

University Court meeting 13 December 2017

The Court papers for the December 2017 meeting cover a number of key strategic matters including

The 2016/17 annual financial statements of the University and its subsidiaries

The annual report from the Audit and Risk Committee

The proposed establishment of a Student Experience Committee

The papers also include

Proposed Actions arising from the new Scottish Code of Good HE Governance

A report two years on from Court's decision relating to disinvestment in the energy sector, under the Socially Responsible Investment Policy

HR Data Analytics

Remuneration Committee minutes relating to the annual review of senior salaries

Court

Minute of Meeting held on Wednesday 11 October 2017 in the Senate Room

Present:

Cllr Susan Aitken Glasgow City Council Assessor (to item 8.1.2), Mr Aamer Anwar Rector (to item 8.1.3), Mr Dave Anderson Employee Representative, Mr Graeme Bissett Co-opted Member, Ms Heather Cousins Co-opted Member, Professor Lindsay Farmer Senate Assessor (to item 7), Professor Carl Goodyear Senate Assessor, Professor Nick Hill Senate Assessor, Dr Simon Kennedy Senate Assessor, Professor Kirsteen McCue Senate Assessor, Dr Morag Macdonald Simpson General Council Assessor, Ms Lauren McDougall SRC Assessor, Ms Margaret Anne McParland Employee Representative, Mr Ronnie Mercer Co-opted Member, Dr June Milligan Co-opted Member (to item 8.1.2 but not the discussion thereon) Mr David Milloy Co-opted Member, Professor Anton Muscatelli Principal, Ms Elspeth Orcharton Co-opted Member, Ms Elizabeth Passey Co-opted Member (Convener of Court), Ms Kate Powell SRC President, Mr Gavin Stewart Co-opted Member, Ms Lesley Sutherland General Council Assessor, Dr Bethan Wood Senate Assessor

In attendance:

Ms Ann Allen (Director of Estates & Buildings) (for item 5), Dr Neil Bowering (Interim Director Research Hub) (for item 5), Professor John Briggs (Clerk of Senate) (for items 10, 11 & 12), Professor Frank Coton (Vice Principal Academic and Educational Innovation) (for item 7), Dr David Duncan (Chief Operating Officer [COO] & University Secretary), Mr Robert Fraser (Director of Finance) (to item 3), Professor Neal Juster (Senior Vice-Principal), Ms Deborah Madder (Administrative Officer)

Apologies:

Members: Mr Murdoch MacLennan Chancellor's Assessor

CRT/2017/1. Announcements

Court was welcomed to the first meeting of the academic year.

Cllr Susan Aitken, Glasgow City Council Assessor, and Senate Assessors Dr Simon Kennedy, Professor Kirsteen McCue and Dr Bethan Wood were welcomed to their first meeting. Ms Kate Powell was welcomed to her first meeting in her capacity as SRC President, having attended the June meeting as an observer.

Lauren McDougall, SRC Assessor, was attending her final meeting. Court thanked her for her contributions to Court business and wished her well.

There were the following declarations of interest in relation to business to be conducted at the meeting: the Convener Elizabeth Passey in relation to the Remuneration Committee item on Convener remuneration; and Graeme Bissett and David Milloy in relation to recommendations by the Nominations Committee that they serve a further 4 year term as Co-opted members of Court.

The Convener referred to two items of general governance for Court meetings: that members should not raise matters relating to personal agendas, and that the Annual Schedule of Court Business indicated the cycle of Court business for the year, with a number of areas to be covered in more depth as part of Court agendas during the year, but which were not on the current agenda. Court also noted that the revised Scottish Code of Good HE Governance had recently been published and might result

in some changes to Court business in due course. A paper on the Code would be paper brought to the December meeting, with general feedback also invited from Court members in the meantime.

CRT/2017/2. Minutes of the meetings held on Wednesday 22 June 2017

The minutes were approved and would be signed by the Convener of the June meeting, Graeme Bissett, as a correct record.

CRT/2017/3. Matters Arising

There were no matters arising.

The Convener advised Court that the Rector would speak for 20 minutes rather than for the 10 minutes previously noted on the agenda.

CRT/2017/4. Report from the Principal

CRT 2017/4.1 Transformation Programme

At the Court meeting in June, Court had received a brief report on actions taken with respect to the Transformation Programme. The programme would engage with staff and students to define the services they needed and then effect change to improve business processes, enhancing efficiency and effectiveness and ultimately improving the University experience for staff and students. This would include establishing how Glasgow might embrace new technologies and innovative practices. The programme brought together the three workstreams (Focus, Agility, and Empowering People) set out in the Strategic Plan 2015-20. An external independent consultant had assisted in establishing priorities for the programme and for ways of working, and had helped design the new office's working methodology. A transformation team was being established.

A Vision and Charter had now been drawn up for the programme. Court received a summary of the programme's progress to date and of details of the Vision and Charter document, from Professor Neal Juster.

Court noted that the programme was not simply related to efficiencies in order to progress the capital plan: the primary aim was to achieve greater overall effectiveness, including implementation of more streamlined administrative processes across the University. It was agreed that the programme outputs might include analysis of benefits realisation, although this matter was already addressed in the capital plan.

In response to a query from the Rector about the level of engagement with staff, Professor Juster explained that there would be a high level of engagement with regard to the programme, as there had been with the development of the Strategic Plan and the outcomes of the staff survey. A concern was expressed by the Rector about the staff survey for some lower paid staff being paper-based, with local management seeing the responses, which might have affected the content.

Court would receive further updates as the Transformation Programme progressed.

CRT 2017/4.2 Student Admissions including RUK

Court noted details of admissions to the University for 2017/18, for Undergraduate and Postgraduate (PGT/PGR), Home, RUK and International students, noting also that targets had been met, or in the case of PG intake, exceeded by 22% (PGT) and 26% (PGR). With regard to these significant increases, Court noted that measures were being taken to ensure sufficient resource and facilities –

both in the short and longer term – were in place to support the additional student numbers; this included the possibility of extended Library opening hours, an increase in PG space and possible acceleration of relevant areas of the capital plan.

Court also noted the healthy UG admissions numbers, which were a positive reputational sign for the University at a time when some HEIs were experiencing a decline in numbers.

In discussion, Court noted that the University was cognisant of the potential reputational damage if students did not have a good educational experience because of lack of space, staffing or other resource connected to their studies. Colleges were working to ensure that optimal planning was in place for 2018/19 entry, including additional staffing resource in areas of high intake. The Learning & Teaching Hub, once completed, would address a number of these matters. It was not, however, intended to grow student numbers indefinitely to the size of some of the very large metropolitan HEIs in the UK.

CRT 2017/4.3 USS Triennial Valuation 2017

The Principal declared an interest as a member of the USS Board, although advised Court that the item was simply an update on USS and would not involve a decision about which there might be a potential conflict of interest. Members were invited to advise the Convener if they wished the Principal to leave the meeting during the discussion on the item; this did not occur.

Court was reminded that every three years, pension schemes were required to undergo a valuation in line with pensions law. USS was required to carry out its latest valuation as at 31 March 2017 and the outcome of this had to be submitted to the Pensions Regulator by 30 June 2018. The Trustee was currently consulting formally with Universities UK (UUK), which represented the sponsoring employers on the technical provisions assumptions.

