31 July</td>
<td>38,249</td>
<td>38,249</td>
<td>65,808</td>
<td>65,808</td>
</tr>
<tr>
<td>Total</td>
<td>62,087</td>
<td>53,914</td>
<td>77,883</td>
<td>77,883</td>
</tr>
</tbody>
</table>

Lease commitments

During the next year, the University is committed to pay £2.9m (2014: £2.5m) in respect of the operating leases as follows:

<table>
<thead>
<tr>
<th>Land and buildings</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
</tbody>
</table>

Annual commitments under operating leases expiring:
- Within one year | 2,047 | 1,814 |
- In two to five years | 295 | 452 |
- After more than five years | 509 | 271 |

Total | 2,851 | 2,537 |
22 **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, £33.8m (2014 - £34.8m) 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.

23 **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.

24 **Amounts disbursed as agent**

<table>
<thead>
<tr>
<th></th>
<th>HE Childcare Fund</th>
<th>HE Discretionary Fund</th>
<th>2015 Total</th>
<th>2014 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>As at 1 August</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Funds received in year</td>
<td>459</td>
<td>1,082</td>
<td>1,541</td>
<td>1,514</td>
</tr>
<tr>
<td>Expenditure</td>
<td>(170)</td>
<td>(1,373)</td>
<td>(1,543)</td>
<td>(1,517)</td>
</tr>
<tr>
<td>Virements</td>
<td>(290)</td>
<td>290</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>As at 31 July</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

25 **Analysis of changes in net funds**

<table>
<thead>
<tr>
<th></th>
<th>As at 1 Aug</th>
<th>Cash Flows</th>
<th>As at 31 July</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>115,352</td>
<td>(48,790)</td>
<td>66,562</td>
</tr>
<tr>
<td>Short term investments</td>
<td>48,032</td>
<td>39,147</td>
<td>87,179</td>
</tr>
<tr>
<td>Net funds</td>
<td>163,384</td>
<td>(9,643)</td>
<td>153,741</td>
</tr>
</tbody>
</table>

26 **Disclosure of related party transactions**

Due to the nature of the University's operations and the composition of the University Court of the University of Glasgow ("Court") (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.
The University participates in the following pension schemes:

a) The University of Glasgow Pension Scheme (UGPS);
b) The Strathclyde Pension Fund (SPF);
c) The Universities Superannuation Scheme (USS);
d) The Scottish Teachers’ Superannuation Scheme (STSS);
e) The National Health Service Superannuation Scheme (NHSSS);
f) The Federated Superannuation Scheme for Universities (FSSU);
g) The Medical Research Council Pension Scheme (MRCPS);
h) The National Employment Savings Trust (NEST);
i) NEST Autoenrol;
ii) NEST Contractual.

The total pension costs for the University were as follows:

<table>
<thead>
<tr>
<th>Scheme</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>USS - contributions paid</td>
<td>35,711</td>
<td>33,746</td>
</tr>
<tr>
<td>UGPS - charge to income and expenditure account</td>
<td>9,733</td>
<td>10,572</td>
</tr>
<tr>
<td>SPF - charge to income and expenditure account</td>
<td>135</td>
<td>119</td>
</tr>
<tr>
<td>Other Schemes - contributions paid</td>
<td>1,610</td>
<td>1,342</td>
</tr>
</tbody>
</table>

Total pension costs for the University: 47,189 (2015) and 45,779 (2014)

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>Scheme</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>UGPS</td>
<td>(48,309)</td>
<td>(34,873)</td>
</tr>
<tr>
<td>SPF</td>
<td>(1,484)</td>
<td>(2,848)</td>
</tr>
<tr>
<td>Total net deficit in the schemes</td>
<td>(49,793)</td>
<td>(37,721)</td>
</tr>
</tbody>
</table>

Amount recognised in the Statement of Total Recognised Gains and Losses

<table>
<thead>
<tr>
<th>Scheme</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>UGPS</td>
<td>(21,889)</td>
<td>(8,713)</td>
</tr>
<tr>
<td>SPF</td>
<td>1,078</td>
<td>(1,178)</td>
</tr>
<tr>
<td>Total losses for the year</td>
<td>(20,811)</td>
<td>(9,891)</td>
</tr>
</tbody>
</table>

Total net finance credit

<table>
<thead>
<tr>
<th>Scheme</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>UGPS</td>
<td>5,310</td>
<td>2,906</td>
</tr>
<tr>
<td>SPF</td>
<td>136</td>
<td>115</td>
</tr>
<tr>
<td>Total net finance credit</td>
<td>5,446</td>
<td>3,021</td>
</tr>
</tbody>
</table>
Pension schemes (continued)

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.

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. 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>Assumption</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>3.50%</td>
<td>4.10%</td>
<td>4.30%</td>
</tr>
<tr>
<td>Retail price inflation</td>
<td>3.25%</td>
<td>3.35%</td>
<td>3.20%</td>
</tr>
<tr>
<td>Rate of increase in salaries</td>
<td>3.25%</td>
<td>3.35%</td>
<td>4.20%</td>
</tr>
<tr>
<td>Rate of increase to pensions in payment</td>
<td>2.25%</td>
<td>2.35%</td>
<td>2.45%</td>
</tr>
<tr>
<td>Consumer price inflation</td>
<td>2.25%</td>
<td>2.35%</td>
<td>2.45%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Age</th>
<th>Male 2015</th>
<th>Female 2015</th>
<th>Male 2014</th>
<th>Female 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>65 (current life expectancy)</td>
<td>22.8</td>
<td>24.3</td>
<td>22.1</td>
<td>23.8</td>
</tr>
<tr>
<td>45 (life expectancy at age 65)</td>
<td>25.5</td>
<td>26.0</td>
<td>24.8</td>
<td>25.5</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Value at 31 July 2015 £000</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>
</tr>
</thead>
<tbody>
<tr>
<td>UK equities</td>
<td>53,982</td>
<td>6.70%</td>
<td>121,039</td>
<td>6.40%</td>
<td>259,808</td>
</tr>
<tr>
<td>Overseas equities</td>
<td>103,241</td>
<td>6.40%</td>
<td>80,693</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>38,462</td>
<td>4.10%</td>
<td>15,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Government bonds</td>
<td>63,092</td>
<td>3.40%</td>
<td>15,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Diversified growth fund</td>
<td>69,839</td>
<td>6.70%</td>
<td>67,336</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash</td>
<td>8,772</td>
<td>3.60%</td>
<td>548</td>
<td>0.50%</td>
<td>1,007</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>337,388</strong></td>
<td></td>
<td><strong>299,616</strong></td>
<td></td>
<td><strong>260,815</strong></td>
</tr>
</tbody>
</table>
Pension schemes (continued)

a) UGPS (continued)

The following amounts at 31 July 2015 were measured in accordance with the requirements of FRS 17:

<table>
<thead>
<tr>
<th></th>
<th>Value at 31 July 2015 £000</th>
<th>Value at 31 July 2014 £000</th>
<th>Value at 31 July 2013 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total market value of assets</td>
<td>337,388</td>
<td>299,616</td>
<td>260,815</td>
</tr>
<tr>
<td>Present value of liabilities</td>
<td>(385,697)</td>
<td>(334,489)</td>
<td>(318,497)</td>
</tr>
<tr>
<td>Deficit in the scheme</td>
<td>(48,309)</td>
<td>(34,873)</td>
<td>(57,682)</td>
</tr>
</tbody>
</table>

The University has contributed 22.5% of pensionable salaries over the period to 31 July 2015. Additionally the University made a lump sum deficit reduction contribution of £2.5m in March 2015. The University expects to continue to make deficit reduction contributions of £2.5m per year increasing by 2.5% per annum.

Operating surplus:

<table>
<thead>
<tr>
<th></th>
<th>2015 £000</th>
<th>2014 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current service cost</td>
<td>(9,733)</td>
<td>(10,572)</td>
</tr>
<tr>
<td>Total operating charge</td>
<td>(9,733)</td>
<td>(10,572)</td>
</tr>
</tbody>
</table>

Other finance costs:

<table>
<thead>
<tr>
<th></th>
<th>2015 £000</th>
<th>2014 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected return on scheme assets</td>
<td>19,003</td>
<td>16,629</td>
</tr>
<tr>
<td>Interest cost</td>
<td>(13,693)</td>
<td>(13,723)</td>
</tr>
<tr>
<td>Total net finance credit</td>
<td>5,310</td>
<td>2,906</td>
</tr>
</tbody>
</table>

Total pension cost recognised in the income and expenditure account | (4,423) | (7,666) |

Statement of total recognised gains and losses (STRGL):

- Actual return less expected return on pension scheme assets | 16,655 | (7,716) |
- Change in assumptions underlying the present value of the scheme liabilities | (38,544) | (997) |

Actuarial losses recognised in the STRGL | (21,889) | (8,713) |

The cumulative loss recognised in the STRGL to date is £23.6m (2014: £1.7m loss).

Movements in present value of scheme assets during the year:

<table>
<thead>
<tr>
<th></th>
<th>2015 £000</th>
<th>2014 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets at beginning of the year</td>
<td>299,616</td>
<td>260,815</td>
</tr>
<tr>
<td>Movement in year: Expected return on scheme assets</td>
<td>19,003</td>
<td>16,629</td>
</tr>
<tr>
<td>Actuarial gains / (losses)</td>
<td>16,655</td>
<td>(7,716)</td>
</tr>
<tr>
<td>Contributions by the employer</td>
<td>12,876</td>
<td>39,188</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(10,762)</td>
<td>(9,300)</td>
</tr>
<tr>
<td>Assets at the end of the year</td>
<td>337,388</td>
<td>299,616</td>
</tr>
</tbody>
</table>
NOTES TO THE FINANCIAL STATEMENTS
Continued

27  Pension schemes (continued)

a)  UGPS (continued)

Movements in present value of scheme liabilities during the year:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities at beginning of the year</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Movement in year:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current service cost</td>
<td>9,733</td>
<td>10,572</td>
</tr>
<tr>
<td>Interest cost</td>
<td>13,693</td>
<td>13,723</td>
</tr>
<tr>
<td>Change in assumptions</td>
<td>38,544</td>
<td>997</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(10,762)</td>
<td>(9,300)</td>
</tr>
<tr>
<td>Liabilities at end of the year</td>
<td>£000</td>
<td>£000</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair value of scheme assets</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Present value of scheme liabilities</td>
<td>(385,697)</td>
<td>(334,489)</td>
<td>(318,497)</td>
<td>(327,582)</td>
<td>(268,101)</td>
</tr>
<tr>
<td>Deficit in the scheme</td>
<td>(48,309)</td>
<td>(34,873)</td>
<td>(57,682)</td>
<td>(119,337)</td>
<td>(57,121)</td>
</tr>
</tbody>
</table>

Experience gains and (losses) on scheme assets:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount £000</td>
<td>16,655</td>
<td></td>
</tr>
<tr>
<td>Percentage of scheme assets</td>
<td>4.9%</td>
<td></td>
</tr>
</tbody>
</table>

Experience gains and (losses) on scheme liabilities:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount £000</td>
<td>(2,814)</td>
<td>1,087</td>
</tr>
<tr>
<td>Percentage of scheme liabilities</td>
<td>(0.7%)</td>
<td>0.3%</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 2014 valuation results, rolled forward onto the FRS 17 assumptions at 31 July 2015. The major assumptions used are shown below:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>3.50%</td>
<td>4.10%</td>
<td>4.30%</td>
</tr>
<tr>
<td>Retail price inflation</td>
<td>3.25%</td>
<td>3.35%</td>
<td>3.20%</td>
</tr>
<tr>
<td>Rate of increase in salaries</td>
<td>3.25%</td>
<td>3.35%</td>
<td>4.20%</td>
</tr>
<tr>
<td>Rate of increase to pensions in payment</td>
<td>2.25%</td>
<td>2.35%</td>
<td>2.45%</td>
</tr>
<tr>
<td>Consumer price inflation</td>
<td>2.25%</td>
<td>2.35%</td>
<td>2.45%</td>
</tr>
</tbody>
</table>
Pension schemes (continued)

b) SPF (continued)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th></th>
<th>2014</th>
<th></th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td>Male</td>
<td>Female</td>
<td></td>
</tr>
<tr>
<td>Member age 65 (current life expectancy)</td>
<td>22.8</td>
<td>24.3</td>
<td>22.1</td>
<td>23.8</td>
<td></td>
</tr>
<tr>
<td>Member age 45 (life expectancy at age 65)</td>
<td>25.5</td>
<td>26.0</td>
<td>24.8</td>
<td>25.5</td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Value at 31 July 2015 £000</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>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>10,183</td>
<td>6.60%</td>
<td>10,116</td>
<td>6.40%</td>
<td>9,804</td>
</tr>
<tr>
<td>Bonds</td>
<td>1,629</td>
<td>3.50%</td>
<td>1,597</td>
<td>3.90%</td>
<td>1,806</td>
</tr>
<tr>
<td>Property</td>
<td>1,629</td>
<td>4.70%</td>
<td>932</td>
<td>5.90%</td>
<td>903</td>
</tr>
<tr>
<td>Cash</td>
<td>137</td>
<td>3.60%</td>
<td>666</td>
<td>0.50%</td>
<td>387</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13,578</strong></td>
<td></td>
<td><strong>13,311</strong></td>
<td></td>
<td><strong>12,900</strong></td>
</tr>
</tbody>
</table>

The following amounts at 31 July 2015 were measured in accordance with the requirements of FRS 17:

<table>
<thead>
<tr>
<th></th>
<th>Value at 31 July 2015 £000</th>
<th>Value at 31 July 2014 £000</th>
<th>Value at 31 July 2013 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total market value of assets</td>
<td>13,578</td>
<td>13,311</td>
<td>12,900</td>
</tr>
<tr>
<td>Present value of liabilities</td>
<td>(15,062)</td>
<td>(16,159)</td>
<td>(14,818)</td>
</tr>
<tr>
<td>Deficit in the scheme</td>
<td>(1,484)</td>
<td>(2,848)</td>
<td>(1,918)</td>
</tr>
</tbody>
</table>

The University paid contributions to the Fund at 21.0% of pensionable salaries over the year to 31 July 2015 and expects to make similar contributions over the next year.

Additionally the University has paid £155k of deficit contributions between 1 August 2014 and 31 July 2015.

Operating surplus:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current service cost</td>
<td>(135)</td>
<td>(119)</td>
</tr>
<tr>
<td>Total operating charge</td>
<td>(135)</td>
<td>(119)</td>
</tr>
</tbody>
</table>

Other finance costs:

- Expected return on scheme assets | 787 | 741 |
- Interest cost                   | (651) | (626) |

Total net finance credit | 136 | 115 |

Total pension cost recognised in the income and expenditure account | 1 | (4) |
Pension schemes (continued)

b) SPF (continued)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Statement of total recognised gains and losses (STRGL):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actual return less expected return on pension scheme assets</td>
<td>(144)</td>
<td>62</td>
</tr>
<tr>
<td>Change in assumptions underlying the present value of the scheme</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liabilities</td>
<td>1,222</td>
<td>(1,240)</td>
</tr>
<tr>
<td>Actuarial gains / (losses) recognised in the STRGL</td>
<td>1,078</td>
<td>(1,178)</td>
</tr>
</tbody>
</table>

The cumulative loss recognised in the STRGL to date is £1.4m (2014: £2.5m loss).

