

WEB COPY

Court

Minute of Meeting held on Wednesday 11 December 2013 in the Senate Room

Present:

Mr David Anderson General Council Member, Ms Susan Ashworth Employee Representative, Mr Ken Brown Co-opted Member, Mr Peter Daniels Co-opted Member, Dr Robin Easton Co-opted Member, Professor Christine Forde Senate Member, Dr Marie Freel Senate Member, Professor Nick Jonsson Senate Member, Rt Hon Charles Kennedy MP Rector (Chair), Professor Karen Lury Senate Member, Mr Brian McBride General Council Member, Mr Alan Macfarlane General Council Member, Ms Jess McGrellis SRC President, Mr Donald Mackay SRC Member on Court, Cllr Pauline McKeever Glasgow City Council Representative, Ms Margaret Anne McParland Employee Representative, Mr Murdoch MacLennan Chancellor's Representative, Ms Margaret Morton Co-opted Member, Professor Anton Muscatelli Principal, Mr David Ross General Council Member (Convener of Court), Dr Duncan Ross Senate Member, Dr Donald Spaeth Senate Member

In attendance:

Ms Christine Barr (Director of Human Resources), Professor Steve Beaumont (Vice-Principal Research & Enterprise), Professor John Briggs (Clerk of Senate), Professor John Chapman (Head of College of Science & Engineering and Vice-Principal), Professor Frank Coton (Vice-Principal Learning & Teaching), Professor Anna Dominiczak (Head of College of Medical, Veterinary and Life Sciences and Vice-Principal), Mr Robert Fraser (Director of Finance), Ms Deborah Maddern (Administrative Officer), Mr David Newall (Secretary of Court), Professor Murray Pittock (Head of College of Arts and Vice-Principal)

Apologies:

Members: Professor Miles Padgett Senate Member, Professor Michael Scott-Morton Co-opted Member, Mr Kevin Sweeney General Council Member

Attendees: Ms Ann Allen (Director of Estates & Buildings), Professor Anne Anderson (Head of College of Social Sciences and Vice-Principal), Professor Neal Juster (Senior Vice-Principal)

CRT/2013/14. Announcements

Court welcomed Cllr Pauline McKeever, Glasgow City Council Representative, to her first meeting of Court and welcomed back Donald Mackay, who had been re-appointed as SRC Assessor. Court also formally welcomed Christine Barr to her first meeting as the newly-appointed Director of Human Resources.

Susan Ashworth, Peter Daniels and Robin Easton were attending their final meeting of Court. Court thanked them for their contributions to Court and wished them well in the future.

CRT/2013/15. Minutes of the meeting held on Wednesday 9 October 2013

The minutes were approved.

CRT/2013/16. Matters Arising

With regard to the reference at the previous meeting to Professor Frank Coton convening a working group to look at how best to plan for large student intakes, Court noted that the exercise was in hand and its scope included better integration of teaching accommodation needs with current and future planning data. This was particularly important in the context of the recent sharp increase in student numbers. It was noted that there might be some reduction in flexibility of subject choice for students, given what was likely to be a more forward-planned and rigid timetabling/class accommodation system. Jess McGrellis requested that action was taken as soon as possible to maintain a good student experience and asked that consideration be given to more creative use of large spaces when they were empty. It was noted that early use of the Western Site once available was a possibility.

In the meantime service provision was being reviewed in areas such as Sport & Recreation, the Disability Service and at the Student Advisory & Counselling Service, given the current pressures on them arising from high student numbers.

CRT/2013/17. Report from the Principal

CRT/2013/17.1 Research Excellence Framework (REF)

The University had made its REF submission on 27 November. This had involved a tremendous amount of work and co-ordination across the University community and the Principal recorded his appreciation to all those involved. The outcome was expected in December 2014.

Professor Steve Beaumont, Vice-Principal Research & Enterprise, briefed Court on key aspects of the submission and on ongoing follow-up work. An analysis of the submissions and process was under way. The introduction of the Impact Assessment element had been a key new feature of the exercise; details of case studies were noted. Professor Beaumont thanked all those involved in the REF preparation and submission.