The Trustee's consultation had closed at the end of September and a conclusion on the technical provisions would be reached in the coming weeks. There were differences between views on the matter of risk, on the part of employers and unions respectively. If there were to be contributions or benefits changes, then joint negotiations would ensue and would begin, if required, in the next 2 months. The pensions regulator's role also needed to be taken into consideration since the regulator could intervene, and – as one option – impose contributions increases, if agreement was not reached between the parties.

Court would be kept updated.

CRT 2017/4.4 League Table Rankings / NSS

The University had recently been named Scottish University of the Year by The Times and The Sunday Times Good University Guide 2018.

At the time of the June Court report, there had been details from three League Tables. Since then, the University had been placed 80th in the THE World Rankings, up from 88th last year.

For the third year running, the University of Glasgow had won the top title – Higher Education Institution of the Year – at The Herald's Higher Education Awards. The University had also won a number of category awards including Enhancing Student Learning and Outstanding Contribution to the Local Community.

CRT 2017/4.5 Teaching Excellence Framework TEF

The University was continuing to monitor developments ahead of any possible reconsideration of entry into the TEF. It was possible that some academic staff might engage with the TEF-3 pilots

as reviewers to provide the University with more insight into the process.

CRT 2017/4.6 Outcome Agreement - Dumfries

At the June meeting, Court had given the Principal delegated authority to approve the finalised Outcome Agreement for Dumfries, since the agreement required to be submitted to the SFC during the summer. The document had now been submitted and was noted by Court.

CRT 2017/4.7 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/2017/5. Research Hub Final Business Case

At the Court Strategy Day, Court had received a presentation from Dr Neil Bowering on the business case for the Research Hub. Court now received the Full Business Case documentation including tracker costs, operational expenditure and discounted cash flow, the latter to be finalised following the conclusion of discussions with the contractor about the target price.

The Research Hub was one of the centrepieces of the University's campus development plan and would be located at the heart of the former Western Infirmary site. It would have the capacity to house 600 academic and student researchers from across the four Colleges, and would create a collaborative environment to attract, stimulate and enable interdisciplinary research. The Capital Plan had identified that the Research Hub would be constructed in Phase 1a of the plan, with completion in 2020. It was recognised however that occupation and use of the building could be phased with the fit-out of one floor delayed and included in phase 1b of the Capital Plan, which commenced after 2022.

The case referred to the Research Hub being essential for the University to achieve its strategic ambitions. In particular, the building would enable the University to grow and diversify its research income in a funding landscape where increasing emphasis was being placed on 'big team', interdisciplinary research. As a consequence, it would allow the University to significantly enhance its international research reputation.

The Research Hub would play a pivotal role in redefining the University's relationship with industry and its contribution to the City of Glasgow and the wider economy. Sited as it was alongside a new Innovation Zone and the relocated Adam Smith Business School, it would provide a forum for multiple interactions with large multi-nationals and SMEs in specific areas where the University could be truly world class. More generally, the Research Hub would enable the University to respond to the call from governments and national funding bodies to demonstrate deep links with industry and produce research which made a profound impact on the economy and society.

The four main objectives for the Research Hub were:

- Transformational Research: To develop ambitious and bold interdisciplinary research ideas and globally connected teams at the forefront of intellectual advances that define whole new areas and methods of research and exploration.
- Industrial Engagement: To collaborate with business and inspire new research directions and long-term partnerships that catalyse future UK industries.
- Shaping International Research: To engage with policy makers, communities and the public in co-

developed, cross-disciplinary research defining new progressive policy and practice that brings prosperity for individuals and communities.

- Changing the face of Glasgow: Promoting the University of Glasgow as an inspirational and aspirational research intensive university, tackling local, national and international research and innovation agendas.

Court heard from Ronnie Mercer, chair of the Estates Committee, that the Capital Projects Governance Board had required and received further information on the case, ahead of its approval; and that the Finance Committee had requested further information – provided for Court within the document for the present meeting – ahead of its final approval, which had subsequently been given.

In discussion, it was noted that the Hub would not generate surplus as a stand-alone entity, but would generate major reputational, opportunity and cultural change benefits for the University, giving it the ability to contribute in a more enhanced way to the economy and to society. It was noted that grant income projections included in the business case, albeit based on actual growth, were ambitious. Court noted that delivery of the project, in addition to other works that were underway, was considered achievable given the University's healthy cash flow position. Court also noted that every capital project was tested to ensure the product was correct for the University's needs – including not being overly value-engineered – and to examine its impact on the capital plan down the line. Court requested that documents for future cases address this latter area more explicitly.

The Hub was scheduled to come into full operation in Quarter 4 2020. Court was reminded that the two phases (levels 1-4, and level 5) of the project had been agreed as part of the capital plan in December 2016.

The project team was in the process of clarifying the target price with the contractor and it was expected that the agreed figure would be available by end of October.

Dr Neil Bowering was thanked for his work on the production of the Final Business Case. Court also thanked Graeme Bissett and Ronnie Mercer, as chairs of the Finance and Estates Committees, and the Committees and Boards involved, for their diligence in examining the case.

Court approved the Full Business Case of an estimated maximum financial envelope of £116.1m to deliver the Research Hub project.

CRT/2017/6. Report from the Rector

As there has been no written report circulated in advance of the meeting by the Rector, the Convener asked the Rector to summarise the main themes of his oral report at the beginning of his presentation. The Rector noted that he would update Court on his first few months, his conversations with staff members and also his thoughts on governance.

The Rector updated Court on his activities as Rector over recent months. He noted his pride in the University community and drew several observations from his early engagements.

The Rector had attended a large number of events, including Freshers' week and conferences. He had met a wide variety of student bodies and individual staff and students across the University. He had spoken also to some staff members of Court.

The Rector raised a number of items, including a governance matter, where he noted that there were no staff representatives on Court committees. The Rector also referred to the restructuring of the Sport & Recreation Service (SRS), where he considered there were a number of issues including: a reduction in staff morale; a perceived lack of consultation; no female staff being in place at the Garscube sports facilities, if current organisational change proposals were implemented; some health

and safety concerns arising from the proposed staff reduction; the potential for interaction with the local community reducing as a result of the restructuring; what he believed would be a significant risk to life around the proposal staff reductions at Garscube, for example if there was a serious incident with medical issues involved; and that the University should remember that if someone were to lose their life, then there would be a Fatal Accident Inquiry with reputational consequences.

The Rector reiterated his concern that the staff survey for some lower-paid staff had been paper-based, with local management seeing the responses.

In discussion, the Convener thanked the Rector for his report and commented on its breadth, noting that a large number of items raised by the Rector appeared to be of an operational nature, and some governance-related. It was also noted that although he was elected by the student body, the majority of the items raised by the Rector were staff related. The Rector commented that student concerns were also connected to staff matters. The Convener agreed, and invited the Rector to meet with the Principal and the COO & University Secretary directly to discuss these matters.

Court noted a comment from Margaret Anne McParland that the SRS changes were at 'tier 2' level under the Management of Organisational Change policy, but that this policy should be revisited given the potential reputation matters that the Rector had outlined.