Movements in present value of scheme assets during the year:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Assets at beginning of the year</td>
<td>13,311</td>
<td>12,900</td>
</tr>
<tr>
<td>Movement in year:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expected return on scheme assets</td>
<td>787</td>
<td>741</td>
</tr>
<tr>
<td>Actuarial (losses) / gains</td>
<td>(144)</td>
<td>62</td>
</tr>
<tr>
<td>Contributions by the employer</td>
<td>285</td>
<td>252</td>
</tr>
<tr>
<td>Contributions by the scheme participants</td>
<td>32</td>
<td>29</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(693)</td>
<td>(673)</td>
</tr>
<tr>
<td>Assets at the end of the year</td>
<td>13,578</td>
<td>13,311</td>
</tr>
</tbody>
</table>

Movements in present value of scheme liabilities during the year:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Liabilities at beginning of the year</td>
<td>16,159</td>
<td>14,818</td>
</tr>
<tr>
<td>Movement in year:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current service cost</td>
<td>135</td>
<td>119</td>
</tr>
<tr>
<td>Interest cost</td>
<td>651</td>
<td>626</td>
</tr>
<tr>
<td>Change in assumptions</td>
<td>(1,222)</td>
<td>1,240</td>
</tr>
<tr>
<td>Contributions by the scheme participants</td>
<td>32</td>
<td>29</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(693)</td>
<td>(673)</td>
</tr>
<tr>
<td>Liabilities at the end of the year</td>
<td>15,062</td>
<td>16,159</td>
</tr>
</tbody>
</table>
Pension schemes (continued)

b) SPF (continued)

<table>
<thead>
<tr>
<th>Details of the experience gains and losses for the years to 31 July:</th>
<th>2015 £000</th>
<th>2014 £000</th>
<th>2013 £000</th>
<th>2012 £000</th>
<th>2011 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair value of scheme assets</td>
<td>13,578</td>
<td>13,311</td>
<td>12,900</td>
<td>11,186</td>
<td>12,351</td>
</tr>
<tr>
<td>Present value of scheme liabilities</td>
<td>(15,062)</td>
<td>(16,159)</td>
<td>(14,818)</td>
<td>(14,339)</td>
<td>(11,812)</td>
</tr>
<tr>
<td>(Deficit) / surplus in the scheme</td>
<td>(1,484)</td>
<td>(2,848)</td>
<td>(1,918)</td>
<td>(3,153)</td>
<td>539</td>
</tr>
</tbody>
</table>

Experience gains and (losses) on scheme assets:

<table>
<thead>
<tr>
<th>Amount £000</th>
<th>2015 £000</th>
<th>2014 £000</th>
<th>2013 £000</th>
<th>2012 £000</th>
<th>2011 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of scheme assets</td>
<td>0%</td>
<td>0%</td>
<td>13%</td>
<td>(14%)</td>
<td>3%</td>
</tr>
</tbody>
</table>

Experience gains and (losses) on scheme liabilities:

<table>
<thead>
<tr>
<th>Amount £000</th>
<th>2015 £000</th>
<th>2014 £000</th>
<th>2013 £000</th>
<th>2012 £000</th>
<th>2011 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of scheme liabilities</td>
<td>12%</td>
<td>(0%)</td>
<td>(0%)</td>
<td>(7%)</td>
<td>9%</td>
</tr>
</tbody>
</table>

c) USS

The Universities Superannuation Scheme (USS) is a UK-wide defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. The appointment of directors to the board of the trustee is determined by the 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 two and a maximum of four are co-opted 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 University 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 University is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the University’s employees. In 2015, the percentage was 16% (2014: 16%). The University is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 “Retirement benefits”, accounts for the scheme as if it were a defined contribution scheme.

The total pension USS pension cost for the University was £35.7 million (2014 £33.7 million). This includes £3 million (2014 £2.9 million) of outstanding contributions at the balance sheet date.

The disclosures below represent the position from the scheme’s financial statements.

The latest available triennial actuarial valuation of the scheme was at 31 March 2011 ("the valuation date"), which was carried out using the projected unit method. The 2014 valuation is not yet finalised and is under consultation in order to agree a recovery plan which will include a reduction in future benefits and an increase in employer contributions. It is expected that employer contributions will increase to 18% from 1 April 2016.

The 2011 valuation 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. At the valuation date, the value of the assets of the scheme was £32.4 billion and the value of the scheme’s technical provisions was £35.3 billion indicating a shortfall of £2.9 billion. The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.
Pension schemes (continued)

c) USS (continued)

FRS 17 liability numbers have been produced using the following assumptions:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount Rate</td>
<td>3.3%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Pensionable salary growth</td>
<td>3.5% in the first year and 4.0% thereafter</td>
<td>4.4%</td>
</tr>
<tr>
<td>Price inflation (CPI)</td>
<td>2.2%</td>
<td>2.6%</td>
</tr>
</tbody>
</table>

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation’s (CMI) S1NA tables 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. To allow for further improvements in mortality rates, the CMI 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 FRS17 figures, for the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females. The current life expectancies on retirement at age 65 are:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Males currently aged 65 (years)</td>
<td>24.2</td>
<td>23.7</td>
</tr>
<tr>
<td>Females currently aged 65 (years)</td>
<td>26.3</td>
<td>25.6</td>
</tr>
<tr>
<td>Males currently aged 45 (years)</td>
<td>26.2</td>
<td>25.5</td>
</tr>
<tr>
<td>Females currently aged 45 (years)</td>
<td>28.6</td>
<td>27.6</td>
</tr>
</tbody>
</table>

Existing benefits

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scheme assets</td>
<td>£49.0bn</td>
<td>£41.6bn</td>
</tr>
<tr>
<td>FRS 17 scheme liabilities</td>
<td>£67.6bn</td>
<td>£55.5bn</td>
</tr>
<tr>
<td>FRS 17 deficit</td>
<td>£18.6bn</td>
<td>£13.9bn</td>
</tr>
<tr>
<td>FRS 17 funding levels</td>
<td>72%</td>
<td>75%</td>
</tr>
</tbody>
</table>

A contingent liability exists in relation to the pension valuation recovery plan, since the University is an employer of members within the scheme. The contingent liability relates to the amount generated by past service of current members and the associated proportion of the deficit. Given that the scheme is a multi-employer scheme and the University is unable to identify its share of the underlying assets and liabilities, the contingent liability is not recognised as a provision on the balance sheet. The associated receivable from the scheme in respect of the reimbursement of the University’s expenditure is similarly not recognised.

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 assessment was carried out at 31st March 2012. The Scheme had total liabilities, for service to the 31st March 2012 of £20.9 billion and notional assets of £19.6 billion giving a notional past service deficit of £1.3 billion.

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.
Pension schemes (continued)

d) STSS (continued)

Financial assumptions at 31st March 2012

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount Rate</td>
<td>3% pa real; 5.06% pa nominal</td>
</tr>
<tr>
<td>Pension increase:</td>
<td>2% pa</td>
</tr>
<tr>
<td>Long term salary growth:</td>
<td>4.75% pa, 2.75% pa in excess of assumed CPI</td>
</tr>
</tbody>
</table>

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 (2014 - £88k). This includes £7k (2014 - £8k) of outstanding contributions at the balance sheet date. Employees’ regular contributions were £66k (2014 - £62k) and £5.5k (2014 - £4.5k) 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 2012. The Scheme had total liabilities, for service to the 31st March 2012 of £28.2 billion and notional assets of £26.8 billion giving a notional past service deficit of £1.4 billion.

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 2012

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<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Discount Rate</td>
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<tr>
<td>Long term salary growth:</td>
<td>4.75% pa, 2.75% pa in excess of assumed CPI</td>
</tr>
</tbody>
</table>

The total pension cost for the University was £698k (2014 - £665k). This includes £58k (2014 - £55k) of outstanding contributions at the balance sheet date. Employees’ regular contributions were £513k (2014 - £500k) and £6k (2014 - £7k) in respect of additional voluntary contributions.

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 are no contributing members due to the last contributing member retiring on 30th September 2014.

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.
Pension schemes (continued)

**g) MRCPS (continued)**

The required MRCPS contribution rate is assessed every three years in accordance with advice of the Government Actuary. The latest actuarial assessment of the MRCPS was at 31 December 2013 at which showed a surplus of £160.1m (2010 valuation £82.1m) and the market value of the assets of the MRCPS was £1,054m (2010 = £884m), an ongoing funding level of 118% (2010 valuation 110%). The actuarial value of the assets was sufficient to cover 118% 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 present MRCPS employers’ contribution rate remained at 13% in 2014/15 (2013/14 – 13%) but will rise to 14% in 2015/16.

The valuation below has been based on the data for the most recent actuarial valuations as at 31 December 2013, and updated to take account of the requirements of International Accounting Standard 19 in order to assess the liabilities of the scheme at 31 March 2015. 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 2015

| Rate of increase on pensionable salaries | 2.85% |
| Rate of increase on pension payments    | 1.85% |
| Discount rate                          | 3.10% |
| Inflation rate                         | 1.85% |
| Expected return on equities            | 3.10% |
| Expected return on bonds               | 3.10% |

The results of any actuarial calculation are inherently uncertain because of the assumptions which must be made. The table below indicates the approximate effects on the actuarial liability as at 31 March 2015 of changes to the main actuarial assumptions.

<table>
<thead>
<tr>
<th>Change in assumption</th>
<th>Approximate effect on total liability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>-1/2% a year</td>
</tr>
<tr>
<td>Rate of increase in earnings</td>
<td>+10.5%</td>
</tr>
<tr>
<td>Rate of increase in pensions</td>
<td>-1/2% a year</td>
</tr>
<tr>
<td>Removing age rate for pensioner mortality</td>
<td>-7.0%</td>
</tr>
</tbody>
</table>

The total pension cost for the University was £464k (2014 – £532k). This includes £37k (2014 – £42K) of outstanding contributions at the balance sheet date. Employees’ regular contributions were £201k (2014 – £230k) and £37k (2014 – £37k) 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 number of support staff who had previously opted-out of UGPS. From 1st April 2014 it covers new members of staff who would previously have been eligible for UGPS. 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 £360k (2014 – £57k). This includes £42k (2014 – £13k) of outstanding contributions at the balance sheet date. Employees’ regular contributions were £158k (2014 – £37k).
Report from the Audit Committee

The Minutes of the meeting of the Audit Committee held on Tuesday 10 November 2015 are attached for information. There are no specific matters requiring Court’s approval, but action is requested in respect of the Audit Committee’s annual report to Court. This is referred to below.

Ahead of the meeting, the Committee members received a private briefing on the new Teaching and Learning Strategy, and on related developments including the Teaching and Learning Building, from Vice Principal Professor Frank Coton.

In the main meeting, the Committee received the 2014/15 financial statements for the University and subsidiaries, together with the external auditors’ report and the draft management representations. On the basis of their work performed to date, the auditors anticipated issuing an unqualified auditor’s reports in respect of the group and University financial statements and for each of the subsidiary companies.

The Committee received the annual report of the internal auditors, which concluded that risk management, internal control and governance arrangements in relation to business critical areas were generally satisfactory, but that there were some areas of weakness in this framework, that require improvement.

The Committee received reports on audit reviews of Treasury Management, Intellectual Property (licensing), the Procurement Process, and Project Management (Combined Heat & Power CHP).

The Committee received updates on the HE Governance (Scotland) Bill and on the Estate Strategy.

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.

Action Requested

The Committee’s annual report contains an action requested of Court: Court’s views on the proposed areas for internal audit and scrutiny in 2015/16, and its suggestions about other areas of University activity that might be audited, are sought.

Prepared by Deborah Maddern, 3.12.15
UNIVERSITY OF GLASGOW

Audit Committee

Minute of Meeting held on Tuesday 10 November 2015
in the Melville Room, Main Building

Present:
Mr Simon Bishop (SB), Dr Paul Brady (Chair) (PB), Ms Heather Cousins (HC), Mr Jo Elliot (JE), Mr Neil Menzies (NM), Ms Lesley Sutherland (LS), Mr David Watt (DJW)

In attendance:
Mr Ken Baldwin (Ernst & Young) (KB), Mr Robert Fraser (Director of Finance) (RF), Ms Denise Gallagher (PWC) (DG), Ms Deborah Maddern (Clerk) (DM), Professor Anton Muscatelli (Principal) (AM), Ms Lindsey Paterson (PWC) (LP), Mr Stephen Reid (Ernst & Young) (SR), Dr Dorothy Welch (Deputy Secretary) (DAW)

Apologies: Ms Lindsay Campbell (LC), Mr David Newall (Secretary of Court) (DN), Ms Carolyn Timar (Financial Accountant) (CT)

AUDIT/2015/12. Announcements

Simon Bishop was welcomed to his first meeting as a member of the Committee. Ms Lindsay Campbell, a new member appointed at the same time as Mr Bishop, had been unable to attend the meeting.

Jo Elliot was attending his final meeting. The chair and DAW thanked him for his contributions to the Committee’s business and wished him well in the future.

AUDIT/2015/13 Minutes of the meeting held on 16 September 2015

The minutes were approved subject to a correction to minute 4 Internal Audit Update, first sentence, which would be amended to read “The Committee noted that progress relating to an audit of the University’s subsidiaries would be reported at the February 2016 meeting”.

AUDIT/2015/14. Matters Arising

14.1 HE Governance (Scotland) Bill - update
DAW explained that the Bill was undergoing Parliamentary scrutiny, with the Finance and Education & Culture Committees having taken oral evidence as part of that process. The Principal and Convener of Court had, respectively, participated in the evidence-giving. Concerns had been expressed by the sector, in particular about the possibility of ONS reclassification which might result from references in the Bill to the possibility of ministerial control, and about the proposed election of chairs. Discussions were still ongoing. An update would be provided to the Audit Committee at the next meeting.

14.2 Estate Strategy – update
The chair advised he had attended the Court Strategy Day on 30 September. A copy of the Court minute relating to the outcome of the Strategy Day was noted. The main focus had been the Estate Strategy, including aspects of its governance. The chair reported that the event had provided him with further comfort about the governance
matter in particular, following the Committee’s earlier concerns. It was noted that the Estates team had increased its staff complement, with new staff experienced in project management.

14.3 New SORP – update
RF explained that the new SORP would result in more volatility in the accounts, particularly in relation to the reporting of capital grants, and that additional explanatory notes would therefore be required.

14.4 Fixed Asset policy
Recent revisions to the policy were noted. These related to major infrastructure plant being depreciated on a straight line basis over the estimated useful life up to a maximum of 50 years; and to plant and machinery costing more than £25k per individual item or group of related items being capitalised and stated at cost. Plant and machinery were depreciated on a straight line basis over the estimated useful life of the asset at between 15 to 30 years.

14.5 Additional reviews requested by management/update to annual plan 2015/16
Two additional reviews had been agreed and would be progressed, with the Committee being updated at its February meeting. A number of lower priority audits had been removed from the 2015/16 plan, following discussion between management and the auditors, and would instead be undertaken at a future point. The chair had been involved in the relevant discussions.

14.6 Subsidiaries
A recent paper submitted to Court, following the audit of subsidiaries, would be sent to members for information.