Court noted a summary of submission details, recorded its thanks to all those involved in what had been a major exercise, and commended it to the University.

CRT/2013/17.2 Recent Awards

The Boyd Orr Centre for Population and Ecosystem Health had been nominated for a Queen's Anniversary Prize for Higher and Further Education, and had been successful. Court recorded its recognition for this achievement.

CRT/2013/17.3 Singapore Graduation - 18 October 2013 and Update on Trans-National Education Hubs

The event had been the University's first graduation ceremony outside Scotland in its history. Eighty students had received scrolls in a special ceremony to mark the first cohort of students to complete the Honours programmes run in collaboration between the University of Glasgow Singapore (UGS) and the Singapore Institute of Technology (SIT).

2013 had also seen the first cohort of students on the jointly-delivered engineering programme involving the University of Glasgow and the University of Electronic Science and Technology of China (UESTC). The collaboration had strengthened ties with UESTC, which had begun in 2009 with joint research and student mobility activity.

The application for a joint Graduate School with Nankai University in Tianjin was currently lodged with the Chinese Ministry of Education.

CRT/2013/17.4 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.

In response to a question from Duncan Ross regarding workload modelling, it was noted that further details would be brought to Court at a future date. An IT-based system was currently being developed, based on a common framework to be agreed, and which it was noted would be sufficiently flexible for local variations to occur. Court noted a request from Don Spaeth that lessons be learned from the MyCampus implementation and that the workload modelling system use existing data harvested from databases rather than require new data entry.

CRT/2013/18. Report from the Secretary of Court

CRT/2013/18.1 Review of Governance Arrangements

Court had agreed in June 2013 that a Working Group should consider the composition of Court and report to the October meeting. In October, Court had approved the Working Group's recommendation to proceed with Draft Ordinance 206, as originally approved by Court in February 2011. The draft Ordinance was intended to ensure a clear lay majority, and to assist Court in achieving a suitable balance of skills and experience. If the Ordinance were approved, the number of Co-opted members would increase from 5 to 10, the number of General Council Assessors would fall from 5 to 2, and the number of Senate Assessors would fall from 7 to 5.

The Ordinance had been on hold at the Privy Council since March 2011, on the advice of the Scottish Government and pending the outcome of the Review of HE Governance in Scotland. David Ross and David Newall had recently visited the Scottish Government to explain Court's desire to proceed with the new Ordinance in order to comply with the terms of the new Scottish Code of HE Governance. They had asked that the Government confirm its support for the new Ordinance as soon as possible, or alternately that it clarify any concerns it may have regarding it. A response was awaited from the Scottish Government. Advice was also being sought on whether the Scottish Government or the Privy Council would require the University to undertake further consultation before finalising the text of the Ordinance.

Court agreed that, given the urgency arising from the timing of upcoming vacancies on Court in 2014, David Ross, the Principal and David Newall should brief Court by email if a response from the government was received before the next meeting. Court noted a request from Don Spaeth that Senate's interest in this matter should be borne in mind also.

On a related matter, the Committee of Scottish Chairs had met in October and discussed the universities' response to the new Scottish Code. As the body responsible for the new Code, the Chairs intended, in the spring of 2014, to review universities' compliance with the new Code and to invite them to report on steps they had taken to improve their governance practice following publication of the Code in July 2013.

CRT/2013/18.2 Nominations Committee Business

CRT/2013/18.2.1 Court membership

At the June meeting, Court had approved a recommendation that an advertisement seeking co-opted members of Court be drawn up, with the aim of recruiting three suitably qualified members with expertise in, respectively, financial, estates and academic management. The current position regarding these three appointments was:

Finance: Suitable candidates had been interviewed for this position and Nominations Committee was recommending that Graeme Bissett be invited to become a Co-opted member of Court and a member of the Finance Committee for a period of 4 years with effect from 1 January 2014. Court approved the nomination.