The Convener observed that structures existed to percolate suggestions for improvements to governance to the Convener and that much work in the area of governance had been undertaken in the past year. Court members were routinely invited to send their feedback to the University Secretary after all Court meetings so that governance could be improved on an ongoing basis, acknowledging that change should be steady and not reactive. If there were further improvements that could be made to the governance process, they would be welcomed and duly considered.

While it was noted that the COO & University Secretary would meet with the Rector about the matters he had raised, and that the SRS restructuring was still ongoing and would be reported to Court in due course via the HR Committee, Court was reminded that it existed as a governing body and not as a body tasked with running or managing the institution. The University Secretary added that the revised Code would provide an opportunity to discuss a number of important areas of governance, and that, as previously advised, a paper would be drafted for Court for discussion at its meeting in December 2017.

Court members were reminded that if they had questions or comments on the content of papers where these referred to operational matters, they could contact senior management colleagues or the clerk to Court in advance of the Court meeting so that minor queries could be answered and/or appropriate speakers, not otherwise in attendance, could be invited to address relevant topics with due consideration.

Margaret Anne McParland commented that the matter of staff representatives on Court Committees had been raised by her in the previous year, but had not been addressed. The Convener thanked her for this observation and noted that the publication of the revised Code had been delayed but that, as discussed, a paper would be coming to the December meeting of Court, with a view to Court agreeing how it would wish to address the Code's requirements for the long term. The Convener also noted that it had been agreed by Court previously that changes to Court sub-committees would be made at the same time as implementing any recommendations of the Code. This would prevent two sets of changes being made unnecessarily.

It was noted that as an outcome of the Court Strategy Day's session on the student experience, there would be discussions with the student representatives about how their reports to Court were configured and timed, since at present the main report was in February, which was late into the session. The Convener noted that the Rector and the SRC might also discuss how to co-ordinate input to Court on student matters.

CRT/2017/7. 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. The strategy was focused on enhancement and aimed to foster critical thought and investigative learning amongst students. It aimed to create a learning environment that was inclusive, promoting access and opportunity, and that was supportive of all staff and students. The strategy had twelve key objectives; Court noted achievements against these in the past year.

With regard to the National Student Survey, overall student satisfaction remained at 89%. This was considered a good performance, currently 1st in the Russell Group, but still below the KPI. The Assessment and Feedback score had improved but remained below target. SMG had taken oversight of this area and an NSS task group, led by the Professor Coton, was currently looking at how best to configure support for the student experience in the longer term. Focused work around Assessment and Feedback continued. Timeliness of feedback was a particular issue which brought scores down in some areas. Court noted that there was variation across subject areas, therefore interventions were being done in a targeted manner, using improved business intelligence methods to examine data at a granular level. The design of formative assessment was also being looked at, with the aim of helping Schools. In addition, there was an annual cycle of action planning within Colleges to address subject specific NSS issues and this was currently under way.

In discussion, in response to a question about the achievability of the student satisfaction KPI target, it was acknowledged that there were risks associated with this. The rise in recruitment numbers and the potential disruption during the campus redevelopment were factors that needed to be considered, but it was believed that the student experience was fundamentally good and the target could be met.

Responding to questions, Professor Coton advised that there was a small gap in the progress of WD20 and WD40 students in comparison with the student body as a whole. Previous analysis had shown there was no difference in progression rates for those coming from Widening Access programmes; indeed there was outperformance as against the student body in general. With regard to staff being asked to undertake more duties relating to assessment and feedback, Professor Coton advised that the University was endeavouring to share best practice across all areas so that the workload associated with providing good feedback would be reasonable and, in most cases, less than it was currently. With regard to control of standards relating to recruitment to online distance courses, in the context of the tender process to secure a partner to market courses, it was noted that the University would set the admission standards for all programmes of study and would be responsible for all aspects of academic standards.

Court thanked Professor Coton for the briefing.

CRT/2017/8. Report from the University Secretary

CRT/2017/8.1 Remuneration Committee

CRT/2017/8.1.1 Annual Review of SMG salaries

Members of SMG (The Principal, COO & University Secretary and Deputy Vice-Chancellor & Senior Vice-Principal) left the room for this item. June Milligan, chair of the Remuneration Committee, spoke to the paper, noting that the review process for SMG salaries would be informed by P&DRs, a 360 degree appraisal and a matrix of comparative data. Remuneration Committee would conduct the review in the autumn and 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. Court's approval for the methodology for the review exercise was being sought. Court was reminded also that in 2014, the Committee of Scottish Chairs had issued a Guidance Note for Remuneration Committees. 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'.

In discussion, it was confirmed that the same performance rating descriptions were applied to SMG as to other member of staff, and that the Committee had not seen anything that would indicate a difference in the spread of ratings compared to that for the other areas of the University.

It was noted that the revised Code would inform and guide the salary review exercise in 2018. For the current year, Court was being invited to approve the guidance in the papers for the present meeting. In response to a question about how decisions on salary review would be made, Court noted that Remuneration Committee had discussed this matter. This included consideration of HR data that showed the trajectories of SMG pay had progressed commensurate with other staff pay, that progression had been comparable to professorial grades and that it was also in the median of Russell Group pay levels. Ms Milligan offered to discuss further the wider review details with the Rector, the discussions to include reputational considerations – which Ms Milligan confirmed had been covered – and also to involve the Director of HR. The present business for Court being the procedure to be followed for the 2017 review of SMG salaries, Court approved the following statement for 2017:

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 2016/17, following his P&DR discussions with them; and*
- *in respect of the Principal, advice on performance from the Convener of Court, following a P&DR discussion with the Principal and reflecting the views she has obtained on the Principal's performance through consultation with staff, students and lay governors. (Please note that Court has already approved salary uplifts for the Principal for the years 2017-19, based on satisfactory performance assessed through the P&DR process on an annual basis).*

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.*

CRT/2017/8.1.2 Convener Remuneration

Mr Graeme Bissett, Vice-Convener of Court, chaired this item. The Higher Education Governance (Scotland) Act 2016 provided optionally for the remuneration of the Convener. The University did not currently remunerate the role of Convener of Court. However, when the role had been advertised, the University had indicated that it would pay compensation for loss of earnings and certain other costs. The current Convener had suggested that an agreed rate of remuneration would be less costly for the University than compensating for loss of earnings; this approach might also help the University to attract a diverse field of candidates for the position when it became vacant in the future.

The matter had been raised at the last meeting of the University Court by the Chair of the

Remuneration Committee and also by the University Secretary. Court had demitted the matter to the Remuneration Committee for further careful consideration and a recommendation to be brought to the current meeting. The Remuneration Committee had now recommended to Court that the role of Convener be remunerated. Following a discussion, Court agreed that it would approve remuneration of the Convener, from the date of the Court meeting.

CRT/2017/8.1.3 Remuneration Committee remit

Court received a paper which included briefing information on the operation of the Remuneration Committee, and a recommendation for a revised remit and membership for the Remuneration Committee.

The Rector commented that he considered that the Committee should include a member of staff and a student. The SRC President commented that student membership could present difficulties for the person nominated to the Committee. It was suggested that the SRC should discuss the matter as a group. Dave Anderson referred to the desirability of having union representation as well as staff representation on the Committee. He also noted with regard to the statement earlier in the meeting that while SMG salary increases were in line with the average across the institution if increments were taken into consideration, in fact a large number of staff received no incremental increase.