ACTION DM

AUDIT/2015/15. Internal Audit

15.1 Internal Audit Update Report

15.1.1 Treasury Management
The review had made two medium rated findings in relation to the treasury function, relating to: controls around the two ‘super users’ on the treasury function’s primary bank account, which matter would be addressed in the context of a move to new bankers; and to the Treasury Management Policy, which needed to be finalised and approved. This approval would occur by February 2016 when the University’s Finance Committee met. Management was in the process of updating the policy to reflect best practice guidance from the Chartered Institute of Public Finance & Accountancy (CIPFA). A further low rated finding had been made in relation to resourcing of the area of activity, which it was noted would be kept under review.

15.1.2 Intellectual Property (licensing)
The review had assessed the design and operating effectiveness of key controls around: licences record monitoring; licensing income; and licensing potential. Three medium risk findings had been made in relation to the overall licensing process. These referred to the maintenance of the list of licences, to a lack of established process for identification and monitoring of licence agreements containing an option to extend or terminate, and to a lack of timely controls in the statement of sales, and invoice generation, processes.
It was noted that the amounts involved were not large in terms of the University’s turnover, and that the issues identified were not connected to the Research Management System. It was agreed however that the auditors would discuss implementation target dates with the service, with a view to bringing these forward.

**ACTION PWC/Management**

15.1.3 Procurement Process

No high or medium risk findings had been identified during the review. Four low risk findings had been identified where controls could be improved; these would be addressed.

15.1.4 Project Management (Combined Heat & Power CHP)

The review had identified two high risk findings in relation to hand over/’onboarding’ arrangements and to the lack of a planning consents tracker. It was noted these areas were being addressed with a view to optimising future projects, and that handover procedures had already been reviewed by management ahead of the review. It was also noted that a programme office for estates projects had recently been set up, and that processes were undergoing review by the service itself.

15.2 Internal Audit Annual Report 2014/15

The report from the internal auditors, PricewaterhouseCoopers (PwC), indicated that of the 19 completed reviews, no reviews had resulted in an overall report classification of critical; four reviews had resulted in an overall report classification of high; eight reviews had resulted in an overall report classification of medium; and seven reviews had resulted in an overall report classification of low. While the work had identified six high, 26 medium and 47 low risk findings, the auditors did not consider these weaknesses to be pervasive throughout the University’s system of governance, risk management and control, or of such significance that it was necessary for them to be reported in the University’s annual Corporate Governance Statement. Nevertheless, some weaknesses had been identified within the organisation’s governance, risk management and internal control, relating to: governance over subsidiaries; project management (CHP); Professorial Zoning; and Health and Safety.

Based on the results of all audits undertaken during the year, and on follow-up action taken by management in respect of audits from previous periods, the internal auditors had concluded that risk management, internal control and governance arrangements in relation to business critical areas were generally satisfactory. However, there were some areas of weakness in the framework of risk management, internal control and governance arrangements which potentially put the achievement of objectives at risk. Improvements were required in those areas to enhance the adequacy and effectiveness of risk management, internal control and governance arrangements.

It was noted that give the size and scope of the institution, the overview by the auditors was not out of the ordinary, as benchmarked against other HEIs which engaged the same auditors, and that the overall profile for the institution in terms of audit outcomes was positive.

The internal auditors were thanked by the Committee for the work undertaken in 2014/15.

**AUDIT/2015/16. University Financial Statements for year end 31 July 2015**

16.1 Review of University Financial Statements for year ended 31 July 2015

The Committee received the financial statements for the year ended 31 July 2015.
There were no prior year restatements within the financial statements for the year ended 31 July 2015. The main items of note in the year were as follows:

i) The surplus after exceptional items was £45.5m (£55.1m before exceptional items and tax), which was the tenth consecutive operating surplus. This was £39.8m better than the original budget, with £15.2m from operational movements (including staff savings of £9.6m – some of which was due to a time lag in recruitment; higher research contribution of £1.2m; and increased income of £3.6m), £15.9m relating to one-off Research and Development (R&D) tax relief, FRS 17 £6.4m and movements in endowments and subsidiaries (total £2.3m);

With respect to the R&D tax relief, it was noted that this figure arose in the context of income received as a result of funds applied for and secured via a national initiative (R&D Expenditure Credit (RDEC)) which provided successful applicants including Higher Education bodies with a 10% R&D funding credit to incentivise both primary and non-primary R&D in the UK. The figures in the University financial statements contained a partial (conservative) estimate for this for the 2014/15 year; a small adjustment might be required to be made in the 2015/16 financial year. This estimate for 2014/15 had been based on TRAC data and was therefore considered a good estimate. While there had been some debate across both the HE and accountancy sectors about the treatment of the R&D credits within financial statements, the external auditors had agreed with the University’s approach that, based on Financial Reporting Standards, in particular FRS12, these tax relief credits could be treated as income via the I&E. There were likely to be some variances across the sector because of materiality, timing of the credits and other local matters.

With respect to research income, it was noted that research activity had increased and that there had been an increase in the order book, which was now showing through the accounts. It was noted that it was possible that this would be offset in the future by reductions in Research Council funding to UK HEIs.

ii) Cash and deposit balances had closed at £153.7m, which was a decrease of £9.6m in the year. Operating cashflows of £7.5m, and return on investments and servicing of finance of £7.5m, had been offset by capital expenditure;

iii) Capital expenditure for the year was £64.6m, which was an increase of £15.8m compared to 2014. The increase was largely due to investment in the South Glasgow Hospitals and Virology, and investment in a new heating system;

iv) There was a 4.1% increase in the value of endowment assets due to a higher return on investments in the year;

v) The net pension liability for the University of Glasgow Pension Scheme and Strathclyde Pension Fund had increased by £12.1m. The University had made a deficit reduction contribution of £2.5m in line with the agreed deficit reduction plan. The remainder of the movement reflected the actuarial losses recognised in the year due to changes in actuarial assumptions.

In discussion, it was agreed that that the new institutional Strategic Plan and its KPIs might be referred to in more detail in the following year’s financial statements. An adjustment would be made in the current statements to the categorisation of staff FTEs by category, to correct a misallocation error, which did not affect the overall total FTE.

**ACTION RF**

16.2 Reports of External Auditors for year ended 31 July 2015

16.2.1 Audit Results

The external auditors, Ernst & Young, had conducted the audit for the year ended 31 July 2015 in accordance with International Standards on Auditing (UK and Ireland). The audit objectives had been to express an opinion that: the financial statements gave
a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Group and the University as at 31 July 2015, and of the Group’s surplus for the year; and that the financial statements had been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice, and with relevant legislation governing companies and charities; and that funds from the Scottish Funding Council (SFC), grants and income for specific purposes and from other restricted funds administered by the University had been applied for correct purposes; and that income had, in all material respects, been applied in accordance with the Further and Higher Education (Scotland) Act 1992 and, where appropriate, with the SFC Financial Memorandum.

The scope and approach for the audit of the financial statements had been provided to the Committee at its May 2015 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 for the University and subsidiaries; and reviewing for subsequent events.

In addition, the auditors were also in the process of completing and submitting the US Loans Report and clearing the US GAAP financial statements.

During the review of the financial statements, the Committee noted the management judgments made in relation to significant risks, the audit work undertaken, and the resulting satisfactory audit conclusions. In respect of: income recognition (including in particular Research grants and contracts), Research & Development Expenditure Credit, which had been discussed earlier in the meeting; and management override, including the systems for deterring, preventing and detecting fraud. The auditors had been content in respect of these areas. The Committee noted other areas of audit focus including pensions obligations, fixed assets, cash management, and subsidiary companies.

The Committee also noted the approach to controls testing in the 2015 audit, including the auditors having undertaken IT audit procedures to look at the IT general control environment, and the use of IT data interrogation procedures. Based on the work undertaken, the auditors had not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in the financial statements of which the University was not aware. The auditors had noted a few minor points, rated low priority, for attention in order to enhance the control processes.

On the basis of their work performed to date, the auditors anticipated issuing an unqualified auditor’s reports in respect of the group and University financial statements and for each of the subsidiary companies.

The Committee heard that the approach to the audit had been refreshed given the appointment of a new partner (Stephen Reid) from the auditor’s firm. As advised, no material matters had been identified, indicating a positive trend and therefore providing reassurance to the Committee with regard to the overall control framework. It was agreed that these matters would be referred to in the annual report from the Committee to Court.

**ACTION DM**

The Committee expressed its thanks to the Finance Office team and to Ernst & Young for their work in relation to the accounts.

**16.2.2 Draft Representations by Management**

The report was noted.

The Committee noted the accounts for subsidiary companies and the University Trust. With regard to the Singapore subsidiary, it was noted that tax advice had been obtained.

AUDIT/2015/18. Audit Committee Annual Report to Court

The report would be amended to include some more detail about the background to, and basis of, the audit of the annual financial statements; and to make reference to the reassurance provided by the refreshed approach to the external audit, referred to earlier in the meeting. The report would be finalised by the chair following the meeting, for subsequent inclusion in Court papers. The report’s request to Court to notify the Committee of any views on proposed areas for audit, and to suggest other areas of University activity that might be audited, would be highlighted on the cover sheet to Court. The chairs of the Finance and Estates Committees would have the report and the request highlighted to them, in addition to receiving the report as part of their Court papers.

ACTION DM/PB

AUDIT/2015/219 US GAAP – Restated Financial Statements

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/2015/20. Risk Register

The University Risk Register was noted. Actions in mitigation were ongoing via SMG. A further updated register would be provided at the next meeting.

It was noted that the Register was a distillation of a risk analysis undertaken by SMG at the beginning of each academic session, with the key risks being identified together with agreed actions in mitigation, that were then assigned for action to a member or members of senior management. It was agreed that to assist the Committee in its oversight of this area, summary metrics would be added to the register.

ACTION RF

It was also agreed that a briefing session on risk management would be arranged for the Committee, to be held during the pre-meeting sessions before scheduled meetings in 2016. This would enable the Committee better to see how the area was embedded. It was noted that the internal auditors would continue to support risk management activity within the Colleges.

ACTION DM

AUDIT/2015/21. Any Other Business

There was no other business

AUDIT/2015/22. Date of Next Meeting

Tuesday 16 February 2016 at 2pm in the Melville Room
Pre-meeting briefing for Committee members to be arranged, for 12.30pm

Prepared by: Deborah Maddern, Clerk to Committee, deborah.maddern@glasgow.ac.uk
Audit Committee Annual Report to Court

December 2015

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 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 10 November 2015.

2 Summary of the Year's Work

2.1 Membership of the Committee

Membership of the Committee was: Simon Bishop (from November 2015), Dr Paul Brady (chair), Lindsay Campbell (appointed from November 2015 though not at the November meeting), Heather Cousins, Jo Elliot (to November 2015), Hamish Guthrie (to November 2014), Neil Menzies, Lesley Sutherland (from November 2014), and David Watt (from February 2015).

2.2 External Audit

During the year, Ernst & Young were reappointed as external auditors, for three years from 1 February 2015, following a tendering exercise.

2.3 Financial Accounts 2014/15

The Committee has reviewed the University's financial statements for 2014/15 and the commentary on these, together with the audit results report prepared by the external auditors, Ernst & Young (E&Y).

Prior to this review, in May the Committee received a report setting out the External Audit scope and approach for the year to 31 July 2015, summarising E&Y’s assessment of the key issues for development of an effective audit for the University, taking into consideration relevant market factors coupled with the operational, finance, and business risks which drive the University's financial statement risks; and discussing levels of materiality that would be applied. The risk-based approach involved analysis of the risks inherent in the external influences, the key strategic, operational and financial risks for the University and the auditors’ knowledge of other factors that might impact the University’s financial statements.

During the review of the financial statements, the Committee noted the management judgments made in relation to significant risks, the audit work undertaken, and the resulting satisfactory audit conclusions. The Committee also noted the revised approach to controls testing in the 2015 audit, including the auditors having undertaken IT audit procedures to look at the IT general control environment, and the use of IT data interrogation procedures.

The approach to the audit has been refreshed given the appointment of a new partner from the auditors’ firm. No material matters were identified, indicating a positive trend and therefore providing reassurance to the Committee with regard to the overall control framework.

The audit opinion was unqualified and, for the tenth 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.

2.4 Internal Audit Activity 2014/15

The Committee has considered the work of Internal Audit, a service provided by PricewaterhouseCoopers (PWC). During the year, the Committee has:

- reviewed and approved the annual strategic audit plan with PWC; reviewed the outcome of each new internal audit report, assessing the main areas requiring attention, the management responses, 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: the Western Infirmary site development and associated capital projects/financing thereof; the University’s Research activity and the REF; the University’s new Strategic Plan; and the University’s Learning and Teaching strategy. The Committee has received details of the University’s operation in Singapore, noting that activities are mainstreamed with Glasgow activities as far as possible, with financial checks and balances applied as in Glasgow. The Committee has been kept informed about reforms to USS, designed to address the deficit in the scheme and to mitigate the risk that contribution rates would become unaffordable.

The recommendation ‘rating’ system for internal audits has changed with the appointment of PWC as auditors: the ratings are ‘Critical’, ‘High’, ‘Medium’, ‘Low’ or ‘Advisory’ rather than Priority 1, 2, 3. In 2014/15 there were with no ‘critical risk’ recommendations, and six ‘high risk’ recommendations, with four reviews resulting in an overall report classification of ‘high’. This compares to no ‘critical risk’ recommendations, and two ‘high risk’ recommendations and two overall report classifications of ‘high’ in 2013/14. Direct comparisons with the ratings used previously are not possible, but the Committee will monitor the longer term trends.

The internal auditors have issued an annual report for 2014/15, which includes an opinion on the adequacy and effectiveness of the institution’s risk management, internal control and governance. The overall opinion is based on the results of all audits during the year; and on follow up action taken by management in respect of audits from previous periods. The opinion is that Risk management, internal control and governance arrangements in relation to business critical areas are generally satisfactory; there are however some areas of weakness in the framework of risk management, internal control and governance arrangements which potentially put the achievement of institutional objectives at risk.

The key factors that contributed to the internal auditors’ overall opinion are: no reports received an overall rating of Critical, and no individual findings were rated as Critical; the High and Medium rated findings related to distinct areas of the organisation and there was no indication that they are endemic throughout the University; 70 recommendations were followed up, with 30 recommendations implemented, 21 ongoing and 19 not yet due.

In the Committee’s view, the University management is generally following up audit recommendations appropriately, or providing reasons for any delays or recommendations not implemented. The attendance of the Principal, Secretary of Court, Deputy Secretary and Director of Finance at meetings continues to provide assurance to the Committee of the
University management’s engagement with the audit process.

Particular areas of interest and concern for the Committee, arising from specific audit reviews, or from wider aspects of the University’s operation, are as follows. These areas include a number of matters which informed the internal auditors’ overall opinion, as outlined above.

- An audit review of Project Management: Research, where the overall risk assessment was High, and where the review required improvements to be made to ensure that consistency be achieved over research projects across the University, and that the risks of each project be identified and managed accordingly. The Committee noted planned improvements, including the Research Support Office identifying a number of issues in relation to management of research projects, and the preparation of a project plan to address each of these as part of the Transforming Research Management project. Regular updates on the implementation of the Research Management System have been given to the Committee, which has noted that lately there have been some unforeseen delays in this process. The Committee will therefore maintain its scrutiny in the period ahead.