Estates: Four suitable candidates had been interviewed for this position, with a final candidate to be interviewed on 17 December, following which a recommendation would be made to Nominations Committee, and, assuming that Nominations Committee agreed on a recommendation to Court, Court's approval would be sought by email. The recommended candidate would then assume membership of Court with effect from 1 January 2014 and being able to attend the February meeting of Court.

Academic: The timescale for appointment to the academic management role on Court was less pressing, with the preferred candidate to assume office on 1 April 2014. It was intended to bring a recommendation to Court, via Nominations Committee, at the February meeting.

CRT/2013/18.2.2 Committee membership

There was currently a vacant position on Audit Committee and, in addition, Court had agreed in June that Remuneration Committee should be augmented by the appointment of an external lay member. A report on these two positions would be brought via Nominations Committee to Court in February. In addition, as previously advised, once the new co-opted members of Court were appointed, Court would be invited to appoint two new members to the Nominations Committee. This would be to fill the vacancy that will arise at the end of Robin Easton's current term of office, on 31 December, and to increase by one the number of lay members on Nominations Committee, as agreed by Court in June 2013.

CRT/2013/18.2.2 Nominations Committee review

Court agreed to an external person being engaged to undertake a review of the way in which the Committee operated, by way of good governance practice.

CRT/2013/18.3 Glasgow University Union

On 25 November, Glasgow University Union had published the report of the inquiry into the culture within the Union. The inquiry had been convened by Professor Noreen Burrows, and contained a series of recommendations on future procedures, practice and constitutional arrangements. The GUU Board had published its response to the inquiry, accepting all the recommendations and setting out the steps that would be taken to implement them. Amendments to the GUU's constitution would be considered by the Union's AGM in March. These would require Court approval, and a paper would therefore be brought to the April meeting of Court.

With regard to progressing actions which the Board had previously indicated it would take forward, and to ensuring that this did indeed happen given the serious nature of what had occurred at the Ancients Debating Championship in April, David Newall confirmed the matter would be followed up through regular meetings which senior management had with GUU representatives. Court requested that the Student Finance Committee also maintain a watching brief on progress and let Court know if there were any concerns following the Committee's meeting in April 2014, with a view to further discussion at a future meeting of Court if necessary.

CRT/2013/18.4 Employee Representative on Court

Susan Ashworth's term on Court would end in January 2014. Three nominations including a Joint Union Liaison Committee (JULC) nominee had been received by the closing date of 6 December. An election would be held in the new year.

CRT/2013/18.5 Student Representative on Court

Donald Mackay had been reappointed as SRC Assessor on Court until 31 October 2014.

CRT/2013/18.6 Director of Human Resources

Christine Barr had been appointed Director of Human Resources with effect from 1 December.

CRT/2013/18.7 Estates Strategy Day

Court agreed that a half-day session should be arranged for April 2014, to discuss the Campus Strategy ahead of formal presentation of the strategy for approval later in the year.

CRT/2013/18.8 SRC Constitution

David Newall had approved a minor change to the constitution, relating to study abroad students being able to submit nominations in absentia to positions on the SRC Council.

CRT/2013/19. People and Organisational Development Strategy

At the pre-Court briefing, Court had received details about the People and Organisational Development Strategy. The finalised Strategy had been approved by the Principal's Advisory Group and the Human Resources Committee in November, following earlier consultation with SMG, the HR Committee and the Campus Trade Unions. At November's HR Committee, it had been agreed that the Strategy should be presented to Court in December for its approval.

The Strategy laid out the vision, mission and strategic HR objectives comprising seven key themes. In addition to the Strategy, a draft Delivery Action Plan and a number of Key Performance Indicators, of which more were also planned, had been developed. The Action Plan was intended to be a working document, subject to amendment as appropriate, as the Strategy was rolled out and implemented. This would involve Human Resource management teams and others across the University, with aspects of the Strategy being integrated into operational plans at a local level within Colleges and University Services.