The Principal and Deputy Vice-Chancellor left the meeting for the rest of this item.

A comment was made that the Principal's salary had increased by 10% in recent years and that more than 55% of staff had no increment being at the top of their grade, whereas the Principal was effectively at the top of a grade but continued to receive increments, which accounted for the drift.

A request was made that there be some publication of Remuneration Committee papers; this was agreed.

The proposed changes to the Remuneration Committee remit and membership were approved.

CRT/2017/8.2 Socially Responsible Investment Policy SRIP

Court had agreed in 2015 to implement a first stage of divestment, involving a 25% reduction in fossil fuel holdings over the following 4 years. At the time, Court had also been advised that it would receive a progress report on divestment after 2 years.

The Investment Advisory Committee (IAC) had approved a report prepared by investment managers Schroders.

Court agreed that it would request further detail, to include broader perspective, in an updated report to be provided for the December 2017 meeting. Court thanked Gavin Stewart and the IAC for the work to date.

CRT/2017/8.3 Mental Health Action Plan

The COO & University Secretary had recently assumed the role of Mental Health Champion within the University. Mental health accounted for the highest number of lost staff days within the University, and there had been a significant increase in student demand for University counselling services in recent years.

A joint University/SRC mental health action plan had been developed and had been launched on 10 October (World Mental Health Day). Court noted the action plan.

CRT/2017/8.4 Court Strategy Day

Court's annual strategy day had taken place on 29 September, with an overarching theme of how to enhance the University's competitive position, taking into account current and emerging changes in the external environment. There had been main sessions on the University's competitive position, the University as a student destination of choice and on the political context, with opportunities for group discussion and more informal interaction. Court also had a presentation on the Full Business Case for the Research Hub.

CRT/2017/8.5 Nominations Committee Business

i) New Court Co-opted member

A vacancy for a co-opted member of Court had been advertised over the summer, with interviews held on 3 October. Court approved a recommendation from the Nominations Committee that David Finlayson be appointed as a co-opted member for 4 years from 11 October 2017.

ii) Co-opted members - terms of office

Graeme Bissett and David Milloy left the meeting for this item. Mr Bissett and Mr Milloy would end their first term on Court on 31 December 2017. Court approved a Nominations Committee recommendation that both be reappointed to Court for 4 years from 1 January 2018.

iii) Remuneration Committee convenership

Over the summer, Court had approved a recommendation from the Nominations Committee that June Milligan take on the convenership of the Remuneration Committee.

iv) Finance and Remuneration Committee vacancies

Over the summer, Court had approved a recommendation from the Nominations Committee that Gavin Stewart and Ronnie Mercer fill vacancies on, respectively, the Finance Committee and Remuneration Committee.

CRT/2017/8.6 Scottish Code of Good HE Governance

Following a consultation on the draft Code, which had taken place earlier in the year, a final draft had been issued and had subsequently been approved by the Committee of Scottish Chairs on 3 October. There were areas for further consideration by the Court Governance Working Group and thereafter by Court. A report would be made to the December meeting.

CRT/2017/8.7 Court Business 2017/18

Court noted the Schedule of Court Business for the coming year and the reference website for other governance-related documents.

The attendance lists for meetings of Court and its Committees for 2016/17 had been reviewed; there were no matters of concern for Court to note in connection with this.

CRT/2017/8.8 Senate Assessors on Court

Three new Senate Assessors had started 4-year terms on Court in August 2017: Dr Simon Kennedy (School of Life Sciences, College of MVLS), Professor Kirsteen McCue (School of Critical Studies, College of Arts) and Dr Bethan Wood (School of Interdisciplinary Studies, College of Social Sciences).

CRT/2017/8.9 Glasgow City Council Assessor on Court

Cllr Susan Aitken, Leader of the City Council, had been nominated by the Council to be a member of Court from June 2017.

CRT/2017/8.10 Court attendance by SMG members

In June, Court had agreed a recommendation from its Governance Working Group that most SMG members would not routinely attend Court meetings, with effect from October 2017. The Senior Vice-Principal, the Director of Finance and the University Secretary would continue to attend all meetings of Court. This arrangement was now in place.

Court members could contact any other SMG/executive members by email to request clarification on any points, ahead of meetings, if necessary.

CRT/2017/8.11 Resolution 677 Board of Catholic Education

At the last meeting, Court had approved a draft Resolution amending the membership, remit and responsibilities of the Board of Catholic Education, to reflect changes in University structures and in nomenclature since earlier Resolutions. Following the required month's consultation, which had not resulted in any substantive changes, the Resolution had been approved by the University Secretary on Court's behalf.

CRT/2017/8.12 Queen Margaret Union

At the last Court meeting, concerns had been expressed about the level of the QMU deficit, as outlined in the Student Finance Sub-Committee summary. Since then, progress had been made in improving the financial position, including the QMU putting in place arrangements whereby there was close scrutiny of expenditure and plans by its Finance Committee.

CRT/2017/9. Reports of Court Committees

CRT/2017/9.1 Finance Committee

CRT/2017/9.1.1 Research Hub Full Business Case

The Finance Committee had approved the Research Hub Full Business Case subject to provision of some further financial information, which has been supplied following its meeting, with being advised that the Finance Committee was now recommending approval of the case. This matter had been covered earlier in the Court meeting agenda.

CRT/2017/9.1.2 Capex Applications

The Committee had approved CapEx applications relating to: Western/New Build/Adam Smith Business School (Fees) £2.42m; Kelvin Data Annexe £8.55m; Garscube/Jarrett Building/Insectary Phase 2 £545k; Minimally Invasive Micro-ultrasound for Medical Guidance and Early Diagnosis (MIMUMED) €565k (equipment); Edge Wave Laser and Microwave System €261k (equipment); Neuromorphic Printed Tactile Skin (Super Inkjet Printer) £225k (equipment); and Gilmorehill/Pearce Lodge Fabric Repairs and IT staff relocation £2.575m.

CRT/2017/9.1.3 Committee Remit

Court noted that the Committee had approved its own remit (unchanged therefore not submitted to

Court for approval) and Annual Agenda Plan.

CRT/2017/9.1.4 Endowment Investment Report

Court noted an endowment investment report as at 31 July 2017.

CRT/2017/9.1.5 Capital Projects

Court noted an update on capital projects.

CRT/2017/9.1.6 Financial reports

Court noted an overview of performance as at 31 July 2017.

The report was noted.

CRT/2017/9.2 Estates Committee

CRT/2017/9.2.1 Research Hub

The Estates Committee had approved the Final Business Case for the Research Hub. This matter had been covered earlier in the Court meeting agenda.

CRT/2017/9.2.2 CapEx Applications

Court noted Estates Committee's approval of CapEx applications relating to: Western/New Build /Adam Smith Business School (Fees) £2.42m; Kelvin Data Annexe £8.55m; Garscube/Jarrett Building/Insectary Phase 2 £545k; Minimally Invasive Micro-ultrasound for Medical Guidance and Early Diagnosis (MIMUMED) €565k (equipment); Edge Wave Laser and Microwave System €261k (equipment); Neuromorphic Printed Tactile Skin (Super Inkjet Printer) £225k (equipment); and Gilmorehill/Pearce Lodge Fabric Repairs and IT staff relocation £2.575m.

