

## **WEB COPY**

### **Court**

#### **Minute of Meeting held on Tuesday 24 February 2015 in the Senate Room**

##### **Present:**

Mr Dave Anderson Employee Representative, Mr David Anderson General Council Assessor, Professor George Baillie Senate Assessor, Mr Graeme Bissett Co-opted Member, Mr Ken Brown Co-opted Member, Ms Heather Cousins Co-opted Member, Professor Christine Forde Senate Assessor, Dr Carl Goodyear Senate Assessor, Mr Marvin Karrasch SRC Assessor, Professor Karen Lury Senate 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, Ms Breffni O'Connor SRC President, Mr David Ross General Council Assessor (Convener of Court), Dr Duncan Ross Senate Assessor, Dr Donald Spaeth Senate Assessor, Ms Lesley Sutherland General Council Assessor, Professor Paul Younger Senate Assessor

##### **In attendance:**

Professor Anne Anderson (Head of College of Social Sciences and Vice-Principal), Ms Ann Allen (Director of Estates & Buildings), Ms Christine Barr (Director of Human Resources), Professor John Briggs (Clerk of Senate), Professor Muffy Calder (Head of College of Science & Engineering and Vice-Principal), Professor James Conroy (Vice-Principal Internationalisation), Professor Jon Cooper (Vice-Principal Innovation & Knowledge Exchange), 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 Brian McBride General Council Assessor, Cllr Pauline McKeever Glasgow City Council Representative, Mr Murdoch MacLennan Chancellor's Representative

**Attendees:** Professor Frank Coton (Vice-Principal Learning & Teaching), Professor Anna Dominiczak (Head of College of Medical, Veterinary and Life Sciences and Vice-Principal), Professor Miles Padgett (Vice-Principal Research)

##### **CRT/2014/22. Announcements**

Court welcomed Professors Muffy Calder and Roibeard O Maolalaigh to the meeting.

##### **CRT/2014/23. Minutes of the meetings held on Wednesday 17 December 2014**

The minutes were approved.

##### **CRT/2014/24. Matters Arising**

There were no matters arising.

## **CRT/2014/25. Report from the Principal**

### *CRT/2014/25.1 Universities Superannuation Scheme USS*

At the previous meeting, Court had been updated to the effect that there had been continuing discussions through the Joint Negotiating Committee of USS between the employers and UCU. The negotiations between the Employers Pension Forum of Universities UK (UUK) and UCU had now led to the agreement on a joint proposal for a revised benefit structure for USS. This joint proposal for USS benefit reform had been approved at the JNC meeting on 29 January without a vote, and put forward to the USS Trustee Board.

The reforms proposed were designed to address the deficit in the scheme and to mitigate the risk that contribution rates would become unaffordable for employers and employees alike.

In summary, the proposal was that final salary accruals would cease as at 31 March 2016, with benefits built up before this date being protected. Future defined benefits would be built up in the Career Revalued Benefits section of the scheme, based on an accrual rate of 1/75th of actual pensionable salary. Benefits in this section would be based on the first £55,000 of the member's pensionable salary (indexed), based on actual pay. Any pensionable salary over this threshold would be pensioned through a new Defined Contribution section of the scheme.

The proposal had led to appropriate consideration by the USS Trustee Board on the setting of the technical provision assumptions, following intensive discussions between the USS Trustees, the Employers and the Pensions Regulator, particularly given the difficult post-valuation experience in the scheme. The setting of the assumptions by the Trustees on the technical provisions allowed for the employers (blended) contribution rate to be set at 18%. There would now be a statutory consultation process with current and prospective USS members, expected to begin in mid-March, for at least 60 days.

Court recorded its appreciation of the Principal's and colleagues' efforts in achieving the progress to date.

### *CRT 2014/25.2 City Deal/Appointment to Chair of the Commission on Urban Economic Growth*

Court congratulated the Principal on his appointment as Chair of the Commission on Urban Economic Growth. This appointment was associated with the £1.13billion City Deal for the Glasgow City Region. In tandem with this, Lord Haughey had been appointed Chair of the Glasgow and Clyde Valley Economic Leadership Board. The bodies were being created to assist the newly established Glasgow and Clyde Valley Cabinet in dealing with the co-ordination and maximisation of wider economic development activity related to the City Deal.