The identification and development of KPIs for HR was potentially more challenging than for other areas such as Finance and Estates. Feedback and comments from Court on the proposed KPIs and inclusion of additional KPIs was welcomed. Many of the KPIs previously considered by Court had been incorporated within the new analysis.

Margaret Anne McParland asked if the University was willing to be an accredited Living wage employer. In response, Christine Barr noted that this was a matter that the University was happy to discuss with the trade unions.

Court had been invited to provide any comments on the draft Delivery Action Plan and the proposed KPIs. Court endorsed the implementation of the Strategy aligned to the University's Strategic Plan.

CRT/2013/20. Reports of Court Committees

CRT/2013/20.1 Finance Committee

CRT/2013/20.1.1 University Financial Statements as at 31 July 2013

The Director of Finance, Robert Fraser, gave a presentation on the University's financial statements for the year to 31 July 2013.

The operating surplus was £11.0m (£11.1m after exceptional items), which was the eighth consecutive operating surplus after a decade of operating deficits. This was £4.5m better than original budget, with £5.5m from operational movements (including staff savings of £3.9m and increased income of £1.7m offset by higher consumables of £1.6m), movements in endowments, FRS 17 and subsidiaries total -£0.8m. Cash and deposit

balances had closed at £152.5m, which was an increase of £35.6m in the year, mainly due to operating cashflows. Capital expenditure for the year was £27.2m, which was an increase of £4.4m compared to 2012. There had been an 18.8% increase in the value of endowment assets due to a higher return on investments in the year.

The net pension liability for the University of Glasgow Pension Scheme and Strathclyde Pension Fund had decreased by £62.8m due to greater than expected asset returns and changes in actuarial assumptions.

Court approved the University Financial Statements for the year to 31 July 2013. Court thanked Robert Fraser and his team for their work. Court's thanks to the Colleges, for their efforts in ensuring the positive end of year outcome, were recorded.

Ken Brown, chair of the Finance Committee, highlighted the success of the Singapore Institution of Technology activity, reflected in the financial statements, and extended congratulations to those involved.

CRT/2013/20.1.2 Universities Subsidiaries and Trust Financial Statements as at 31 July 2013

Court approved the financial statements of the subsidiary companies and Trust.

CRT/2013/20.1.3 US GAAP

Court noted that the Finance Committee had received consolidated financial statements prepared in accordance with the United States Generally Accepted Accounting Principles (US GAAP) for submission to the US Higher Education Department. Finance Committee had agreed to recommend the accounts to Court.

CRT/2013/20.1.4 Stevenson Building Extension Update

All five tenders returned for the project had been substantially over budget. The project team had therefore sought to achieve savings through value engineering, while still retaining the functionality and features required in the development. At Estates Committee, it had been reported that, following the value engineering exercise, the project was an estimated £440k plus VAT over budget. Estates Committee had agreed on the importance of delivering the capital project, but had asked that further work be committed to reviewing costs so that, before Finance Committee was asked to approve a revised budget, there would be a greater degree of confidence regarding the likely cost of the project. Finance Committee had supported this approach and had asked to be updated at its next meeting, in January 2014, when it should receive a revised business case for the project. The Sport & Recreation Service and the GUU had each been asked to consider fully the impact these changes would have on their income projections.

CRT/2013/20.1.5 Clydesdale Bank Facilities Letter

Finance Committee had discussed the position with regard to the Clydesdale Bank, noting that Audit Committee had raised the issue of the Bank's credit rating. Although the holding company, National Australia Bank, was rated AA, the Clydesdale Bank itself was not. The Committee had agreed that the risk/exposure was significant, given the substantial funds which could be deposited overnight.

The Committee had agreed that banking services should be put out to tender.

CRT/2013/20.1.6 Endowments Investment Report

Court noted the Endowments Investment Report.

CRT/2013/20.1.7 Financial Overview

Court noted the Period 2 2013/14 Overview of Performance.