- The Expenses Process, where a follow-up review concluded that, overall, the controls over expenses are operating effectively, and that the move to an electronic system should further strengthen the operation of controls. The Committee has been pleased to note progress in this area, given its concerns about levels of non-compliance with the policy in the past.

- Professorial Zoning, where an audit review assessed the design and operating effectiveness of controls, including allocation to/movement between zones; and award of market supplements and retention payments outside the zoning structure. The audit included two High risk findings about the award of market supplement payments. These were: that the Business School had applied its own local policy to the award of market supplements, not aligned to University policy; and that the University-wide market supplement policy was not always operating in practice, with processes for annual review of supplements and the required approval processes for the award of market supplements, not always followed. The Committee has been concerned with the pace of remedial action and has asked management to ensure this is taken forward rapidly.

- IT Penetration Testing, where the internal auditors undertook an assessment, in the form of a re-test based on an exercise undertaken in 2014, covering threats posed to the University’s internet-facing infrastructure. The large majority of actions have been satisfactorily addressed. An update will be undertaken annually, and consideration will be given to use of other providers to undertake the testing, to provide as wide as possible a range of tests.

- Course Development & Approval, where a review identified areas where the current process for course development was not adequate, with three Medium risk findings relating to: reviewing the range of existing courses within Schools; ensuring the viability of new courses; and formalising the course approval process within Schools. The Committee has questioned the timing of devolution of decision making on courses from Colleges to Schools, pending implementation of the audit recommendations.

- Risk Management: Estates & Buildings, where the review noted good practice in relation to the larger value projects but identified some issues relating to lower value projects (less than £500,000 in spend), including: not all lower value projects having risk registers, and a need for a process for review of project interdependencies within the wider portfolio.

- Governance of Subsidiaries, where the audit report classification was High, with one High category risk in relation to the overarching governance framework over subsidiaries, and three Medium risks relating to lack of risk management arrangements surrounding risks posed by each
subsidiary entity; absence of a formal induction programme for new directors/charity trustees; and absence of a conflict of interest policy relating to the Boards of subsidiaries. The Committee has heard that the three Medium risks are being addressed by the Directors; and that Court approved a governance framework, at its meeting in October.

- Project Management: Combined Heat & Power CHP project, where the review made two high risk findings: a lack of formalised handover and on-boarding policy/arrangements; and - while the status of requests of key consents/approvals (including planning) is discussed at monthly project board meetings - there is no formal tracker that consolidates and monitors status of approvals.

2.5 **Risk Management**

The Committee’s role includes an interest in the University’s approach to risk management. During the year, the Committee has concluded that risk management is still well embedded as a regular element in the agenda of the SMG, with key business risks identified, risk owners appointed from among SMG members, and risk mitigation strategies clearly defined.

In 2012/13, 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. A series of College workshops has since been facilitated by the internal auditors, with progress being made in embedding risk management in the Colleges, and implementation to be monitored by the auditors, with the Committee being kept updated. The Committee is pleased to note some progress in this area, but will be maintaining a close interest in the matter.

The Committee received an Education Sector Risk Profile from PWC, by way of background to the main risks perceived by the auditors for the sector as a whole.

2.6 **Campus Estate Strategy**

The Committee has maintained its interest in the redevelopment of the campus, and in particular the potential risks. The Committee has stated its wish for reassurance that sufficient resource and systems should be in place to provide controls and suitable risk management. The evolving governance arrangements have been an area of close scrutiny, and clarity on the respective roles of each part of that governance machinery is seen as essential.

During the year, the Audit Committee chair attended Court sessions to review the strategy, thereafter keeping the Committee informed. In February, the Audit Committee had a useful briefing on the Campus Estates Strategy, with the Director of Estates leading a presentation on the strategy and the Director of Finance providing input on the funding aspects. The Committee also received copies of Court papers relating to the strategy, ahead of Court’s February 2015 meeting. The Committee submitted a commentary to that Court meeting, advising that generally it was content, the University having defined its academic priorities for the estate, and having been clear about what it saw as an affordable investment sum. There has also been a clear focus by the University on establishing effective project governance structures. The commentary went on to summarise the Committee’s main concern, which was that there should be an identified governance forum and management information flow to enable the risks around affordability at the overall programme level to be monitored and managed.

The Committee has been reassured by a recent audit of the Campus Estate Strategy, under the Corporate Governance heading of the 2015/16 audit annual plan. The audit was positive overall, although did include two Medium risk findings about control design, that are being addressed. These relate to implementation of Project Management standards and guidelines that
communicate project management expectations and ensure consistency across the portfolio; and to project control logs that will centralise identification and monitoring of areas including risk.

3 **The Committee’s plans for 2015/16**

In 2015/16, the Committee’s focus will include consideration of: i) audits about aspects of risk management and corporate governance, to include a review of the remit and working practices of the Remuneration Committee; ii) value for money audits including project management, to include a post-project evaluation review of the Kelvinhall Phase 1, and a review of staff retention; iii) general assurance audits relating to financial controls, including a review of the allocation of staff costs within the TRAC return; iv) risk-based internal control reviews, including a review of the processes and procedures in place to support the use of the new Research Management System; and v) computer-related audits, including a review to consider University-wide arrangements to ensure continuity of business. A full list of planned audits is at Appendix 1.

As referred to above, the Committee will continue to maintain active scrutiny of: the Colleges progressing a more developed approach to risk management; the Estate Strategy, in particular its governance and risk management elements; and implementation of the Research Management System.

Court’s views on these proposed areas for audit and scrutiny, and its suggestions about other areas of University activity that might be audited, are sought.

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 19.11.15
Court - Wednesday 16 December 2015

Report from the Human Resources Committee

Brief description of paper

The draft minute of the meeting of the Human Resources Committee held on Wednesday 25 November 2015 is attached, for information/noting.

Action requested

No action required.

The HR Director’s report provided an update to the Committee highlighting a number of substantive areas including the National Pay negotiations, this year’s Performance & Development Review process, the University’s application for accreditation as a Living Wage employer and initiatives underway to review the effectiveness of our recruitment processes. She also updated on the activities of the three work-streams arising from the University Strategy.

The Committee received two presentations. The first was from Mrs Claire Williamson, Head of HR for University Services who gave an update on the activities of the HR function and the strategic challenges within their people agenda. Claire particularly drew attention to the significant work being done to support the change agenda in various services. The second presentation was delivered by Professor Steve Beaumont and Ms Gillian Shaw who provided an update on the introduction of the Workload modelling tool within a number of pilot Schools and Research Institutes. Both presentations were well received and generated good dialogue amongst the members.

The Committee also received an update on the work being undertaken within HR to review and update the People Strategy in the light of the new University Strategy. The members of the Committee supported this work and key themes emerging from it.

Finally the Committee received an update of the key HR data. This prompted discussion regarding the work being done to support career progression for women at the University and the efforts being made to effectively manage the equal pay agenda.

Richard Claughton
Deputy Director of HR & Clerk to the HR Committee
7 December 2015
UNIVERSITY OF GLASGOW
Human Resources Committee

Minute of meeting held in the Principal’s Meeting Room, Main Building on Wednesday 25th November 2015

Present: Professor A Muscatelli (AM), Mr D Newall (DN), Mrs A Allan (A All), Mrs C Barr (CB), Mr R Claughton (RPC), Dr Morag Macdonald Simpson (MMS), Professor R O Maolalaigh (ROM), Professor G Baillie (GB), Ms Susan Ashworth (SA), Professor L Farmer (LF), Mr R Goward (RG), Mrs J Shepherd (JMS) (Notes)

By Invitation: Professor Steve Beaumont (SB), Ms Gillian Shaw (GS) and Mrs Claire Williamson (CW)

Apologies: Professor E Cameron, Ms Susan Campbell

HR/15/22 Opening Remarks & Apologies
DN opened the meeting and welcomed Professor L Farmer and Mr R Goward to the Committee. DN noted that this was Professor Baillie’s final meeting and thanked him for his contribution to the Committee. Apologies were noted as above.

HR/15/23 Minute of the Meeting held on 29 September 2015
The Minute was taken as read and approved by the Committee.

HR/15/24 Matters arising from meeting held on 29 September 2015
The Committee noted that there were no outstanding actions which were not covered in the HR Director's Report or other agenda items.

HR/15/25 HR Director's Report
CB spoke to the report, highlighting the key points.

RG asked what the key factors were with regard to desired culture change. CB advised that this covered a range of factors. For example, in the staff survey 90% of staff reported that the University is a good place at work however only c.50% stated that they felt valued. Other aspects included reducing bureaucracy and empowering people. Indeed all three workstreams would touch on the culture change agenda. CB noted that this was a long term plan and that the Empowering People work-stream would likely be delivered in phases over a number of years.

CB advised that the Director of Communications was on the Empowering People group and would have a key role to play in promoting the outcomes of the group. The group were currently looking at best practice in other Universities and other organisations with regard to internal communications. It was agreed to invite Communications to present on the wider Communications Strategy at the next meeting on 19 January 2016 ahead of the scheduled slot later in the year.

HR/15/26 CB advised that confirmation had been received from UCEA that four of the five nationally recognised trade unions have concluded the 2015-16 HE pay negotiating round for this year’s national pay award. The fifth union, EIS, who have a very small membership at the University of Glasgow, had not settled but in line with other institutions the University has implemented the uplift of 1%. CB added that the impact of the Living Wage had effectively combined the bottom three points of the spinal scale.

HR/15/27 The annual P&DR process had concluded at the end of September with a 96% completion rate which was an increase of 2% on last year. Feedback on the process had been mixed. While its importance was appreciated, it was felt that work was needed give the process a “lighter touch”. Following moderation the grade distribution was very close to the expected distribution, but the moderation process itself had been time-consuming, except in University Services where service heads had taken responsibility for local moderation arrangements and for delivering outcomes within the prescribed range.

DN stressed that this was a hugely important process and whilst improvements could be made the University was making good progress in delivering improved performance.
management. AM agreed that it was important to maintain the progress made and that poor performance should be identified and support put in place.

CB advised that a working group had been established that would look at the process and the links to reward and promotion. Lesley Cummings would attend the March meeting to discuss this in more detail.

**HR/15/28**
CB advised that at an institutional level, the University's overall gender pay gap had reached an all time low of 21.3% and that all grades except Grade 10 were within the +/- 5% statistical parameter. Going forward it is the intention to explore the option of introducing a matrix approach to performance related award at a senior level with a longer term objective being to redress the balance in the terms of varying pay levels between males and females. MMS noted that there was a big pay gap at the Business School and RPC advised that he was working with the Head of School to consider workforce planning, which would hopefully assist in addressing this over time.

**HR/15/29**
CB advised that the University had now been accredited as a Living Wage Employer and had also signed up to the Scottish Business pledge. This had coincided with the announcement of the new Living Wage rate of £8.25 an hour.

**HR/15/30**
CB advised that she was looking to improve the service provision in Recruitment. This would include streamlining business processes and amending the structure of the area. GB asked about the introduction of the extended workforce policy which was resulting in the move of zero hours staff and casual workers staff onto fractional contracts. RPC advised that to date over 600 fractional contracts had been issued and the number of zero hours contracts continued to reduce.

**HR/15/31**
**University Services Strategic HR Update**
CW gave a presentation on the University Services Human Resources team and the strategic partnership they had with University Services leaders to support the delivery of the Inspiring People Strategy. Her presentation included the US HR strategy plan, statistics of staff within University Services, HR profession map, details of the HR role and examples of work done by the team with various service heads. This included a relatively high number of change programmes.

SA commented that she had received excellent support from HR in relation to the changes being considered in the Library. AA felt that HR were a trusted partner and confirmed that the team would challenge herself and her team from time to time and they were a great support to her managers. AM felt that CW and team had achieved a huge amount over the last 18 months. CW advised that it had been challenging at times but that she got good support from CB and RPC and the central HR functions.

DN thanked CW for her presentation and the work she was delivering with her team.

**HR/15/32**
**Academic Workload Modelling Update**
SB and GS gave an update on the Workload Model. SB explained that the objective of the model was to maintain and manage the balance between teaching, research and admin workloads in the context of growing student numbers and a quest for income generation. In 2011 SMG had approved the framework and from 2011-13 the process took place to fully define it. In 2013 the project tendered for supporting software and in 2014 the development began and was now being piloted in a number of schools including Education, SPS, Life Sciences, RI-MCSB, and Maths & Stats. The plan was to deliver the system across all Colleges and Schools over time as lessons were learned from the pilot schools.
The project had identified a number of data challenges and it was critical that these were addressed before the model was fully shared with all staff. The work being done on data quality would have benefits beyond this project but the issues mean that it is still too early to begin to draw significant conclusions from the modelling and analysis. However feedback on the potential of the tool is positive and it was agreed it would be useful and informative in the future.

DN thanked SB and GS for the update.

**HR/15/33 People & OD Strategy Update**

CB gave an update on the work being done to review the People Strategy. She advised that the current HR Strategy had been published in 2013 – this was a 5 year plan and the intention was to refresh it in consultation with key stakeholders and the wider HR community. The function would explore what the three values of Passionate, Professional and Progressive meant for the function and there were three emerging themes arising from the University Strategy, namely:

- Attracting Talent
- Supporting Development
- Leading Transformation

The function would also review its vision and mission statement.

CB went into more detail for each of the strategic themes:

Attracting Talent – this would include REF2020 and ensuring we attract the very best people. MMS noted that there was no mention of teaching on the slides and CB acknowledged this and said this would be built in. RG asked about retaining key talent and it was agreed that this was also just as important and would hopefully result from the other strands of development and cultural transformation.

Supporting Development – this would include leadership development as well as general capability and career development for all staff. CB shared some work being done under the banner of “Glasgow Professional” which would assist in developing competency frameworks for professional support staff and inform career planning. Development would need to support all staff and is critical to addressing a number of equality issues also.

Leading Transformation – this included providing a working environment where staff were empowered, stretched and challenged within manageable and equitable workloads, ensuring systems, processes and approach are client focused and efficient. We would aim to reward achievement, reject mediocrity and celebrate success.

Members of the committee were supportive of the approach being taken to reviewing the People strategy and the key emerging themes. CB and DN invited members of the committee to provide any additional feedback outwith the meeting and it would be discussed again in January.

**HR/15/34 Data Analytics for Court in December**

Discussion took place over the data analytics paper. It was noted that the Gender Pay Review (Grade 1 – 9) slide was difficult to read, although there were no issues of concern for these grades. DN was keen to focus on Gender Pay Review at Court and asked CB if some additional analysis might be added to supplement this summary information. CB advised that there were minimal equal pay issues within grades 1-9 and agreed to supplement the information for Grade 10 (professorial) where efforts are being focused.
RPC advised that the changes over time in Grade 5 were due to the demographics of new joiners. In recent years more new joiners had been female which had resulted in a gradual increase in the pay gap in favour of males as they progressed up the incremental scale. However the recent move to bring demonstrators onto formal contracts had changed this in favour of females as the majority of these demonstrators are male and are appointed at the bottom of the scale.

RG asked where the data for the second Sickness Absence slide came from and RPC advised that it was a representation of the salary costs for staff whilst on sickness rather than an additional cost to the organization.