The Deal would fund major infrastructure projects, drive innovation and growth through the support of key sectors such as life sciences, and address challenges in the region's labour market. Funding for the initiative came from the UK and Scottish Governments who would each give the City Region £500million in grant funding, and the local authorities would borrow a further £130million. The life of the project was 20 years.

### *CRT/2014/25.3 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.

With respect to SMG business, Court noted that analysis was being undertaken of areas connected to metrics used in some league tables.

## **CRT/2014/26. Reports on Strategic Plan/Improvement Programmes, Staff Survey and Estate Strategy**

### *Strategic Plan/Improvement Programmes*

In June 2015, Court would be asked to approve the University Strategic Plan 2015-20. The Plan had been the subject of an early briefing at the Court Strategy Day on 30 September 2014, and, since then, Professor Neal Juster, Senior Vice-Principal and Deputy Vice-Chancellor, had led the development of the Plan, through an extensive process of consultation. Court had received details of progress to date, including a revised statement of the mission, vision and values of the University, and the priority themes that the new Strategy would seek to address, together with the action that was planned to take forward a coordinated set of improvement programmes, to ensure the strategy was delivered, that financial delivery of the Estates Strategy was on a sustainable footing and that staff were fully engaged in delivery of the institution's aims. Court also noted details of progress against University KPIs.

The three themes of change and improvement that had emerged from the various consultation events were: *Focus* on optimising teaching and research to ensure the needs of students and funders were best met, with Court noting that Schools and Colleges would be the driving force for change, to be achieved within agreed budgets and in the context of market research; *Agility* to respond to changes and opportunities, eliminate bureaucracy and build flexibility for staff to act in pursuit of the University's strategic goals; and *Empowering People* with individual responsibility to work towards the successful fulfilment of the University's strategic goals. Pursuing and implementing the themes, through an improvement programme, would require significant resources. Court heard that SMG had approved individual work streams and associated operational groups to develop remits and work plans, with major milestones, and advise on required resources for the themes. SMG would receive regular updates on implementation and would act as the governing body for the improvement programme. Issues of cost efficiency would be addressed within the focus and agility themes.

In discussion, comments were noted with regard to: IT and other systems/processes requiring to be as streamlined as possible; community (rather than 'civic'), and wider economic, engagement being stressed as very important; consistency in differentiating strategic and operational matters; and the importance of positive and aspirational language and tone for the Plan.

The Strategic Plan would be presented to the June 2015 meeting of Court for final approval. In the meantime Court gave its very positive support to the Plan's continued development.

### *Staff Survey*

Court had received details about the high-level outcomes from the 2014 Staff Survey. Areas of good practice included equality & diversity, job satisfaction, line management and physical environment; areas for improvement included workload pressures, management of change, communication, strengthening leadership effectiveness and feeling valued.

Christine Barr, Director of HR, briefed Court about actions being taken following the Survey, which would focus on areas including effective structures and team working; leadership development; staff engagement and involvement; and internal communication, including IT and web-based strategies. The actions also linked closely to the *Empowering People* strand emerging from the development of the Strategic Plan.

### *Estate Strategy*

Court had received a paper prepared by Ann Allen, Director of Estates & Buildings, which followed extensive work in recent months at SMG and had involved the Court Working Group established to oversee the development of the Campus Estate Strategy. Court heard that the Estate Strategy was underpinned by the key principle that the estate was an enabler. The Estate Strategy was closely linked to the University's Strategic Plan, as were the individual projects proposed within it.