CRT/2013/20.2 Audit Committee

Kevin Sweeney would present the annual report from the Audit Committee to Court in February 2014, since he had tendered apologies for the current meeting.

The Audit Committee had received the 2012/13 financial statements for the University and subsidiaries, together with the external auditors' report and the draft management representations. The Committee had also received the annual report from the internal auditors.

The Committee had asked to be kept updated with regard to IT Resource and Management matters, where the Committee had noted that a report on IT-related matters was being compiled for Information Strategy and Planning Committee, for further discussion at SMG.

Over the summer, a tendering process had taken place for the contract to provide the internal audit service. PricewaterhouseCoopers had been successful in securing the new contract and had replaced Deloitte from 1 November 2013. Their contract was for three years.

CRT/2013/20.3 Human Resources Committee

The HR Committee had received an update report regarding industrial action, progress with the Early Career Development Programme, Performance and Development Review and the HR system implementation. The People and Organisational Development Strategy and the associated Delivery Action Plan and KPIs had also been discussed and approved, and had now been presented to Court. The revised Flexible Working Policy had been approved by the HR Committee on behalf of Court.

The equal pay report had been discussed and it had been agreed that this would be reviewed on an annual basis by the HR Committee as one of the future HR KPIs.

CRT/2013/20.4 Estates Committee

CRT/2013/20.4.1 Estates Committee Remit

Court endorsed Estates Committee's approval of a revised remit, amending it from:

"Develop and maintain strategic estates plans for consideration by Court, taking into account academic need, resource implications and the importance of environmental sustainability"

to:

"Develop and maintain strategic estates plans for consideration by Court which support the delivery of the University's Strategic Plan taking into account resource implications and the importance of environmental sustainability".

The remit has been reviewed in the context of ensuring that the future business of the Committee was focused on delivery of the University's Strategic Plan.

CRT/2013/20.4.2 Estates Committee Business

Court noted the progress made in respect of the Estates Strategy, the successful award of

HLF funding and in respect of the Kelvin Hall project, and the current position in respect of the GUU/Stevenson project which had been referred to in more detail under the Finance Committee report.

CRT/2013/20.5 Remuneration Committee

This item had been considered at the beginning of the meeting, and in the absence of the Principal and Court attenders, with the exception of the clerk and the Director of HR, Christine Barr.

The report was noted, including details of the Committee's annual review of the salaries of the Professoriate and of members of the Senior Management Group, where for the latter group salaries had been uplifted on a scale of 0% to 2%, depending on performance in the previous year. Court agreed that as a matter of retention of high performing senior staff, pay awards were desirable. Court noted Margaret Anne McParland's comment that all categories of staff should be offered the same percentage uplift, in accordance with the Remuneration Committee's own statement about pay constraints. Court also noted that with the inclusion of increments, the average increase for staff in general was expected to be approximately 2.5% and that many staff also had the opportunity to apply for awards through the reward and recognition process. Court further noted a comment that a large proportion of staff on lower pay did not get these latter awards nor did they have the opportunity to apply for them.

CRT/2013/21. University of Glasgow Pension Scheme UGPS

At the October meeting, Court had confirmed its earlier decision that benefits under the existing UGPS scheme should be brought into line with those under USS, and that the existing scheme should be continued for existing members but closed to new entrants, with a new Defined Contribution Scheme offered to new entrants.

Court had also been advised that the addressing of the ongoing deficit within UGPS was a separate matter and was being discussed with the Trustees and their actuary, with a view to a shared set of assumptions on the discount rates and the deficit level which would inform the recovery plan. The expert working group set up earlier in the year, with a remit to consider proposals from SMG, had therefore continued to exist, given that these matters had not concluded.

Court noted that significant progress had been made recently, with coalescence between the University and the Trustees on the assumptions used and therefore the level of deficit. Court noted a written report on the updated position and a further update from Robert Fraser, Director of Finance at the meeting, noting in particular that volatility of markets remained a key factor.