The report was noted.

CRT/2017/9.3 Audit & Risk Committee

CRT/2017/9.3.1 Risk Management

Court agreed it would review the Risk Register at its next meeting, the register currently being amended to include more information on completion dates and actions in mitigation, at the request of the Audit & Risk Committee. Comments were invited in the meantime if Court members wished to convey them to the Committee chair, Heather Cousins, or to the Committee clerk, Deborah Maddern.

CRT/2017/9.3.2 Other Audit Committee business

At its recent meeting, the Committee had received internal audit reports on reviews of: Information security - General Data Protection Regulation GDPR; IT Structure and Governance - IT Strategy; Allocation of Bursaries and Scholarships (Scholarships & Discounting); Risk management - Q4 spend review (Procurement Data Analytics); and Research Grants Management. The Committee had received the updated University Risk Register. The Committee had received an update on Implementation of Outstanding Recommendations from prior internal audits; details of the University's corporate structure; and a summary report on cases of research misconduct from the recent academic session.

The report was noted.

CRT/2017/9.4 Human Resources Committee

CRT/2017/9.4.1 HR Committee remit

Court approved a revised remit and membership for the HR Committee.

CRT/2017/9.4.2 Other HR Committee business

The Committee had received a briefing on the Transformation Programme. The Director of HR had provided an update on progress in delivering the People Strategy and had highlighted HR priorities for the coming Academic Session. The Committee had received an update on the strategic review of recruitment and discussed operating models under consideration. The HR Director's strategic update had included briefings on the ongoing Performance Development Review Process, Strategic Recruitment, the conclusion of the annual pay negotiations and the University's response to the ongoing developments regarding Brexit.

The report was noted.

CRT/2017/9.5 Health, Safety and Wellbeing Committee

The Committee had received an update on the pilot of central recording of overseas travel. The Committee had covered its usual range of business in reviewing standard reports on Occupational Health activities, Audit updates, Accident reporting and Employee counselling.

With respect to the Rector's reference to the SRS Garscube restructuring, it was noted that the Committee was the forum for any health and safety matters raised by SRS staff, and that there was wide staff and union representation on the Committee.

It was noted that any health or safety matters relating to the campus redevelopment programme were notified to the relevant Project Board/Programme Governance Board and thereafter to the Estates and HS&W Committees. It was agreed that such instances should also be reported to Court.

The report was noted.

CRT/2017/10. Communications from Meeting of Council of Senate 5 October 2017

The Council of Senate had: received details of the results of the NSS and an update on REF2020; approved a statement on the use of quantitative indicators in the assessment of research quality; endorsed the Accessible and Inclusive Learning Policy; received a briefing and update on the process for appointing a new Clerk of Senate in the summer of 2018; and received updates on the tuition fee regime in England and on the TEF.

Council of Senate had received a report from the Honorary Degrees Committee concerning recommendations for the conferment of honorary Degrees in 2018. 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 2018 nominations, on a confidential basis. Members of Court could contact the Clerk of Senate should they have observations to make, by 26 October. Court would be advised when the finalised details could be made public.

The communications were noted.

CRT/2017/11. Annual report for SFC – Institutional-led Review of Quality and Governing Body 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 2016-17. 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. A minor correction would be made to a date in the main document.

CRT/2017/12. Annual report on the University's Complaints Procedure 2016/17

Court noted the annual report on complaints activity during academic session 2016-17.

CRT/2017/13. Any Other Business

There was no other business.

CRT/2017/14. Date of Next Meeting

The next meeting of the Court will be held on Wednesday 13 December 2017 at 2pm in the Senate Room.

ANNUAL SCHEDULE OF COURT BUSINESS

- (Sept/Oct**
- October**
 - *Strategy Discussion Day*
 - Report from Head of College (pre-Court briefing)
 - Report on any action taken under delegated powers over summer
 - Report on Court Strategy Day
 - Standing Orders, Code of Conduct, Committee remits and dates
 - Statement of Primary Responsibilities
 - Schedule of Court business for forthcoming year
 - Report on previous year's attendance of Court and Committees
 - Learning & Teaching update and KPIs from Vice Principal
 - Summary Income and Expenditure report (Finance Committee)
 - University Risk Register (Audit Committee)
 - Nominations Committee recommendations
 - Annual report to the Scottish Funding Council on Institution-led Review of Teaching Quality (ELIR)
 - Annual Report on the University's Complaints Procedure
 - Honorary Degree nominations

- December**
 - Report from Head of University Services (pre-Court briefing)
 - Audited Accounts/Financial Statements for previous year (including subsidiaries' financial statements and GU Trust statements)
 - Report on Investments (Finance Committee)
 - Summary Income and Expenditure report (Finance Committee)
 - Audit Committee annual report
 - Human Resources KPIs

- February**
 - Report from Head of College (pre-Court briefing)
 - SRC annual report
 - Draft Outcome Agreement for next year from Vice Principal
 - Finance KPIs
 - Summary Income and Expenditure report (Finance Committee)

- April**
 - Report from Head of College (pre-Court briefing)
 - Research update and KPIs from Vice Principal
 - SFC Main Grant Allocations for forthcoming year
 - Summary Income and Expenditure report (Finance Committee)
 - Annual Self-assessment, convener appraisal and Code compliance
 - Annual Report from Organisational Change Governance Group

- June**
 - Report from Head of College (pre-Court briefing)
 - Strategic Plan (annual update) including KPIs
 - Capital Programme (annual update for approval)
 - Budget Overview for forthcoming year/Financial Forecasts/sustainability
 - Full Risk Register including Mitigation Actions
 - Report on Investments (Finance Committee)
 - Summary Income and Expenditure report (Finance Committee)
 - Estates KPIs

Court Context Card 13 December 2017 - Principal's Report

Speaker	Professor Anton Muscatelli	
Speaker role	Principal	
Paper Description	For information	
<i>Topic last discussed at Court</i>	Last report to Court was October 2017	
<i>Topic discussed at Committee</i>	NA	
<i>Committee members present</i>	NA	
<i>Cost of proposed plan</i>		
<i>Major benefit of proposed plan</i>		
<i>Revenue from proposed plan</i>		
<i>Urgency</i>	NA	
<i>Timing</i>	Various	
<i>Red-Amber-Green Rating</i>	Various	
<i>Paper Type</i>	For information / discussion	
<i>Paper Summary</i>	Updates on areas listed in the paper as follows: <ol style="list-style-type: none"> 1. Higher Education Developments 2. SRC/SMG correspondence 3. USS - Triennial Valuation 2017 4. Queen's Anniversary Prize 5. Russell Group 6. Guild of European Research Intensive Universities 7. Key activities 8. Senior Management Group business 	
<i>Topics to be discussed</i>	In line with paper's headings	
<i>Action from Court</i>	To note/discuss if wishes	
<i>Recommendation to Court</i>		
Relevant Strategic Plan workstream	Empowering People, Agility, Focus	
Most relevant Primary KPI it will help the university to achieve	NA	
Most relevant Secondary KPI it will help the university to achieve	NA	
Risk register - university level		
Risk register - college level		
Demographics		
<i>% of University</i>	Items mainly relate to the University as a whole	
Operating stats		
<i>% of</i>		
Campus	All locations	
External bodies	UK Government; Scottish Government; SFC; USS/pensions regulator; Russell Group; European Guild	
Conflict areas		
Other universities that have done something similar		
Other universities that will do something similar		
Relevant Legislation	Pensions legislation	
Equality Impact Assessment		
Suggested next steps		
Any other observations		

Court - Wednesday 13 December 2017

Principal's Report

Items A: For Discussion

1. Higher Education Developments

Scotland Higher Education Budget for 2018-19

Court will take place the day before the draft Scottish budget is published. The UK Budget announcements at the end of November suggests that the Scottish Government will continue to face a tight budgetary round for 2018-19, especially on revenue. The Barnett consequential of additional UK spending on Health are likely to be ring-fenced in Scotland for health spending. It is unlikely that there will be any detailed information ahead of the Scottish draft budget on 14 December, but I will share any indications which emerge in the run-up to it with Court.