Court noted the proposed capital investment plan for the next ten years, which aligned with the principles set out in the Estate Strategy and proposed investment in new buildings which encouraged greater collaboration and knowledge exchange, and focused on both the student experience and research excellence. The plan would see up to £450m of additional capital expenditure supporting the development of new buildings, refurbishment of significant existing buildings and investment in infrastructure essential to support the University. The sum was in addition to c£175m of pre-existing/committed project spend and c£150m ongoing revenue spend on regular maintenance and minor upgrades over ten years, and was in line with the current financial sustainability model for the University. To support this investment, the University would introduce robust governance arrangements for large estates capital projects. The Campus Development Framework would continue to inform the strategy, which it was noted would be implemented in a phased way for reasons of resource (financial and staffing) and of minimising disruption as far as possible. With regard to the personnel required and whether this was at a sufficient level, Court was advised that staffing levels would be looked at for each project as it was submitted.

Court noted input from the University Audit Committee to the effect that there needed to be an identified governance forum and management information flows to enable the risks around affordability at the overall programme level to be monitored and managed. To this end, Court had been provided with details of the Governance and Accountability structure, within the paper circulated for the meeting. Court noted that it would be kept updated regularly, through Estates and Finance Committees, as implementation of the Estate Strategy progressed. This would include an updated review of affordability whenever business cases for projects were submitted for approval. It was noted that to date the only commitment, which Court had approved, was for the design element of the Learning and Teaching Hub. For major projects (of £25m and over) the convener of the Project Governance Board would be accountable to Court and would present the business case, including details about funding and resourcing.

Further, in the context of Court wishing to see the various iterations of the campus development within an overarching strategy, and to be regularly informed about affordability and sustainability, it was agreed that the Court Strategy Day would be a suitable occasion for a comprehensive annual update, in addition to project submissions at regular Court meetings. Court would also receive its usual annual update on the University budget, at the June meeting.

With respect to risk associated with affordability, it was noted that three main elements existed, which had been analysed by the Finance Committee. The main elements were sustained cash flow generation, where in terms of mitigation, capital plans would if necessary be reviewed if cash flow changed, and where it was noted that contingency existed for external factors that might increase costs; the level of potential philanthropic giving, where a feasibility study had been undertaken ahead of the proposed capital programme being finalised; and the disposal programme, which was closely linked to the eventual configuration of the campus and was subject to market movements. The risks associated with this latter element would be monitored.

In discussion, it was clarified that maintaining the integrity of the campus was an important factor, but that this did need to be balanced against appropriate, and carefully managed, property investment and disposal opportunities. It was also confirmed that analysis of likely patterns of

movement around a reconfigured campus had been undertaken.

Following consideration of the paper, Court approved:

- a ten-year capital plan of the University's priority projects including the development of a new Learning and Teaching Hub, a Research Hub, co-locations within some Colleges, new builds and refurbishments; when added to existing capital commitments and to planned maintenance expenditure in the next ten years, this plan involved a total commitment of £775million over 10 years.
- a funding strategy to finance an estimated £450million of additional expenditure, which would be sufficient to fund the additional capital commitments set out in Annex A. This funding strategy involved £100million of borrowing and was in line with the University's financial sustainability model;
- a new estates capital investment governance structure and a proposal that all capital projects of £25m or above would require approval by Court of a recommendation from Finance Committee.

Court noted that business cases would now be developed for a number of new projects and that funding would be requested for fees to do this.

## **CRT/2014/27. Report from the Secretary of Court**

### *CRT/2014/27.1 Ordinance on Composition of Court*

At the December meeting, Court had agreed to initiate consultation on a draft Ordinance relating to the composition of Court, involving a reduction in the number of Senate Assessors from 7 to 6, a reduction in the number of General Council Assessors from 5 to 2, and an increase in the number of Co-opted members from 5 to 9.

Two responses to the consultation had been received. The response from the Council of Senate had been supportive of the draft Ordinance. The response from the General Council Business Committee (GCBC) had not been supportive. A Court Governance Working Group had met to consider the responses, which had also been provided in full to the present meeting, and had discussed how Court might respond to the matters raised by the GCBC. The group's meeting had included a discussion with the convener of the GCBC and a colleague. The group had agreed that there were areas where Court might be able to take steps that would help address the GCBC's concerns, principally through a commitment to measures that should ensure a continuing substantial alumni presence on Court, and a continuing role for the GCBC in helping to encourage suitably qualified alumni to apply for vacancies.