**HR/15/35  Sub-Committee Update**
The draft JCCN minutes of 21 October 2015 were noted. DN advised that UCU had repeated their request to have a lay member of Court in the chair but that all were supportive of the new single table arrangements.

**HR/15/36  AOB**
There were no matters to discuss.

**HR/15/37  Date of Next Meeting**
The next meeting would take place in the Melville Room on Tuesday 19 January 2016.
Court - Wednesday 16 December 2015

Report from the Estates Committee

The Minutes of the meeting of the Estates Committee held on 6 November 2015 are attached.

Action Requested of Court

Court is asked to:

Note the progress made in respect of the Estate Strategy (EC/2015/12.1 refers);

Note the progress made in respect of the Learning and Teaching Hub (EC/2015/12.4 refers) and Research Hub (EC/20154/12.5 refers);

Note and endorse Estates Committee’s approval of the CapEx application in respect of:
Library Levels 1 and 2 (LM14/655) in the additional sum of £710k (EC/2015/14.3.1 refers);

Note the remainder of the minute.

Lynn Duncan
Clerk to Estates Committee
29 September 2015
UNIVERSITY of GLASGOW
Estates Committee
Minute of the meeting held in the Conference Room, Isabella Elder Building on
Friday 6 November 2015

Present: Mrs A Allen, Mr R Fraser, Professor N Juster, Mr L King, Professor K Lury, Mr D Milloy, Ms M Morton (Convener), Mr D Newall Mr A Seabourne, Professor P Younger

In Attendance: Mrs L Duncan, Mr R Smith

Apologies: Mrs N Cameron, Mr P Haggarty, Professor A Muscatelli (Principal),

EC/2015/9 Minute of the meeting held on 28 August 2015

The minute was approved as an accurate record.

EC/2015/10 Matters Arising

There were no matters arising.

EC/2015/11 Declarations of Interest

There were no declarations.

EC/2015/12 Strategies and Performance

EC/2015/12.1 Estate Strategy

The Committee noted the series of documents prepared to support development and reporting of progress made on delivery of the Estate Strategy: dashboard reports for each of the six work streams (Master Planning and Infrastructure Development/Capital Building Programme/Procurement and Appointment of Lead Contractor/Transfer of Western Infirmary site/Effective and Efficient use of Space/Effective and Efficient Management of Assets); Master Programme; Strategy Route Map and Programme Risk Register.

A range of public consultation events had taken place in late October and the Committee noted that the local community had been actively engaged, positive and appreciative of the University’s approach to consultation.

The Committee noted that volume of development within the University may present capacity issues for planning and building control partners. It also noted that statutory consent approvals tended to present process delays for applicants.

EC/2015/12.2 Gateway Process

The Committee noted that the process had been considered at a recent meeting of Court, which had agreed that there should be Gateway Reviews at key stages for each major project, and also an overarching annual Gateway Review of the strategy as a whole. It was noted that the next annual review would take place in April 2016.

EC/2015/12.3 Space Management Policy

The committee noted the proposed policy document which aims to demonstrate the strategic importance of space, provide a framework and structure around requests for new or additional space and which will underpin the roll out of the Estate Strategy. It would also provide a framework to identify space implications within research bids.
The Committee was supportive of the general principle and purpose of the policy. It recommended that a stronger emphasis be placed on the availability and suitability of space for staff.

It noted that the proposed policy had been prepared in line with Government and Funding Council expectations for increased effectiveness and efficiency.

**EC/2015/12.4 Learning and Teaching Hub Update**

The Committee noted the progress made in respect of the Strategic Brief and Design for the Learning and Teaching Hub which had been approved by Court on 26 February 2015.

The Project Development Board had undertaken to identify a number of work streams to inform, shape and provide clarity in the development of the strategic briefing process. The work streams were noted as: construction management; teaching space and study requirements; inspiring innovative pedagogy through design; IT infrastructure; service configuration and building operations; and commercial aspects. These build on the work carried out ahead of submission of the original business case and the educational specification developed in January 2015.

The strategic brief has been tested by the Board and feedback has been provided to the Design Team following its Stage 1 report in August 2015. The Stage 2 report was expected in November 2015 and this would include preparation of concept design building services systems, outline specifications and preliminary cost information.

The Committee noted that in order to ensure configuration of teaching space within the building fully addresses the evolving campus and the predicted growth in student numbers, a full analysis of teaching spaces required was undertaken in conjunction with the Central Timetabling Team. Whilst the modelling remains hypothetical it has been identified that more teaching space than was originally envisaged is required. The Committee noted that despite this additional space requirement the project currently remains within original budget parameters.

The Committee noted that a risk analysis has been undertaken and a risk register prepared. This had identified a number of (pre-mitigation) red risks around cost/budget, planning/consenting and business interruption/disruption.

The Committee noted the update and recommended that there would be a requirement to ensure all decisions in respect of the project should be interlinked with the University’s Energy Management Strategy.

The Committee had expected to consider the full business at its meeting scheduled to take place on 8 January 2016 but noted that this would now be presented two months later at its meeting on 11 March 2016.

**EC/2015/12.5 Research Hub Update**

The Committee noted the progress made in respect of development of the Strategic Brief and Design for the Research Hub which aimed to support inter-disciplinary research excellence and provide interaction and collaboration space for the University research community.

The Committee noted the output from the appointment of the Consulting architect was a Strategic Brief which articulated the University’s vision, key functional and operational requirements and which outlined the next key critical actions in the development of the project.

The Strategic Brief would be developed to form a detailed design brief and this would be used to support and inform the design process.

A full risk analysis had been undertaken and a risk register prepared. The Committee noted that there were a number of pre-mitigation red risks around the project objectives, governance, cost/budget and planning/consenting.
The Committee noted the update and recommended that there would be a requirement to ensure all decisions in respect of the project should be interlinked with the University’s Energy Management Strategy.

EC/2015/13 Carbon Management Update

The Committee noted that a formal sub-group, the Sustainable Environment Working Group, had been established which was tasked with preparing a draft Sustainable Environment Policy for the University. This would cover a range of topics: heat, light and power, travel to work, business travel, waste management, biodiversity, sustainable procurement, sustainable construction and food sustainability. The Working Group's report was likely to be presented to Estates Committee in March. Paul Younger offered to join the Group.

EC/2015/14 Projects

EC/2015/14.1 Approved Projects Status (RAG) Report

The Committee noted that since the last meeting in August 2015 a number of projects had been completed: JWNC Workshop Relocation; Innovation Centre (Quantum Hub); Stevenson Extension; and New Hive Building.

It also noted the RAG status of the other projects within the Capital Programme:

Red Projects – There were currently no projects within the Red category.

Amber Projects – There were five projects reported within the Amber category:

Library Level 1 and 2 – the Committee noted that tenders had been returned and that these were higher than anticipated. A consequent value engineering exercise had been undertaken. The Committee noted that it was being asked later in the agenda to consider an additional CapEx application in respect of the project. (EC/2015/14.3.1 refers).

Garscube External Works – the Committee noted that a programme delay was anticipated and that a review was currently being undertaken in conjunction with the Contractor.

Garscube Learning and Social Space (GLaSS) - the Committee noted a programme delay and that a potential Extension of Time request claim would be received from the Contractor.

CHP – The Committee noted a programme delay and that a potential Extension of Time claim would be received from the Contractor, resulting in budget pressure.

Gilmorehill Infrastructure Improvements Works – The Committee noted a programme delay.

Green Projects – The Committee noted that all other programme projects were currently reported within the Green category.

EC/2015/14.2 Lessons Learned (Learning and Teaching, Queen Elizabeth University Hospital)

The Committee noted the report outlining the initial lessons learned from successful delivery of the project. It noted the building had opened in the summer of 2015 and the roles that each of the stakeholders had played in its successful delivery and occupation.

The Committee noted that a full and detailed lessons learned analysis and project evaluation would be carried out within twelve months of completion and that a further report would be prepared thereafter.

Preliminary findings included that the building was completed on time and was available in time for teaching in September 2015. The total project budget was £24,380,800, and the project had been completed for £21,207,290. The savings have been split between the two partners with the University benefitting by £2,069m.
EC/2015/14.3 Project Approvals

EC/2015/14.3.1 Library (Levels 1 and 2 - LM14/655)

The Committee noted the CapEx application in the sum of £0.710m.

In June 2015 a project had been approved to carry out extensive refurbishment to levels 1 and 2 of the Library. The total anticipated cost of the work at that time had been £2.95m, based on the cost of similar works to level 3. Despite this prior knowledge, tender returns had been significantly higher than the approved CapEx sum at £5.670m.

The Committee noted that initial costs had been determined from intelligence gathered from the project completed less than twelve months before and that the increase could not have been predicted.

The Committee noted that a value engineering exercise had been undertaken and had resulted in a reduction in costs to £3.615m. It also noted concerns that a further cost reduction would result in a significant loss of project benefit and would have a substantial and negative impact on the student experience. It also noted any reduction in the project scope such as non-investment in level 1 would result in the area remaining void and out of use.

The Committee had concerns about the circumstances surrounding the application but in the interests of maintaining and improving the student experience it approved the CapEx application in the sum of £0.710m.

EC/2015/15 Any Other Business

EC/2015/15.1 Sustainable Development Award

The Committee noted that the University had recently been successful in achieving the Sustainable development award and that this had been recognised at a recent event in London.

EC/2015/16 Schedule of Meetings for 2015/16

Friday 8 January 2016
Friday 11 March 2016
Friday 13 May 2016
Minutes of the Remuneration Committee meeting held on 7 October 2015 are attached, for noting by Court.

Prepared by Deborah Maddern
3 December 2015
UNIVERSITY OF GLASGOW
Remuneration Committee

Notes of the Meeting held on 7 October 2015

Present
Ken Brown (convener)
Brian McBride
Anton Muscatelli
David Ross

Attending
Christine Barr
David Newall

1. Notes of the meeting on 24 June 2015
These were approved.

2. Guidance from Court and the Committee of Scottish Chairs

At its meeting on 30 September 2015, Court had discussed the guidance it should give to Remuneration Committee this year regarding its annual review of SMG salaries. There had been a significant development in this area in recent months, with the publication of the Committee of Scottish Chairs’ (CSC) Guidance Note on Remuneration Committees. Court expected that Remuneration Committee would follow this guidance in addressing its work.

One aspect of the CSC Guidance was that 'each year, in advance of the committee’s annual review of senior salaries, the governing body should provide policy guidance to the committee'. Court had agreed on policy guidance for Remuneration Committee, as follows:

Remuneration Committee’s 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 2014/15, 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.


Following the guidance provided by Court, Remuneration Committee now considered 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 considered whether an adjustment should be made to any SMG salary with a view to offering salaries competitive with those in other major UK universities. It was agreed that no such adjustment should be made.

The Principal now provided Remuneration Committee with his assessment of performance levels for each member of SMG in the course of 2014/15, 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 SMG 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 2015, all University staff other than SMG members would benefit from a 1% 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. Having considered this, and having noted the Principal's advice that SMG as a group had successfully delivered in 2014/15 against challenging targets, the Committee agreed: that members of SMG whose performance was rated as high quality should be awarded a 1% consolidated salary increase; that members rated excellent should be awarded 1.5%; and that those rated outstanding should be awarded 2%.

In the Principal's absence, Remuneration Committee now reviewed his salary. Benchmark data showed that the Principal’s salary was significantly below the median level for UK competitor institutions. However, it was agreed that, in the current climate of financial restraint, the Committee would not want to propose a significant salary increase to address this point. The Principal's performance review 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 research 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 2%.
4. **Professorial / Grade 10 Performance and Reward**

At its meeting on 24 June, Remuneration Committee has discussed the University’s policy on Professorial / Level 10 Performance and Reward in the light of Court’s concern that, in 2014, no consolidated award had been provided to professorial/level 10 staff in respect of exceptional performance. The new approach agreed in June involved the remuneration practice adopted for SMG members being applied more widely to senior staff at professorial level. It also allowed greater flexibility and autonomy at College level within a recognised P&DR framework, while ensuring that high-performing staff were recognised and rewarded within predetermined budgetary provisions.

The elements of the proposed policy were:

i. **provision for consolidated salary uplifts on an annual basis where it was justified on the basis of performance.**

ii. **retention of a norm-referenced distribution across five performance assessment outcomes as follows:**

<table>
<thead>
<tr>
<th>Performance level</th>
<th>% Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improvement Required</td>
<td>0 - 5</td>
</tr>
<tr>
<td>Inconsistent</td>
<td>5 - 10</td>
</tr>
<tr>
<td>High Quality</td>
<td>60 - 70</td>
</tr>
<tr>
<td>Excellent</td>
<td>up to 20</td>
</tr>
<tr>
<td>Outstanding</td>
<td>up to 10</td>
</tr>
</tbody>
</table>

iii **a maximum budgetary sum available for reward and recognition purposes at grade 10 level for academic session 2014-15 being provided to each College and University Services, based on their headcount of Level 10 staff. As this was a fixed sum, the level of any individual award would ultimately be determined by the number of individuals assessed as excellent and outstanding, and would be recommended to Remuneration Committee once the P&DR exercise was complete. Given that the sum available for reward and recognition in each College would be capped, then, should numbers exceed the norm referenced percentage distributions indicated, the sum of any individual award within that College would reduce accordingly.**

iv **an expectation that those with leadership responsibilities for managing staff would have at least one performance objective that related to leadership and effective staff management/engagement for the forthcoming year.**

The Committee now considered how the above policy should translate into consolidated financial reward in respect of performance in 2014/15.

The Budget had provided a total sum for each College/University Services as follows:
### Budget allocations

<table>
<thead>
<tr>
<th>Discipline</th>
<th>Amount (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arts</td>
<td>18,248</td>
</tr>
<tr>
<td>MVLS</td>
<td>51,277</td>
</tr>
<tr>
<td>Science &amp; Engineering</td>
<td>34,795</td>
</tr>
<tr>
<td>Social Sciences</td>
<td>47,373</td>
</tr>
<tr>
<td>University Services</td>
<td>14,308</td>
</tr>
<tr>
<td><strong>Total Budget</strong></td>
<td><strong>166,001</strong></td>
</tr>
</tbody>
</table>

Should the spread of P&DR ratings be consistent with the agreed norms (i.e. up to 10% Outstanding and up to 20% Excellent) then these budget provisions would allow for the application of a 2% reward for outstanding performance and a 1% reward for Excellent. Alternatively, the budget would allow for a flat-rate reward of £1,800 for Outstanding and of £900 for Excellent.

Remuneration Committee agreed that the policy this year should be that a flat-rate consolidated award of £1,800 should be provided in respect of an Outstanding assessment and a flat rate consolidated award of £900 in respect of an Excellent assessment. It was noted that these would be maximum amounts and that Colleges must contain the total cost of reward within the College budget. Should the proportion of Outstanding and Excellent assessments awarded by a College be greater than 10% and 20% respectively, then the level of reward for members of staff in that College would be correspondingly reduced.

### 5. Voluntary Severance Approvals

The Committee was advised that, since its last meeting, University officers had approved 15 severance packages within the standard terms of the University’s VS Scheme. Fourteen of these had been in University Services and one in Social Sciences, and the total cost of the packages had been £266,992. In addition, officers had approved the use of the VS Scheme to support the restructure of Library weekend/evening staffing. The total estimated cost, which covered 38 fractional posts, was £38,656.