Developments in HE in England

At the time of writing, no details have emerged about an anticipated review of HE funding in England. As Court will be aware, this could impact on the University via any changes in the fee regime for Rest-of-UK undergraduate students. I am due to have engagements with UK ministers in the week prior to Court and will share any information available at Court.

Universities in England have also had additional information on the development of a 'Knowledge Exchange Framework' which may impact on KE funding in England. There is no indication at present that this will have an impact on Scottish HE.

2. SRC/SMG Correspondence

Court members have been copied an exchange of letters between the SRC and SMG, covering a number of concerns expressed by the SRC about the student experience in the context of high recruitment this year. SMG and SRC have been working closely on how best to invest in the student experience, and there have been numerous meetings between SRC and myself and the COO to consider specific investments. In response to specific points, the SMG outlined actions being taken, including investment in Counselling and Psychological Services, funding for additional teaching and study space, increase lecture recording, and increase staffing levels in areas of growth. The COO and University Secretary's report will also cover related matters.

3. USS – Triennial Valuation 2017

At the last meeting, Court was reminded that USS is required to carry out its latest valuation as at 31 March 2017 and the outcome of this has to be submitted to the Pensions Regulator by 30 June 2018. At the time of the October meeting, the Trustee had recently concluded a formal

consultation with Universities UK (UUK), on the technical provisions assumptions. Since then, the Trustee has published its final considerations on the technical provisions, and shared these with stakeholders.

As Court was advised, there have been differences between views on the matter of risk, on the part of employers and unions respectively. The Trustee body does not have a position on benefit changes, which are a matter of negotiation between employers and UCU as part of the Joint Negotiating Committee (JNC). However, the Trustee body's valuation process has indicated that, should the benefit structure remain unchanged, there would need to be substantial additional contributions to the scheme.

The JNC has had meetings to consider the employers' (UUK) proposal for a revised benefit structure. UCU has indicated that these changes are not acceptable to them. Initially it had been hoped that the JNC would have reached a conclusion by the end of November, but this has now slipped to 18 December.

As previously advised, the pensions regulator can intervene and – as one option – impose contributions increases, if agreement is not reached between the parties.

I will provide an update to Court at the meeting.

Items B: For Information

4. Queen's Anniversary Prize

I am delighted to report that on 30 November 2017 it was announced that the University has been awarded a Queen's Anniversary Prize for Higher Education for the University of Glasgow's Historical Thesaurus of English. The Thesaurus features nearly 800,000 words arranged by their meaning, spanning more than a thousand years of the English language. It represents 50 years of remarkable scholarship and the work of hundreds of researchers under the leadership of Professor Michael Samuels who initiated the project back in the 60s, then Professor Christian Kay and now Professor Alexander. This is the fourth time the University has won the biennial Queen's anniversary prize since its inception in 1993, and the second award in three rounds since 2013, which is a great achievement.

5. Russell Group

As I have outlined recently in the national press, a recent study by the economic research consultancy, London Economics, has reported that the UK's leading research-focused universities are contributing nearly £87 billion per year into the national economy. The study calculated the impact of the Russell Group's teaching and learning activities, world-renowned research, spending on goods, services and people, and the value as a major exporter through the income generated from overseas students. The total economic impact calculations were based on a snapshot of a single academic year (2015/16).

As Chair of the Group I have stressed how the study provides strong evidence that our research-intensive universities are critical to the future prosperity of the UK.

6. Guild of European Research-Intensive Universities

The University is a founder member of the Guild and was a signatory on a recent statement (13 November) relating to Brexit, whereby the members restated the importance of joint investment in knowledge, human capital and innovation, enabled across borders by European universities. The statement highlighted the need for continued investment in student mobility; called for investment in EU framework programmes to sustain and enhance the quality of research in Europe; stressed that free circulation of ideas is best guaranteed by the free and uninterrupted movement of researchers, students and their families; and urged continued long-term support for innovation across borders.

The statement was supported by the Russell Group.

7. 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, in the main, provided brief headings and can expand on any items of interest to Court.

Academic Development and Strategy

12-13 October: Attended The Guild: General Assembly held in the University of Tartu, Estonia.

17 October: With the VP Internationalisation, met with President Professor Sascha Spoun & Professor Jörg Terhechte, (Vice President for Professional School, Cooperation & Fundraising) Leuphana University.

19 October: Took part in a roundtable discussion at the University School of Law with Professors Graver and Fossum from the University of Oslo around Brexit and the EEA.

6 November: Met with Professor Charlie Jeffery, Senior Vice Principal, University of Edinburgh.

16 November: Attended the Adam Smith Business School Strategic Advisory Board.

22 November: Along with colleagues, met with Professor Jane Milosch, Director of the Smithsonian Provenance Research initiative and her colleague Andrea Hull, Smithsonian Institution. They were visiting to develop links already in place and which have been progressing particularly with the development of the Kelvin Hall.

Internationalisation Activities

4-6 December: Participated in an India Scotland Universities Mission to India which was organized jointly by the Scottish Government, British Council, Universities Scotland and the Scottish Development International. The Deputy First Minister was leading the party and involved a range of joint and parallel events showcasing Scotland's business and educational activities and strengths.

6 December: Attended UK-China Science & Innovation Forum, part of the UK and China government's People to People Summit in London.

12 December: Met with the Italian Consul General, Carlo Perrotta.

Lobbying/Policy Influencing and Promoting the University

16 October: Participated in MRC Strategic Visit to the University.

16 October: Attended and gave the welcome to Sir Ivan Rogers who was delivering a lecture in one of Policy Scotland's series around the theme of Brexit.

17 October: Attended the Human Brain Project Open Day, a prelude to a major trans-European conference, held in the SEC, Glasgow, and gave the welcome and introduction to Lord Duncan, Parliamentary Under Secretary of State in the Scotland Office, who was delivering the opening address.

17 October: In my capacity as Honorary President of the David Hume Institute, I was invited to attend a dinner in Edinburgh with Christina and David Romer. Christina Romer was Chair of President Obama's Council of Economic Advisers from January 2009 to September 2010, and David Romer is an expert on Keynesian economics and the business cycle, and author of perhaps the best-known graduate textbook in Macroeconomics.