Court approved a recommendation from the Governance Working Group, supporting the Ordinance as drafted, reducing the number of Senate Assessors from 7 to 6, reducing the number of General Council Assessors from 5 to 2, and increasing in the number of Co-opted members from 5 to 9. Court confirmed a commitment to maintaining a strong presence of University of Glasgow graduates on Court and confirmed its support for a number of practical measures to be implemented to provide an active role for the GCBC in the future recruitment of Co-opted members.

Lesley Sutherland commented that she continued to have reservations about the Ordinance, and that while she recognised and welcomed the constructive conversation between the Working Group and the GCBC convener, this did not fully satisfy her reservations. Paul Younger commented that the draft Ordinance might be seen as a retrograde step in terms of the democratic process; David Ross commented that what was proposed would not exclude

Glasgow graduates but would permit the widest possible pool in terms of applications for Co-opted positions on Court.

#### *CRT/2014/27.2 GU Holdings Ltd*

GU Holdings Ltd was the University's investment company for subsidiary and spin-out company activity. At the previous meeting, new arrangements had been proposed for the operation of GUHL, covering the visibility of decision-making and the appointment of Directors. Court had noted the views of a former member of Court and one of the current Directors of GUHL, who had expressed reservations regarding the future composition of the Board of Directors, in terms of the balance of expertise among the members, and the need for the Board to have access to advice from experts with a practical understanding of issues affecting technology spin-outs. Court had asked that the proposals on GUHL should be considered afresh in the light of the concerns.

Court now approved revised recommendations relating to the future operation of the company. This included an increase in the number of Directors from four to five, including two external members, with all Directors to be appointed by Court on the recommendation of the Nominations Committee, and on the basis that there was no conflict that would impair their ability to make decisions wholly in the interests of the University. Expert advice would be available to the Directors through the attendance at each meeting of the Vice-Principal (Knowledge Exchange) and of staff from the Research Strategy & Innovation Office, and, as required, through procuring advice from external advisers.

In approving this Board structure, Court also approved the appointment of Professor Neal Juster, Senior Vice-Principal as Chair of the Board of Directors, and of Robert Fraser, Director of Finance, and Professor Muffy Calder, Vice-Principal and Head of the College of Science & Engineering as Directors.

#### *CRT/2014/27.3 HE Governance Code*

The Court Governance Working Group would meet in March to consider the outcome of the annual effectiveness review of Court and also, with reference to the Code, to ensure that the University was addressing all its responsibilities in terms of good governance. The group would report to April Court, at which meeting the appraisal of the Convener would also be an item, given the absence at the present meeting of Murdoch MacLennan, who had co-ordinated the appraisal.

#### *CRT/2014/27.4 Counter-Terrorism and Security Bill*

The draft Bill included clauses designed to address campus extremism, placing a new statutory duty on institutions including universities to “prevent individuals being drawn into terrorism”. Strong representations had been made from across the sector that the Bill would place an unlawful and unenforceable duty on educational institutions. The principle of academic freedom currently placed a duty on universities to ensure that freedom of speech within the law is secured. It was not clear how this duty would work alongside the requirement to ensure freedom of speech. An amendment to the Bill had been agreed in the House of Lords, such that HEIs and the Secretary of State “must have particular regard” to institutions’ duty to ensure freedom of speech and academic freedom, and had been reflected in the published Act, which had received royal assent on 12 February. Separately, the Scottish Government had led a consultation process on Scottish guidance in relation to the Act, and had engaged positively with higher education institutions to put in place guidance that was measured and practical.

### *CRT/2014/27.5 Socially Responsible Investment Policy*

The University's fund managers had been asked to provide professional advice on the impact of the policy of disinvestment in fossil fuels on the financial performance of the University's endowment investments. In addition, the Glasgow University Climate Action Society had been offered the opportunity to provide evidence from other sources on the impact of fossil fuel disinvestment on financial returns. The University's Investment Advisory Committee would consider the details and advise Court. Advice would also be provided on the impact of the disinvestment policy on income for academic activity and on philanthropic income.