Court was asked to consider recommendations relating to: creating a security to the benefit of UGPS, to be restricted to a named asset or building; paying an additional annual contribution into the past service deficit until the scheme was fully funded on the currently agreed technical provisions; the introduction by the Trustees of a dynamic de-risking strategy (to involve a move away from equities to a more stable vehicle), aimed at reducing the inherent investment risk in the scheme - this strategy would be determined by the Trustee's Investment Advisory Committee for the scheme based on an open tender exercise; increasing the deficit funding if a collapse in asset values drove the funding level below a level that was as yet to be agreed; and authorising SMG to agree increases in the current benefit accrual costs up to the budgeted level approved by Court. These matters, including the proposed use of current cash balances, would require to be verified by the Covenant Assessment team in the accountancy firm engaged for the exercise.

Court noted from Ken Brown, the chair of the subgroup, that in the context of the Pensions

Regulator pursuing the matter vigorously, the group considered that the proposals were sensible and pragmatic, and that, with regard to the security, did not impinge on the University's ability to fund major projects such as the Western Infirmary development.

Brian McBride questioned in particular the need for such a long-term proposed solution at such an early stage, in the context of recent market drops having been extreme, the more recent upturn being significant, and a lack of evidence that matters would revert to the previous very negative position. Robert Fraser referred to the need nevertheless to manage the risk, in a practical way over a number of years, which the present recommendations sought to do. If it transpired that the sums required to meet the UGPS deficit were able to be covered in a shorter timeframe, or reduced to zero, then under any arrangement agreed with the Regulator, payments would be able to cease.

Court noted that the Regulator was currently demanding that measures be taken, with all other affected institutions in a similar position, therefore a proposal agreed by all parties connected to UGPS would be required within the timeframe of June 2014 set by the Regulator, otherwise the latter could impose a solution, a situation which the University wished to avoid. Court noted also that the University remained ultimately liable for the deficit and therefore a cash contribution of some kind, made in a managed way, was going to be essential.

With regard to the de-risking strategy, it was noted that, if approved, this would involve an individual fund manager who would be involved in a much more detailed way than was currently possible with the investment managers, and who would be looking at assets and liabilities on a much more frequent basis to make appropriate adjustments.

Following further discussion, Court agreed that members with particular concerns would contact Robert Fraser with the details, ahead of Mr Fraser providing an update to the February 2014 Court meeting, the update to include further details about the context of the situation leading to the proposals; more information about the flexibility of the solution, for example if payments would be able to be reduced, or a re-negotiation of terms be possible, if markets improved; and more information on the form, terms and potential impact of the security. A final decision would be made at the February 2014 meeting. It was also agreed that, in the circumstances, the subgroup would continue to exist.

CRT/2013/22. Report from the Rector

The Rector had highlighted a clear theme running through much student interaction, relating to problems and pressures generated by the large numbers on campus. With regard to disability provision on campus, in the current session the Rector had heard more specific and general expressions of concern, possibly as a consequence of larger number of students. One particular point raised had been that there was not a designated autism expert within the professional campus provision.

Court noted that the matter of Wednesday afternoons being set aside for sporting interests, and other possible options that might be considered to permit flexibility, was being discussed

The Rector had also noted that the GU Climate Action Society was running an online petition relating to investments in companies associated with fossil fuels and might formally seek University disinvestment based upon ethical considerations. The matter would be dealt with via the Policy on Socially Responsible Investment, with representations to be made in the first instance to the Secretary of Court. The key criterion against which specific cases would be considered would be whether the activity complained of and substantiated by the concerned group, was wholly contrary to the University's value systems.

Court noted details of a House of Commons Questions relating to a recent Home Department (Immigration) debate, in particular a point on international student figures and disparities

between the UK university sector's view about potential loss of income and international goodwill, and figures published recently showed an increase on the previous statistics for numbers of such students going to UK universities.

CRT/2013/23. Any Other Business

There was no other business.

CRT/2013/24. Date of Next Meeting

The next meeting of the Court will be held on Wednesday 12 February 2014 in the Senate Room