18 October: Took part in a teleconference call with NCUB on Transforming Growth.

18 October: Met with Lena Wilson former Chief Executive of Scottish Enterprise.

19 -20 October: Attended and participated in Scottish Government sponsored International Conference on Inclusive Growth 2017. The First Minister gave a keynote address.

23 October: Gave an interview for a Finnish News Paper on Brexit. The freelance journalist was Marikki Nykänen, a graduate of the University.

25 October: Delivered the keynote address, *Challenges and opportunities of the post-Brexit economy* at the Registrars of Title Conference.

30 October: Met with representatives of the Development and Regeneration Services, Glasgow City.

31 October: Participated in an Evidence session for the enquiry 'The Economics of Higher, Further and Technical Education' undertaken by House of Lords Economic Affairs Committee.

1 November: Met with Dr Phil Smith, Chairman, Cisco UK in London.

3 November: Attended and gave a brief address to the Sixth SCEN China Youth Summit, held in the Glasgow Concert Hall.

6 November: Met with Roger Mullin, former MP & Treasury Spokesperson, who as part of an independent company was carrying out research into Brexit and Scottish companies.

6 November: Met for an interview with Times journalist, Daniel Sanderson.

7 November: Took part in video film on the State of the City Economy conference.

7 November: Hosted a visit from Sir Trevor Pears and Amy Braier, Pears Foundation.

7 November: Welcomed and introduced Rt Hon Gordon Brown who gave a talk based on his new autobiography *My Life, Our times*. He was joined for part of the lecture by Kevin Rudd, Australia's Prime Minister (2007-10, 2013) and former Foreign Minister.

8 November: Met with David Docherty – CEO, National Centre for Universities and Business.

9 November: Met with Melvyn Bragg who was recording a programme in the Chapel for the BBC Radio 4 series *In Our Time*.

9 November: Attended a Roundtable Dinner in Edinburgh hosted by the Financial Times and KPMG in what they describe as an Executive Exchange.

13 November: Attended this year's Dalrymple Lecture and introduced the speaker the eminent archaeologist and academic Professor Roger Wilson, University of British Columbia.

15 November: Along with other University senior staff members, met with the interim CEO of Science and Technology Facilities Council, Dr Brian Bowsher.

15 November: Attended the Glasgow Centre for International Development (GCID) symposium and provided the opening remarks.

17 November: Took part in a short film to support the Festival of Social Science which is run by colleagues at Glasgow as a public engagement exercise, promoting the value of the Social Sciences to the wider community.

17 November: Met with Jane-Frances Kelly, Director of David Hume Institute.

20 November: Attended and gave the welcome and introduction to David Martin MEP, who was giving a lecture as part of the series arranged through Policy Scotland on Brexit.

21 November: Met in the Scottish Parliament with John Swinney, Deputy First Minister and the Cabinet Secretary for Education and Skills.

21 November: Hosted, what has become an annual event, the Secondary School Head Teachers Dinner in the Lodging.

28 November: Chaired a Standing Council Plenary Meeting and on 29 November, attended a Standing Council Dinner which was hosted by the French Ambassador, Jean-Pierre Jouyet.

1 December: Attended a UUK Members' Meeting in London.

1 December: Met with Sir Richard Lambert, Chairman of the British Museum.

12 December: Attended a meeting of the City Deal Cabinet, Glasgow City Council.

12 December: Met with Sinclair Dunlop, Managing Partner, Epidarex Capital.

SFC Activity

23 October: Attended a small Dinner for the new Chair of SFC, Dr Mike Cantlay.

9 November: Attended an SFC Board Meeting and on the 10th an SFC Strategy Meeting.

28 November: Attended the SFC Finance Meeting.

Russell Group Activity

26 October: Chaired the Final Panel Interviews for the Russell Group Chief Executive and later in the day chaired the Russell Group Board Meeting. This was followed by dinner with the Rt Hon Philip Hammond MP, Chancellor of the Exchequer.

27 October: The Chief Executive of the Russell Group and I met with Phil Nelson, CEO of EPSRC.

1 November: Attended Russell Group Reception and as Chair officially launched the study: *The Economic Impact of Russell Group Universities* as mentioned under Section 5 of this report.

8 November: With the Chief Executive of the Russell group, met with Jo Johnson, Minister of State for Universities, Science, Research and Innovation.

14 November: Attended Russell Group - Chairs of Working Groups Meeting in London.

7 December: With the Chief Executive of Russell Group, met with Liz Truss MP, Chief Secretary to the Treasury.

7 December: Hosted a Russell Group dinner with guest Robin Walker, Parliamentary Under Secretary of State at the Department for Exiting the European Union.

USS activity

23 October: Participated by teleconference in USS Trustee Board meeting.

1 November: Attended USS Investment Committee Meeting and a *Meet the Managers* event.

26-27 November: Attended the USS IC Away Day.

7 December: Attended USS 2017 Institutions' Meeting.

12 December: Participated in an additional Trustee Board Meeting Universities Superannuation Scheme Limited.

Internal activities and Communications and Alumni events

16 October: Monthly meeting with the SRC Sabbatical Officers.

2 November: Attended 'Jubilados' Dinner hosted by Lord Gordon and held in the GUU.

3 November: Attended and spoke at the Glasgow University Club of Aberdeen dinner.

12 November: Attended the annual Remembrance Service held in the Bute Hall.

16 November: Attended the Senate Guest Night dinner.

29 & 30 November: Presided at Winter graduations.

29 November: Participated in a filmed welcome message for the students that will be taking part in a Christmas Dinner event.

30 November: Attended and spoke at a celebration event in honour of Professor Dauvit Broun and in recognition of his election to a Fellow of the British Academy.

11 December: Held the next set of Principal's Surgeries.

11 December: Hosted a Reception for winners of Teaching Excellence Awards.

8. Senior Management Group business

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

SMG Meeting of 17 October 2017

- New ITE pathway
- The Network App
- Annual Report on the University's Complaints Procedure 2016-17

SMG Meeting of 23 October 2017

- Planning round update
- THE European Teaching Excellence Rankings
- SFC Review - Innovation Centres
- BEIS Science & Innovation Audit
- Senior Leaders Forum – Remit

SMG Meeting of 30 October 2017

- Estates update

- Outcome Agreement
- Potential Partnership with Radboud University
- Enhancing the Functional Relationship between IDs and CILs
- GCRF Hub Bids

SMG Meeting of 6 November 2017

- The Guild - proposals for R&I missions for FP9
- Accommodating Increased Student Numbers – update
- Review of Space Requirements
- Updates to the Code of Good Practice in Research: Publishing Research
- Annual Assurance Statement on Compliance with the Concordat to Support Research Integrity

SMG Meeting of 21 November 2017

- Recruitment Service & Process Review Update
- Strategic Alignment of Academic Profile
- NSS and Action Plans
- Update on Articulation with Colleges
- ELIR