### *CRT/2014/27.6 Conflict Minerals*

In 2014, the SRC had supported a motion relating to the Conflict Free Campus Initiative, by calling on the University to make the reduction of the use of conflict minerals a priority in its procurement policy. A Court working group had met and discussed this matter with representatives of the group behind the initiative. A further meeting would be held on key points in the petition, and the working group was undertaking some enquiries about the current regulatory framework for HEIs and about the practicalities of action that might be taken in response to the SRC motion. Court would be updated further at a future meeting.

### *CRT/2014/27.7 Nominations Committee Business*

Court had approved the appointment of Mr David J Watt as a member of the Audit Committee for a period of four years from 1 February 2015.

### *CRT/2014/27.8 General Council Business Committee convener*

Mr John Marsh had been appointed as convener of the GCBC for a period of four years from 31 January 2015.

## **CRT/2014/28. Reports of Court Committees**

### *CRT/2014/28.1 Finance Committee*

#### *CRT/2014/28.1.1 Chemistry Laboratory Development: Capex application*

The Committee had received a paper seeking additional funding of £380k to accommodate an overspend on laboratory refurbishment. The Committee had sought and had received assurance that the changes recently made in the management of capital projects would ensure there was no recurrence.

#### *CRT/2014/28.1.2 Joint Educational Institute*

Finance Committee had given in-principle approval, subject to risk management considerations, to the formation of a Joint Educational Institute (JEI) with the University of Electronic Science and Technology of China (UESTC), which would grow the existing partnership between the two universities including expanding degree programmes, as well as exploring research collaborations in due course. Court noted a comment from the SRC President that the SRC should be involved in such discussions where its resources would be involved in a collaborative arrangement.

#### *CRT/2014/28.1.3 Finance Key Performance Indicators*

Court noted a report on finance-related Key Performance Indicators.

#### *CRT/2014/28.1.4 Endowments Investment Report*

Court noted an endowment investment report as at 30 November 2014.

#### *CRT/2014/28.1.5 Financial reports*

Court noted an Overview of Performance and a debtors report as at 30 November 2014.

The Finance Committee report was noted.

#### *CRT/2014/28.2 Estates Committee*

The report was noted. The Committee had received an update on the Estate Strategy, including details about the formal establishment of the Learning and Teaching Hub project and of the convening of a Project Development Board, with Professor Frank Coton as Project Sponsor. The project team had arranged for a wide range of representative groups to be engaged in the briefing process. The Committee had agreed that a policy on naming of buildings would be developed, to include a commitment that campus names should reflect the diversity of the University community.

#### *CRT/2014/28.3 Human Resources Committee*

The report was noted. The Committee had received an update on the current status of possible industrial action; forthcoming national pay negotiations; the outcome of the REF 2014; and the Transforming Research Management project. The Committee had received presentations outlining work to date on strategic Organisational Developments; and on competing in the International HE market. The Committee had approved the Shared Parental Leave Policy. The Management of Organisational Change Policy had been discussed and will come back to the Committee at a future date.

With regard to the matter of the Living Wage, Christine Barr would update Duncan Ross regarding ongoing discussions.

#### *CRT/2014/28.4 Health, Safety and Wellbeing Committee*

The report was noted. The Committee had received: reports from Occupational Health and the Safety & Environmental Protection Services; a report on the take-up of the Employee Assistance programme; an update on the creation of new safety committees; and had discussed the possibility of a policy on e-cigarettes, referring the matter to SMG.

#### **CRT/2014/29. Communications from Meeting of Council of Senate held on 5 February 2015**

The report was noted. The Council had received updates on Education Policy & Strategy Committee business, and the REF outcome. Council of Senate has submitted a response to the Scottish Government with respect to the consultation on the HE Governance Bill. Council of Senate supported the draft Ordinance on the composition of Court.

#### **CRT/2014/30. Any Other Business**

There was no other business.

#### **CRT/2014/31. Date of Next Meeting**

The next meeting of the Court will be held on Wednesday 15 April 2015 at 2pm in the Senate Room.