The Committee asked that in future the standard information on VS approvals should be accompanied by a note on the payback period.

*Secretary’s Note. The payback period for the packages referred to above was 6.9 months.*

### 6. Committee Vacancies

It was noted that there was currently two vacancies on Remuneration Committee. Interviews were taking place in the course of the week at which it was hoped suitable candidates might be identified.

DN, 20.10.15
University of Glasgow

University Court – Wednesday 16 December 2015

Communications to Court from the meeting of Council of Senate held on 10 December 2015

(All matters are for noting)

1. Estates Development Report and Learning and Teaching Hub Update (Mrs Ann Allen, Director, Estates & Buildings, Professor Frank Coton, Vice-Principal Academic and Educational Innovation)

1.1 Estates Masterplan and Capital Projects update

Council of Senate received an update on the Estates Masterplan and Capital Projects from Mrs Ann Allen, Director of Estates and Buildings.

Mrs Allen updated the Council on developments since her previous report in December 2014. The Council heard that the focus of developments was on creating a sense of place, creating space that worked for all, projects that invested in the University’s future and on how the development linked with the existing University and the wider City community, in character as well as environmentally. The plans were being developed looking at the campus as a whole, not just at the Western site. The development of the University would contribute to and also be a catalyst for further development of the City of Glasgow, specifically the West End. Council was reminded that the thinking behind the estate development was aligned to the University Strategy.

The Western site was currently being decommissioned by the NHS and the University would take possession of the site in April 2016. In 2014, Glasgow City Council had approved a Development Framework against which all future applications for individual projects would be considered.

It was reported that the University had appointed AECOM, who were masterplan specialists, to ensure that the plans and developments reflected the character of Glasgow. This would be achieved though incorporation of squares, crosses and lanes in the design, including a cross at the site of the Learning and Teaching Hub and a square on the Western site. There would also be new civic spaces and buildings integrated within the design. The aim was to develop a sense of the uniqueness of the University and city. Three key concepts had also been identified. The first concept was the idea of a ‘porous’ campus that integrated and blended with the wider community. Currently it was felt the University had too many railings and gates that separated the campus from the community. It was also important that there was a sense of cohesion across the campus – to ensure that the designs were considered not just as individual buildings, but as part of the design of the campus as a whole, including creation of sightlines, for example, to the Gilbert Scott tower. The use of the listed buildings on the Western site, in addition to the new buildings, would also add to the sense of cohesion. The third concept is the idea of a 'sticky' campus, the focus of which was about developing the right facilities, which should
encourage students to spend more time on campus. It was reported that spending more time on campus was linked to a better student experience and greater degree attainment.

The plans also included environmental opportunities and the idea of a public campus, built to enhance green spaces and to develop and encourage active travel, which is part of the Health and Wellbeing agenda. The new designs would encourage and support cycling and walking. Consideration was also being given to developing a green space at the front of Main Building.

It was recognised that there would be difficult communication taking place during the course of 2016, in relation to the issues of car parking and staff offices. Detailed consultation on space policy would begin in January-February, with a view to developing a level of consensus across the University. There were also project boards across Colleges and the University and it was staff were encouraged to contribute their views.

In discussion, Council members noted that current schemes designed to encourage active travel, were limiting because, in order to take advantage of the cycle to work scheme, staff were required to give up their parking permit. This meant that the scheme was restrictive for staff who only had the option to cycle on some days, for example if they had commitments to transport dependents on other occasions. Council was informed that next year there would be a review of all aspects of travel.

It was reported that the aim was to develop space that would encourage and support new ways of working and that creating space that was visible, accessible, inspirational and also forward looking were key considerations in the design. It was important that spaces created would be flexible to accommodate changing needs, so that the design was suitable for the current needs but could also adapt as those needs changed. Consideration was being given to how spaces could be flexible for study and socialising, drawing on innovations in universities across the world.

It was recognised that there were already remarkable heritage buildings, so designs would incorporate plans for how to reuse them. There were opportunities for innovation in using spaces on the Western site. It was also important that the right balance was achieved and that different types of spaces were developed, so that the space was utilised efficiently. It was reported that a new space management policy was in development.

In February 2015, Court signed off the capital plan of £775M for a 10-year development plan. Individual projects would still need to be approved by Court. The priorities were the Learning and Teaching Hub, the Research Hub and colocation of the College of Social Sciences and also the College of Arts. Each project was currently at a different stage in development, but these projects were expected to be completed in 5 years.

Council of Senate was informed that it was anticipated that construction would start on the Learning and Teaching Hub in December 2016, the construction procurement was currently underway, subject to a full business case. Demolition on the Western site was also expected to start next year.
1.2 Learning and Teaching Hub update

Professor Frank Coton, Vice-Principal Academic and Educational Innovation, provided Council of Senate with an update on the plans for the development of a Learning and Teaching Hub.

The ambition of the University was to continue to grow in terms of research and student numbers, while continuing to provide an excellent student experience. These twin aims placed tension and put pressure on the existing estate. The University’s estate was already significantly stretched in terms of large teaching space and spaces that were not ideally suited, such as the Bute Hall and Student Union, were being used for teaching. The Library had reached capacity in terms of the provision of student study space with the current FTE to seat ratio of 1:11. Current occupancy rates were 70% compared with the Russell Group average of 38%. To avoid compromising the student experience while increasing student numbers meant creating additional teaching and study capacity. It was recognised that the balance of the student population would continue to change with a greater proportion of students not living at home and therefore making greater use of campus facilities. The University recognised that compromising the student experience would go against its strategic commitment and undermine the ability to recruit in an increasingly competitive market.

The original proposition for the Learning and Teaching Hub had been a two phase approach:

- Phase 1: Boyd Orr car park and integrated with Boyd Orr Building to increase teaching capacity and provide major Learning and Teaching Hub
- Phase 2: Replacement of Mathematics and Statistics Building linked to the Hub including additional capacity lost through disposals.

The site had been identified because it was at the heart of the extended campus and would also be at the gateway to the University formed at the junction of University Avenue with Byres Road, and it was intended it would develop a sense of presence and coherence for students.

Key intended benefits had been identified:

1. Improve student learning experience, enabled by shifts in pedagogy and improved facilities e.g. Better fit of estate to class size

2. Facilitation of innovative approaches to delivery of teaching. A physical environment that facilities the evolution of the pedagogic model in terms of effectiveness and efficiency.

3. Enhancing the student experience and student satisfaction levels by provision of an innovative University Services support model that manages the building efficiently and is visible and accessible.

A series of six workstreams had been established:

- Construction Management
- Teaching and Study Space Requirements; sizing the building and optimising the configuration of space
- Inspiring pedagogic innovation through innovative space design; designing spaces for different types of learning and teaching
- IT Infrastructure
- Service configuration and building operations; the building and its people as a system
- Commercial aspects; catering, conferencing etc

3
Key activities for the project identified included Space Modelling, taking into account existing and future configurations with disposals; stakeholder engagement on space design involving both staff and students through a series of workshops, surveys, etc.; external site visits to other institutions that have innovatively designed space, including universities in Australia, USA, part of Asia and elsewhere in the UK; developing the educational brief; evolution of the service model – making the building work for staff and students, and understanding user needs.

For phase 1, it was planned that there would be a large interactive teaching space with a capacity of 800 that was also easily and quickly sub-divisible for flexibility. Together with further interactive and other study spaces of varying sizes, there would in addition be catering and Student Services facilities. The schedule of accommodation for Phase 2 also included a number of interactive teaching spaces of different sizes.

A report from the Design Team had, however, identified some significant issues with the Phase 1 plan, stemming from the constraints of the Boyd Orr car park site. Specifically, the constrained footprint would result in a building of around eight storeys, and would consequently possibly require more expensive foundations and might lead to planning difficulties. The feasibility of building on the constrained site would be complicated by the proximity of the other buildings and University Avenue and furthermore, the footprint of the large teaching space would be problematic to accommodate and, in the best case scenario, would significantly reduce the utility of the building and create issues with internal circulation. It was identified that the usability of the Mathematics and Statistics Building would be significantly compromised during construction, requiring relocation of staff and teaching, and that the design of the Phase 2 building would not be able to take advantage of an integrated design and economies of scale. Building in two phases would also increase costs by at least £3M. On the basis of the issues identified by the Design Team at stage 1, work was now focusing on building in a single integrated phase. A full business case was in development and would be considered by Court early in 2016.

In discussion, confirmation was sought that that acoustics and Equality and Diversity issues were being given appropriate consideration in the design stages. Examples were given of some recent refurbishments where stakeholder input had been gathered, but had not featured in the final design and there was concern that some developments do not work very effectively in practice. Professor Coton reported that stakeholder input was vital, and that the concerns being voiced were being taken on board.

Council of Senate was interested to hear more about the planned disposals. It was confirmed that Savills were currently in the process of considering the estate portfolio to inform the decisions about how the target of £50M from disposals would be achieved. Council of Senate were assured that the University was not inclined to dispose of estate that it could have use for in the future.

Concerns were raised about how the development would manage to ensure that students that experienced the campus over the next 5-10 years did not feel that they were surrounded by construction and facilities from which they would not themselves benefit. Mrs Allen confirmed that careful consideration was being given to how to manage the experience for those that would be using the campus during the period of significant development and that there were a number of ways in which this would be done, including temporary solutions to ensure good use of space.
2. Progress on University Strategic Plan Workstreams

Council of Senate received an update from Professor Roibeard Ó Maolalaigh, Vice Principal and Head of College of Arts in relation to the 'Empowering People' workstream of the University Strategy. This activity had been initiated following the results of the staff survey conducted in 2014 and the consultation on the new Strategic Plan that took place in 2014-15. Two other workstreams were also being taken forward, on 'Agility' and 'Focus'.

The Staff Survey had identified key issues that the Empowering People workstream sought to address:

- Workload pressures
- Management of change
- Communication and co-operation
- Strengthening leadership effectiveness in the management chain
- Feeling valued

Members heard that "The role of the Empowering People Improvement Group is to establish the key actions required to place our people at the heart of the University's strategy and to maintain strategic oversight of an improvement programme which will transform our culture and ensure that our people engage with our strategic goals."

The Empowering People Improvement Group had three strands which were:

- Adapting and culture changing, through mapping current culture, identity and desired culture through engagement, review and optimisation of the Performance and Development Review (P&DR) process, development of a 'one university' service ethos, establishment of a positive health and wellbeing culture, enhancement of the staff community, local support for decision making and celebration of successes and active encouragement of praise and thanks.

- Inspiring leadership through increased leadership visibility, development of a Leadership and Behavioural Framework, leadership development, leaders receiving and acting on feedback, changes to the way recruitment to leadership roles is carried out, embedding of leadership objectives in the P&DR process and the identification, nurturing and reward of leadership talent.

- Staff engagement through biennial staff surveys and focus groups to monitor progress; improvements to the way staff are consulted, listened to and involved; increased face-to-face communication; IT developments including exploration of social networking; inspiring people awards; embedding of engagement objectives in the P&DR process and engaging staff in defining and transforming culture.

Work undertaken to date included staff survey focus groups, the creation of a draft action plan, identification of a diagnostic tool and growth of engagement network.

In discussion, concern was raised by Council of Senate that there was no mention of accountability or democracy. Devolved decision making had been a consideration for some time, but there were limited examples of where it had been implemented. Concerns about the P&DR process were raised in that it tried to achieve too much. It was also highlighted that it was not always clear where staff were expected to have input and to what extent their contribution would listened to. Some members put they view that they would have liked to have
seen ideas to address some of the core issues identified in the staff survey, such as the P&DR process and workloads.

The point was expressed that, in order to achieve a number of the aims set out, informal spaces were important in bringing staff and research students together. Pressure on the existing estate has seen this type of space lost to accommodate additional teaching space. The importance of informal space was acknowledged and it was highlighted that it contributed to the decisions around office space versus social space.

3 Update Report on the Centre for Open Studies

Further to the Organisational Change proposal for the Centre for Open Studies received by Council of Senate at its meeting 4 June 2015, an update was provided by Ms Stella Heath, Director of the Centre. This reported on developments regarding the delivery of the Centre’s Access Programme, supporting the research activities of existing research and teaching staff, marketing the Centre’s courses, and the reshaping of its community education provision and associated resourcing.

The Centre had finalised implementation of the organisational change proposals. The changes had resulted in savings of £400k in relation to the salary budget for 2015/16, and a reduction of the deficit from £650K in 2014/15 to a forecast deficit of £285k in 2015/16. It was anticipated that the Centre will be in a break-even position by 2019/20.

No change had been made to the Centre’s Access Programme: the Centre had retained Access as a standalone Programme, and had also maintained the level of resource available to support the Programme in the current year.

The annual overall recruitment target for the Centre’s Access Programme was 250 students across three pathways (Access to Arts and Social Sciences, Access to Law, Business and Accountancy, and Access to Science, Engineering and Nursing). A total of 206 students started the Programme in October 2015; although this number was below the overall target, it was a small increase on the previous year’s intake of 202.

It was reported that strategic discussions were yet to take place about how to make Access provision more efficient and effective. These would include consideration of the best location for the Access Programme, aiming to integrate widening access activity across the University. However, discussions had begun with relevant colleagues to consider ways in which the Programme could operate on a more cost-effective basis in the future. For 2016/17 it was proposed that university teachers within the Centre would deliver Access modules relevant to their own subject specialism rather than, as is currently the case, relying almost entirely on part-time tutors to deliver the teaching for the Programme. It was anticipated that utilising the Centre’s staff resource in this way would result in savings of approximately £8-10K in 2016/17. The Centre had also begun exploring the way in which the Access Programme might better target economically disadvantaged students in the future, as the proportion of MD40 students studying on the Programme in 2014/15 and 2015/16 had remained static at 44%. The Centre was working closely with University Widening Participation (WP) colleagues to promote the Programme to relevant client groups, including parents of pupils in WP partner schools and housing association tenants in identified local authorities. The Centre was also collaborating with the WP team regarding the development of an online study skills module for the 2016 Summer School. The generic design of the material for this module meant it could be used across multiple areas of the University, and within the context of the Centre it would be used to
support student preparation for the Access Programme as well as successful transition to
degree study and outcomes thereafter. The Centre was also working in partnership with SWAP
to support future development of Access to STEM subjects. There had been a decline in
opportunities in the west of Scotland for adults to return to STEM on a part-time basis or through
Highers at College. Development of a framework approach to Access in this area with delivery
across a number of providers, would support enhanced access to STEM subjects.

The implementation of the organisational change proposal meant that the Centre was no longer
directly supporting research, although it would engage widely with the University to ensure
public engagement with research continued through activities such as the masterclass talks. As
part of the organisational change consultation process extensive discussions took place across
the University regarding the best way to support research active staff within the Centre. There
were also discussions with all impacted individuals to determine their preferred outcome in
relation to the Centre going forward as a teaching only unit and different options had been taken
forward members of staff.

In conjunction with the University Marketing Manager the Centre had recently undertaken a
piece of market research designed to identify what different stakeholders (including University
staff and students) would like the Centre to provide in the future. Centre staff had also been
working closely with colleagues in MaRIO to raise the Centre’s profile by, for example,
developing the website; ensuring courses are promoted via relevant University communications;
and highlighting our activities via social media channels.

As the result of a recent significant donation to the work of the Centre from a former student, a
marketing post would be established for two years, with recruitment planned for early 2016.
Focusing on recruitment marketing activity relating to the Centre’s courses, working closely with
the Recruitment Marketing team, the Colleges and other key stakeholders. This approach was
designed to secure an enhanced profile for the Centre, both internally and externally, and would
help to develop an embedded approach to marketing, recruitment and conversion activity for the
Centre.

The Centre had worked hard to mitigate the effects of the organisational change, in terms of
reshaping community education provision and associated resourcing. Although there had been
a reduction in the number of courses offered in the impacted areas (which include Literature,
Film, Life Sciences, Earth Sciences, Physics, Astronomy, and Computing), the Centre had
maintained some provision in subject areas such as Literature and Film where there continued
to be demand for individual courses.

Changes to administrative processes had also been introduced, including making much earlier
decisions about course viability and cancellation, and not running courses with very low
numbers. This meant administrative efficiencies, whilst also ensuring that a course would only
run if it could cover its direct costs.

The Centre was undertaking internal consultations about the future balance between
unaccredited courses and courses for credit and qualifications. It was also in the process of
developing a curriculum offer to support the launch of the Kelvin Hall project in September 2016.
In early 2016 an advisory group would be established to support the Centre in determining its
future strategic direction, and also to develop thinking about ways in which the University can
gain benefit from the Centre’s expertise in relation to public engagement and widening
participation.
4. Convener’s Business

4.1 Reappointment of Dean of Faculties
The office of the Dean has existed since before the Reformation. The role of the Dean is entirely honorary. The appointment of the Dean of Faculties was made by Senate every three years. The official duties extend to attending graduation ceremonies, and substituting for the Vice-Chancellor at graduations in the event that the Vice-Chancellor is unexpectedly indisposed.

Emeritus Professor Jan MacDonald is the first woman to serve in the role in the University’s history, and has now completed three three-year terms in office. In those nine years, Professor McDonald has participated in almost every graduation ceremony. She also plays a vital role in welcoming guests to graduations. The Principal expressed his gratitude to Professor McDonald for this outstanding support and commitment to ensuring these essential occasions in the life of the University take place smoothly.

Professor MacDonald’s current appointment as Dean of Faculties ends on 1 January 2015. Council of Senate approved re-appointment of Emeritus Professor Jan MacDonald for a further period of two years. Council of Senate noted a precedent for individuals to serve several successive terms as the Dean: in the early nineteenth century, Archibald Campbell of Blytheswood, MP, served no fewer than six terms - as well as an appointment as University Rector.

4.2 Scottish Government Commission on Widening Access – Interim Report
The Principal informed Council of Senate that the interim report did not detail many recommendations; however, there was an expectation that there would be a requirement to scale up activity in order to achieve targets. It was anticipated that in the final report there would be radical recommendations about the way in which activity is carried out.

4.3 HE Governance (Scotland) Bill
The Principal reported that the Government were reviewing the key areas of concern raised in the last stage of the consultation including the risk that universities would be reclassified as public bodies, the consequences of which would have significant implications. Assurances had been given that some of the concerns would addressed in a revised draft at the next stage of the proposals.

4.4 Spending Review
The Principal reported that the details of the Scottish Government Spending Review would be made public on 16 December 2015. It was anticipated that there would be a likely reduction of the block grant of 5% and that there was a risk to Higher Education and other non-protected areas of spending as areas such as the NHS and school sector had been ring-fenced.
5. Honorary Degrees 2016

The Clerk of Senate reported that following acceptances had been received from nominees to receive Honorary Degrees in 2016:

**DOCTOR OF LAWS (LLD)**

William David Hamilton SELLAR  
Leading legal historian of Scotland

Lesley THOMSON QC  
Solicitor General for Scotland

**DOCTOR OF LETTERS (DLitt)**

Graham BERRY (GSA)  
Director of Finance & Deputy Director of Scottish Arts Council

Janet MCBAIN  
Archivist to the Scottish Screen Archive

**DOCTOR OF SCIENCE (DSc)**

Professor Shankar BALASUBRAMANIAN  
Professor of Medicinal Chemistry  
University of Cambridge

Professor George DAVEY-SMITH  
Epidemiologist, University of Bristol

Professor Francis G. DUNN  
President of the Royal College of Physicians and Surgeons of Glasgow

Phil SMITH  
Chief Executive, UK & Ireland  
Cisco International Ltd

**DOCTOR OF VETERINARY MEDICINE & SURGERY (DVMS)**

Lord Sandy TREES  
Professor of Veterinary Parasitology, University of London  
and a Crossbench member of the House of Lords

**DOCTOR OF THE UNIVERSITY (DUniv)**

Stephen CONWAY  
Chief Executive of Erskine Hospital
Lily GREENAN
Chief executive of Scottish Woman’s Aid

Professor Gong KE
President, Nankai University

Alastair KELLOCK /Gregor TOWNSEND
Club Captain/ Head Coach
Glasgow Warriors

David ROSS
Convenor, Glasgow University Court

Judy MURRAY
Tennis Coach

The names noted above of those who had accepted the offer of an Honorary Degree were now in the public domain.
Court – Wednesday 16 December 2015

ELIR Year-On Response

Cover Sheet

Brief description of the paper

Court will recall that the University underwent its Enhancement-led Institutional Review by the Quality Assurance Agency in 2014. The Scottish Funding Council require that, one year after the date the ELIR reports are published, universities submit to QAA a one year-on response to the report. The SFC also require that the institutional response is approved by the Governing Body.

Accordingly, the draft year-on response is appended for Court's consideration and approval.

As with the 2010 ELIR, the handling of the ELIR reports has been taken forward with the intention of maximising its benefit to the student learning experience and University more generally. To that end, the areas for possible action contained within the ELIR report have been sifted out and combined with the University's ongoing Learning & Teaching Strategy Action Plan. This integrated approach continues the method applied to the 2010 ELIR report which was found helpful in fostering University ownership of the ELIR findings, and also in co-ordinating the action taken in response to various review and audit processes while minimising any duplication of effort.

The Learning and Teaching Strategy Action plan categorises the various actions arising from the ELIR report and other sources in accordance with the nine strategic aims of the 2010-15 Learning and Teaching Strategy. This structure is reflected in the structure of the year-on response.

As is required by QAA, the draft submission identifies actions, describes how they have been taken forward, notes how we will assess the effectiveness of actions and, where appropriate, provides an evaluation of the effectiveness of action already taken. We are also required to identify any area where action has not been taken and say why.

With Court's approval, the response will be forwarded to the QAA. QAA officers will check that we have addressed the main areas of our ELIR report. It will ultimately be made publicly available on the QAA's website. It will then form the basis of the next of our annual engagements with the QAA where progress with ELIR-related matters is discussed.

Action required

With Court's approval, the response will be forwarded to the QAA and the SFC. It will then be published on the QAA's website. Ongoing progress with ELIR-related actions will be discussed with and monitored by the QAA via annual engagement meetings.

Any questions may be addressed to:

Dr Jack Aitken, Director of the Senate Office - Jack.Aitken@glasgow.ac.uk or
Ms Jane McAllister, Assistant Director, Senate Office - Jane.McAllister@glasgow.ac.uk

Dr Jack Aitken
Director of Senate Office
1 December 2015
Enhancement-led Institutional Review 2014: Year-on Response

Introduction

As with previous ELIR exercises, the University of Glasgow’s approach in responding to its 2014 ELIR report has been to seek to maximise the benefit of the review for the learning experience of our students and for the University more broadly.

Following receipt of the ELIR Technical Report, the document was scrutinised by the University’s Senate Office. The 10 areas of positive practice and 6 areas for development identified by the ELIR team were noted and actions arising identified. These actions were incorporated into the ongoing Learning and Teaching Strategy Action Plan along with those that we had identified ourselves in our Reflective Analysis.

The Learning & Teaching Strategy constitutes the University’s strategy for quality enhancement. Its associated Action Plan integrates ELIR-related actions with other objectives that the University has selected so as to align activities in a way that maximises the meaningfulness of the ELIR, promotes ownership of ELIR outcomes and subsequent progress, and helps enhance the impact of the actions taken. The Learning and Teaching Strategy Action Plan has been in place since 2010. Progress on the original set of actions was excellent and many were fully completed by the time of the University’s 2014 ELIR.

In incorporating the actions identified from the analysis of the 2014 ELIR Technical Report into the Learning and Teaching Strategy Action Plan, we took the opportunity to update and refocus the entire Plan. The original actions were reviewed for completeness and ongoing relevance. Where work remained outstanding, discussion with the action ‘owners’ took place to reformulate the action to fit the current environment, and to identify metrics by which success might be more formally measured. The Action Plan was then re-aligned to the nine Strategic Aims of the 2011-15 Learning and Teaching Strategy.

In monitoring progress, action owners are asked to provide updates for each action indicating:

- work accomplished to date
- relevant timescales for the implementation of change
- how the effectiveness of change is being or will be evaluated, and
- an evaluation, where relevant, of the effectiveness so far of any change instituted.

Updates are requested annually (most recently in June 2015) and are made available in full at [http://www.gla.ac.uk/services/senateoffice/policies/learningandteachingstrategy/](http://www.gla.ac.uk/services/senateoffice/policies/learningandteachingstrategy/)

The information provided in these updates has been used to compile this year-on response. The following summarises the range of activity being taken forward; activities are grouped under the associated Learning & Teaching Strategic Aim.

Readers of this year-on response should note that the University is at the beginning of a new strategic period. The University Strategy for 2015-2020¹ was approved by the University Court in June 2015, and a Learning & Teaching Strategy, covering the same period, was

¹ The University Strategy 2015-20: Inspiring People Changing the World is available at [http://www.gla.ac.uk/about/strategy/](http://www.gla.ac.uk/about/strategy/)
endorsed by Senate in October 2015. Staff across the University, both in the Colleges and the Services, have been engaged in reflection on how they can support the new strategies through their work. As part of this, a new set of actions will be developed to facilitate the implementation of the 2015-20 strategic objectives

Summary of activity

**Aim 1.** To offer a culturally diverse learning environment that prepares students for local and global employment and citizenship and an experience built upon a wide range of world class-support services

Several strands of work focus on the continuing effectiveness of student support services to ensure that current and future demands of an increasingly diverse student population are met.

Our dedicated Equality and Diversity Unit continues to promote equality and diversity considerations in all standard practices and policies through staff training (52% of staff have completed training to date) and the Equality Impact Assessment process for all new policies. Recently, a review of the University’s Course and Programme Approval process recommended that consideration of Equality and Diversity issues be an embedded part of course and programme design and approval. For some time now, authors of new policies have been required to identify equality implications when they are submitted for committee approval. The effectiveness of this in identifying the need for Equality Impact Assessments has been inconsistent; consequently, guidance on this is being developed for committees.

Student support services continue to maintain high levels of student satisfaction, with the Student Barometer 2014 recording 92.6% satisfaction. An on-line appointment booking system has been developed and is being used successfully across student services. This has produced efficiencies for the services and the service users but, importantly, by recording Student IDs and linking to MyCampus data, management information is now available to permit analysis of service users against the demographics of the student body, so as to highlight any groups who appear less willing or able to engage. Progress with this has been delayed by other pressing priorities and the fact that the post of Director of the Student Lifecycle Support and Development Team has been vacant for the past session. However, the post will be filled from September 2015.

Pastoral and academic support for students is being enhanced through the roll-out of the revised Undergraduate Student Advisory System. This is a long-term project that began a phased implementation in 2011, aiming to reduce the adviser: advisee ratio to 1:25 and thus improve the experience of the students. While the Colleges have found this challenging to resource, the Chief Advisers report that the system is generally operating well. The College of Arts has proposed adoption of a different approach, whereby a team of professional advisers provide expert advice about University and other support services to students in the first instance, but refer students on to core academic advisers when necessary. A trial of this system is underway and will be reviewed in 2015. The next steps for the University will be to focus on the advising needs of the growing Postgraduate Taught community and to improve this service in line with work on undergraduate advising.

**Aim 2.** To enhance our position as a leading postgraduate university through further development and expansion of our portfolio of high quality, relevant taught postgraduate programmes to complement our extensive undergraduate provision

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2 The 2015-20 Learning and Teaching Strategy is available at http://www.gla.ac.uk/media/media_433176_en.pdf
3 The University’s student record system
Growing our postgraduate portfolio and population continues to be a priority for the University and we recognise the need to ensure our processes, policies and services keep pace with demand. The four College Graduate Schools were formed during the restructuring of the University in 2009. Their remit is to support, nurture and develop a vibrant, supportive and stimulating environment for Postgraduate Taught (PGT) and Postgraduate Research (PGR) students. All four have now developed and agreed strategies in place to ensure a high quality postgraduate student experience.

The ELIR Team noted that the University has in place codes of practice for postgraduate research students at institutional and college levels, but identified some conflicting advice contained therein\(^4\). We recognise the importance of ensuring that information is consistent, and a thorough review of the materials was undertaken during the summer of 2014 and the necessary changes made. Such reviews are now being carried out annually.

The ELIR Team also commented on the postgraduate experience in the context of the different monitoring and review processes which are applied to postgraduate taught and research provision, suggesting that the University should reflect on how the Graduate Schools maintain oversight of the totality of the postgraduate student experience\(^5\). The concern was that the annual progress review for individual PGR students was not equivalent to the annual monitoring process of the overall programme that occurs for postgraduate taught programmes, and does not include a broader review of student progression, or student feedback and engagement with training and research courses, across the postgraduate research student cohort.

The following arrangements are in place to maintain oversight of PGR and PGT experience. Academic governance structures require each College to have a Graduate School Board and a College Learning and Teaching Committee\(^6\). Graduate School Boards provide oversight of PGR and PGT programmes with regard to strategic matters and have responsibility for the pastoral support of both groups of students. College Learning and Teaching Committee take responsibility for curricular matters in relation to PGT programmes. It is recognised that there is a need for appropriate dialogue between these committees, and they are required to report to one another. This overlap has recently been demonstrated by a theme emerging from Period Subject Review (of Undergraduate and PGT programmes) that relates to Graduate Teaching Assistants (exclusively recruited from the active cohort of postgraduate research students). Deans (Learning and Teaching) and Deans (Graduate Studies) are meeting to discuss the issues and propose a way forward. They made an initial report to the October 2015 meeting of the Academic Standards Committee and, arising from that discussion, the Deans have been asked to reflect further on the development of a clear and consistent policy for GTA support and training.

With regard to the annual monitoring function, PGT programmes lend themselves to similar treatment to undergraduate programmes. Postgraduate research students, however, are fewer in number and follow more individual pathways. The equivalent annual monitoring function for them as a group is carried out by the Graduate School Board whose remit includes monitoring of a comprehensive range of issues concerning the PGR student experience: admissions; the appointment of supervisors, examiners and advisers; supervisor training; examinations, progress and assessment; and student induction and consideration of the provision of generic and research skills training for PGR students. We have not yet reflected on the operation of these procedures to determine where they might be strengthened. This action will be developed in the new year as a contributor to the strategic objective to achieve “Improved Administrative support of teaching and the student

\(^4\) ELIR Outcome Report, para 18
\(^5\) ELIR Outcome Report, para 16
\(^6\) Standard remits are provided here http://www.gla.ac.uk/services/humanresources/mgrs-admin/rolesresponsibilities/#d.en.262245
experience...through increased clarity and consistency of roles and professional support structures aligned to effective systems”. Another aspect where we recognise scope for improvement in relation to our PGR students’ experience is in student representation. Analysis of the student representative figures before and after the introduction of Student Voice shows a small increase. While this increase is positive, the issue remains challenging, with further work to be done to engage PGR students more fully in representation structures. A number of activities are under discussion with the SRC.

**Aim 3.** Via a robust, transparent and fair admissions policy, to attract the best talent, irrespective of background, to engage in and successfully complete their study at this University. In doing so, to remain the leading University of choice for talented students from under-represented groups.

We welcome the ELIR team’s recognition of our successful track record in recruiting and supporting widening participation students⁷ and restate our ongoing commitment to improving retention for students from MD40 backgrounds as well as other ‘retention risk’ students. Current activities being supported include an additional Orientation event and targeted support e-communications throughout Year 1. Our approach aims to identify those students who may need additional help, and to provide targeted support without such students perceiving that they are being singled out in any way. The Retention and Success Working Group has recently been replaced by a new Student Transitions Group to refocus work on a wider group of students and range of transitions throughout the student journey. This will also provide a forum for engagement with the current national Enhancement Theme. With regard to MD20 & MD40 students specifically, the recruitment target has been adjusted and is now more realistic; the WP admissions policy has been improved and promotion of WP entry routes and support enhanced. The latest data shows good progress on MD retention rates. Although overall it is still below our target, we are pleased to report that the MD20 figure already exceeds the target for 2017-18.

One of the alternative routes into the University for international students is via the Glasgow International College. As the ELIR Team noted, the University and the College work closely together to ensure the coherence of academic pathways and the integration of College students into the University environment. Progression from GIC to the University has increase from 60% in 2012-13 to 76% in 2014-15. Although GIC student progression and performance are improving, more action is required to ensure they reach the desired level. Academic colleagues from GIC and the University are meeting regularly to forge closer relations. The area where the greatest intervention is required is in the diversification of the GIC student body, both in terms of nationality and subject spread. The GIC student body remains predominantly East Asian and focused on subjects within College of Social Sciences, particularly the Adam Smith Business School. A new joint recruitment strategy has been developed and targets have been agreed until 2018-19. Work is ongoing across all four Colleges to ensure GIC students have access to as wide a range of programmes as possible.

**Aim 4.** To ensure that staff have excellent skills in teaching, in motivating and supporting student learning, have opportunities to continue to develop and improve their skills throughout their careers and that their excellence is recognised, celebrated and rewarded.

The ELIR Team recognised good practice and areas for development in the area of supporting staff⁸. This reflects the University’s view of its current position and also its belief that well supported staff will benefit the whole community, with a positive impact on the student learning experience.

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⁷ ELIR Outcome Report, para 5
⁸ ELIR Outcome Report, para 9 and 15
The Learning and Teaching Development Fund continues to be oversubscribed and successful, in terms of attracting many strong bids. For the most recent round, 31 bids were received, but available resources meant only 9 were funded. One of the key requirements of funding is the potential of the project for impact across the University. To explore and evidence this further, the Learning and Teaching Centre has recently completed an HEA-funded project entitled ‘Strategic Learning and Teaching Enhancement through funded teaching interventions’. This project investigated the impact of LTDF by analysing the outcomes of LTDF projects from the past 15 years to identify the nature, impact and longevity of the projects and specifically to identify those that have evolved to become embedded practices. The project aimed to identify factors that contribute to ‘success stories’ in order to influence future iterations of the LTDF process and the support we provide to funded projects. The findings of the project will be shared with the University Learning and Teaching Committee early in 2016.

The ELIR Team encouraged the University to continue developing its promotions criteria and the process for supporting the career development of staff on teaching, learning and scholarship contracts\(^9\). The University currently has in place a People and Organisational Development Strategy. This will be reviewed and refreshed following approval of the new University Strategy in summer 2015. Meanwhile, a short-life working group has been established with the specific objectives to: review and update the criteria for the recognition of teaching excellence used in promotions processes; propose revisions to the promotions process that will allow teaching excellence to be more effectively evaluated; and specifically for the Learning and Teaching promotions track, develop a coherent promotions pathway and propose revisions to the Performance and Development Review process that will support the career development of staff more effectively. Good progress is being made towards these objectives, and recommendations, expected towards the end of 2015, will be reviewed by Vice-Principals.

The University is also continuing to monitor the effectiveness of its approach to supporting continuing professional development for staff at all stages of their career. In our Reflective Analysis, we reported that the Learning and Teaching Centre was putting in place supporting structures for established academics to engage in CPD through a Continuing Professional Development Framework. The Recognising Excellence in Teaching (RET) CPD Framework and Recognition Scheme was accredited by the Higher Education Academy in 2014. The Scheme is aimed at engaging all staff with a teaching or supporting learning role in a development process that will allow them to gain recognition for their practice. The Framework will bring greater structure and progression to the existing range of CPD opportunities. The Scheme was piloted in 2014-15 with a select cohort of participants for the Associate (8) and Senior Fellow (13) categories of recognition.

**Aim 5.** To continually develop our assessment and feedback methods to be effective in promoting student learning, and efficient in their use of staff time.

In the reiteration of the Action Plan in summer 2014, no specific institution-wide actions were identified. However, assessment and feedback continues to be a priority for the University, as for many other institutions. In June 2015, Education and Policy Strategy Committee received an institutional and sector comparison of NSS scores in the Assessment and Feedback section. This was by way of introducing the topic of assessment and feedback as a focus of work for the next strategic period. Improving assessment and feedback scores in the NSS will be a Key Performance Indicator for the University going forward.

\(^9\) ELIR Outcome Report, para 15
Aim 6. To enhance the quality of our learning and teaching and uphold our academic standards while streamlining wherever possible the associated administrative processes

The University takes a robust approach to the enhancement of quality and maintenance of academic standards. We review the related administrative processes annually therefore a great deal of information is generated and recorded in the Learning and Teaching Action Plan. The summary provided here focuses on the processes that feature in the ELIR reports.

The ELIR Team identified the consistent application of assessment regulations in relation to Exam Boards as an area for development, suggesting that we ‘continue to monitor the impact of the University's guidelines on the use of discretion by exam boards to ensure consistent application of the assessment regulations across all exam boards’10. On consideration of this point, it was agreed that direct monitoring would require significant disproportionate effort and staff time. However, it was further agreed that Senate Office would undertake to monitor the operation of the guidelines through the Academic Regulations Sub-Committee and Academic Standards Committee and, periodically, through engagement with the Colleges. Following some clarification and revision of the guidelines, ARSC noted that there were fewer comments from external examiners regarding the exercise of discretion (December 2014). During 2014-15, one academic appeal included an issue regarding the exercise of discretion; the Senate Office responded by providing a briefing for the School concerned. A small number of queries regarding the exercise of discretion arise annually and we expect this to continue. Anecdotally, the evidence is that Exam Boards are implementing the Guidelines. Any misunderstandings identified are always addressed.

The University welcomes the ELIR Team’s encouraging comments on our approaches to identifying and sharing good practice11. It is an area that sees significant effort and activity across the academic community, including the Learning and Teaching Conference, Learning and Teaching Development Fund, Teaching awards, and is supported by information gathering via administrative processes. However, we believe there remains real scope to improve the impact of this work on enhancing learning and teaching and continue our efforts to raise awareness more effectively of areas of strength from which other parts of the University might learn. The most recent round of LTDF has supported a bid entitled ‘GUIT: building a “best practice” online community’ to develop a systematic approach to picking up local activity and making it readily accessible across the University.

Aim 7. To continue to build on our strong student-staff partnership to promote student engagement with learning and enhance student success

This is an important activity for us and we are proud of our positive relationship with the Students’ Representative Council (SRC). Responding to student feedback on our provision has become embedded in our culture over the years and we are committed to improving our communications with students to ensure they know their engagement and contributions are valued.

One of the areas for development identified in the ELIR reports concerned the clarity of purpose of the Student Voice12. The University’s intention was for the portal to provide a means of direct communication between students and their representatives and to facilitate other student-to-student communication. At the time of ELIR, usage was relatively low and staff and students were using other media. Since August 2014, usage has increased substantially, with 21,546 unique student users and 681,000 page views recorded. The number of topics raised has also increased to 2,633 from 1,074 last year. These usage

10 ELIR Outcome Report, para 17
11 ELIR Outcome Report, para 10
12 ELIR Outcome Report, para 14
statistics and the SRC’s summer 2014 consultation on the Student Voice both indicate that there is a demand for a student-to-student forum. However, a limited proportion of the current use reflects the University’s original purpose. A number of changes have been made to encourage different patterns of use. These have improved functionality, but have not seen much more engagement in discussion of academic issues. SRC, Senate Office and IT Services representatives now meet on a quarterly basis to plan further development, management and promotion activities. The next round of promotion activity will be planned to coincide with the arrival of the new intake of students. The Senate Office will engage with staff in Schools and Subject areas to promote the potential uses of the Student Voice with regard to posting Student-Staff Liaison Committee minutes and highlighting where student feedback has effected positive change. The SRC will also continue to promote Student Voice to new Class Reps through their training events and other fora. It is hoped that promoting awareness of the Student Voice and its structure to new students will encourage academic related discussion.

Course evaluation is a core method of gathering student feedback and input to quality enhancement. It takes engagement and participation in quality beyond the class representatives to the wider student body. We are working to improve our course evaluation processes to maximise their benefit. A Course Evaluation policy was developed during Session 2014-15 for implementation across the University for Session 2015-16. The policy stipulates that all courses must use a course feedback questionnaire that incorporates 5 core questions. It provides a range of optional question sets that can be added to gather data on specific topics and also emphasises the importance of closing the feedback loop. To facilitate the implementation of the policy, the University has adopted EvaSys Course Evaluation Software which greatly simplifies the design and distribution of questionnaires and the collation of data. EvaSys roll-out is progressing well across the University and, to date, 17 of the 19 Schools have adopted the system.

The Central Surveys Unit was established in 2014 to enhance analysis of the data sets generated by the various student surveys, e.g. National Student Survey, Postgraduate Taught Experience Survey, Postgraduate Research Experience Survey, Student Barometer, etc. The Unit has had a successful first year, with a fresh approach to reporting and maintaining the high participation rate of previous years for the 2015 NSS. The profile and awareness of PTES has been raised, and the manner of data distribution improved. Following disappointing participation rates for the Student Barometer and the International Student Barometer, the Unit are consulting with key members of staff to replace the Student Barometer with something that is more fit for purpose, more flexible and more timely.

**Aim 8.** To embed and make transparent within our programmes, and throughout the student experience, the opportunities for the development of attributes that enhance the personal and professional development of our students so preparing them for global employment and citizenship

The Graduate Attributes project has been very useful for staff in developing understanding of how generic skill sets are embedded in the curriculum. We have noted that, while students can talk about the skills they are developing through their courses and programmes and other activities, they are less aware of the term ‘graduate attributes’. As of July 2015, we are considering new approaches to supporting further development. This includes reviewing the currently vacant Graduate Attributes Development Adviser post with a view to creating another, more focused on supporting and strengthening student engagement and participation in activities that contribute to graduate attribute development.

Our intention to increase outward student mobility is being taken forward via the Strategy to Create International Experiences for Students (SCIES) which outlines the broad range of

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13 ELIR Outcome Report, para 8
activities which our students can engage in, including learning, study, work or volunteering, to internationalise their experience. Actions being taken to support this strategy include the introduction of a new marketing strategy for promotion of globalisation/mobility at UG level and new procedures for grade conversion and grade mapping, new support and recognition for mobility co-ordinators.

Work-based and Placement Learning opportunities are another element of preparing students for global employment and citizenship. In 2014, the University used SFC strategic funding for employability to fund five projects with work-based or placement learning elements. Graduate recruiters were identified as ‘critical friends’ to the projects to help the project leads gain a better understanding of the needs of employers and their expectations of academics. All five projects presented at the University’s Learning and Teaching Conference in April 2015. The project in the College of Social Sciences has had a positive impact, leading to further investment in the work. In each of the other Colleges, the participation in the projects has stimulated internal discussion about sustainability.

**Aim 9.** To continually improve our physical and virtual learning space to be a robust, accessible, and sustainable platform for innovation in our provision and the enhancement of student learning

Physical learning space is an issue which will ultimately be resolved through the planned expansion of the campus. The Campus Development Framework was approved by University Court and Glasgow City Council in 2014 following extensive public consultation. This major development project - which is larger than the original campus - is by nature a long-term solution. Current constraints continue to be challenging for staff and students. However, a theme running through our plans is the need to ensure the campus will accommodate future Learning and Teaching needs both in terms of capacity and pedagogy, and the first major initiative of the Campus Development Framework will be the creation of a purpose-built Learning and Teaching Hub to give the University more space and to enhance the student experience. The Hub will provide a 500- and a 300-seat lecture theatre that can be configured as one 800-seat auditorium to increase large teaching space capacity, alongside 1,250 learning spaces for students in a range of configurations, including individual formal and informal study space, bookable group study/teaching spaces and computer/IT suites of various sizes. The ambitious 18-month build period will begin at the end of 2015.

**Next Steps**

As noted above, the University is embarking on a new strategic period. Our new Strategic Plan for 2015-2020 was approved by the University Court in June 2015, and the new Learning & Teaching Strategy was endorsed by Senate in October 2015.

Technology-enhanced learning and online learning are key features across the range of the University’s strategies. We recognise the interrelationship of pedagogy, estates and information technology (IT) infrastructure as central to successful enhancement of the student learning experience in the future. Our current reporting structures were established before the need to align these activities became apparent. Steps are being taken to address this, as reflected in the recent expansion of the role of the Vice-Principal Learning and Teaching to include oversight of the University’s IT strategy. This will facilitate alignment of these two key strategies and help to ensure that learning and teaching activity across the University is securely underpinned by effective IT infrastructure.

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14 ELIR Outcome Report, para 13
15 Vice Principal (Academic and Educational Innovation) from July 2015
The University has embarked on strategic development of its online learning provision, and, though our BOLD (Blended and Online Learning Delivery) project, has committed £2.34M in 2013/14-2018/19 for the development of new programmes and courses and the adaptation of existing conventionally-delivered provision. Oversight of the development is carried out by a project board, with strategic oversight from the University Senior Management Group. Care is being taken to ensure quality and academic standards and their maintenance are consistent with our other provision and that appropriate infrastructure is in place to provide, inter alia, appropriate student support. Initiatives have been approved across the University, with particularly significant investment in the development of PGT programmes in the College of Medical, Veterinary & Life Sciences. Central investment has been augmented by the commitment of additional College funds including the appointment of an Associate Dean for Digital Education.

As these and other new Strategies are confirmed, we will continue our approach of using action plans to manage the streams of work that will move us forward to successful achievement of objectives.

In the most recent round of updates on the current Learning & Teaching Action Plan, we added metrics to evaluate progress in a more quantitative way. This has met with varying degrees of success. For some Action Owners, there was a disproportionate effort to obtain data; others were sceptical about the meaningfulness of the measures. In future, we will agree metrics and measures at the outset of projects, accepting that there will inevitably be some valuable activities that do not easily lend themselves to quantitative evaluation.