Court Context Card 13 December 2017 - University Secretary's Report

Speaker	Dr David Duncan	
Speaker role	COO and University Secretary	
Paper Description	For information / some items for discussion/decision/approval	
<i>Topic last discussed at Court</i>	Regular report to Court - last report October 2017	
<i>Topic discussed at Committee</i>	NA	
<i>Committee members present</i>	NA	
<i>Cost of proposed plan</i>		
<i>Major benefit of proposed plan</i>		
<i>Revenue from proposed plan</i>		
<i>Urgency</i>	High item A1; Medium/Low rest	
<i>Timing</i>	Immediate where relevant	
<i>Red-Amber-Green Rating</i>	Green	
<i>Paper Type</i>	Decision/Discussion/Information	
<i>Paper Summary</i>	<p>Report from Secretary on a number of items for Court's discussion/decision and/or information. A Items are:</p> <p>A1 Court is invited to approve the establishment of the Student Experience Committee</p> <p>A2 Court is invited to comment on an updated report from the IAC, relating to disinvestment in fossil fuels, under the Socially Responsible Investment Policy. It was agreed at the time that a report would be provided after 2 years.</p> <p>A3 Members of Court may wish to comment on proposals relating to action arising from the new Scottish Code of Good HE Governance</p> <p>Other items for decision are:</p> <p>B2 Court is invited to approve a number of recommendations from the Nominations Committee, relating to membership of Court and its Committees</p> <p>B3 Court is invited to approve an extension of term for an Employee Representative on Court</p> <p>B5 Court is invited to approve a revised Conflicts of Interest Policy</p>	
<i>Topics to be discussed</i>	As above plus any A or B items Court members may wish to discuss	
<i>Action from Court</i>	Listed under each item: specific decisions requested under:	
<i>Recommendation to Court</i>	A1 , B2, B3, B5 as above under relevant A/B item	
<i>Relevant Strategic Plan workstream</i>	Empowering People, Agility, Focus	
<i>Most relevant Primary KPI it will help the university to achieve</i>	NA	
<i>Most relevant Secondary KPI it will help the university to achieve</i>	NA	
<i>Risk register - university level</i>		
<i>Risk register - college level</i>		
<i>Demographics</i>		
<i>% of University</i>	100% Cross University application on several items	
<i>% of college</i>		
<i>Operating stats</i>		
<i>% of</i>		
<i>Campus</i>	All locations	
<i>External bodies</i>	Investment Managers; Committee of Scottish Chairs; Scottish Government; SFC	
<i>Conflict areas</i>		
<i>Other universities that have done something similar</i>	Around a third of UK universities have made a fossil fuel disinvestment agreement of some kind. Other Scottish HEIs will be discussing actions arising from the new Code of Good HE Governance	
<i>Other universities that will do something similar</i>		
<i>Relevant Legislation</i>	Higher Education governance; Financial regulations (investments); Equality Act 2010	
<i>Equality Impact Assessment</i>	Relevant to item B.7 Sexual Harassment and gender-based violence	
<i>Suggested next steps</i>		
<i>Any other observations</i>		



Court - Wednesday 13 December 2017

Report from the University Secretary

SECTION A - ITEMS FOR DISCUSSION / DECISION

A.1 Student Experience Committee

As the Principal has referred to in his report, Court members were copied in on a recent exchange of correspondence between the SRC and SMG. The SMG letter noted a number of actions being taken with regard to the student experience and services at Glasgow.

Earlier in the session, following the Court Strategy Day, reference was made to a Student Experience Committee being set up, as part of the engagement with the student body. It is proposed to establish this as a joint committee of Court and Senate with the attached terms of reference and membership (https://www.gla.ac.uk/media/media_570600_en.pdf). From 2018, the Committee will report regularly to Court, with the SRC President involved in the related paper/discussions at Court meetings. With Court's approval, the committee will take an holistic approach to non-academic aspects of the student experience and will be co-chaired by the Chief Operating Officer and the SRC President. This will enable Court members to have more visibility on current student matters. To date, the students' formal reporting route to Court has largely been via an annual report delivered at the February meeting, which is rather late in the academic session and is largely retrospective.

Court is invited to approve the establishment of the committee.

A.2 Socially Responsible Investment Policy SRIP

Court agreed in 2015 to implement a first stage of divestment, involving a 25% reduction in fossil fuel holdings over the following 4 years. At the time, Court was also advised that it would receive a progress report on divestment after 2 years.

Court is invited to comment on the updated report. Annex.

A.3 Scottish Code of Good HE Governance – action plan

The finalised new Code was published in October. Copies are available from <http://www.scottishuniversitygovernance.ac.uk/2017-code/> or in hard copy from the Court Office.

The Code's main principles and (more detailed) supporting provisions/sections have been examined to check where we are compliant or not. Given that there was full compliance with the previous Code, and the new Code is not very significantly different from the previous one, there are

relatively few areas where significant action will be needed. The main areas for action are:

- *training and induction requirements relating to equality and diversity matters; and the establishment and regular review of appropriate goals and policies on equality and diversity with respect to the members it appoints (ss34 and 35);*

The briefing session before the 13 December Court meeting begins to address this requirement, which will also involve the Nominations Committee in longer term implementation.

- *the requirement for the University to hold annual stakeholder meeting in public, with attendance by representatives of Court, including the Principal (s43);*

The format of this requires consideration.

- *the expectation that there will be an externally facilitated evaluation of Court's/Committees' effectiveness, including size and composition of membership, at least every five years (s49).*

The last external review reported in the spring of 2013, with Court addressing recommendations during the course of that year. A review is therefore due under the new Code, although the timing may be subject to discussion given ongoing work to ensure full compliance with the new Code.

Members of Court may wish to comment on the above points.

There are a number of other areas where some minor changes to Court documents or posting of additional information online will ensure compliance. These will be taken forward by the Court Office or via Court papers during 2017/18.

Longer term, there are also areas where processes will need to be developed, including processes relating to the appointment of the senior lay member and Principal.

The Court Governance Working Group is supportive of this approach. Court will be kept informed of progress.

SECTION B – ITEMS FOR INFORMATION / ROUTINE ITEMS FOR APPROVAL

B.1 *Organisational Change*

Members of Court will be aware that the University is currently undertaking an organisational restructuring of UoG Sport. Following a period of consultation, three of the campus trade unions (Unison, Unite and the GMB) invoked the 'failure to agree' procedure over the proposed changes. The Joint Committee of Consultation & Negotiation duly met on Monday 20 November and Thursday 30 November and reached an agreement on the way forward. Under the agreement, the University and the unions will work together to limit as far as possible the number of redundancies arising from the restructuring; compensation will also be paid to any member of staff who faces a loss of income as a consequence of the changes. The new structure

and the revised opening hours at Garscube (reduced hours) and Gilmorehill (extended hours) will duly be implemented in the New Year. A joint 'lessons learned' exercise will also be undertaken to inform future organisational change processes.

B.2 *Nominations Committee and Committee memberships business*

i) Chancellor's Assessor

Murdoch MacLennan will demit office as Chancellor's Assessor on 31 December 2017.

With the support of the Chancellor for the recommendation, the Nominations Committee **recommends that** Ronnie Mercer becomes Chancellor's Assessor from 1 January 2018 until the end of his current term on Court (31 October 2019).

ii) Nominations Committee membership

If Court approves the above recommendation, Nominations Committee **also recommends** that Ronnie Mercer becomes a member of the Nominations Committee from 1 January 2018.

iii) New Court Co-opted member

If Ronnie Mercer's appointment as Chancellor's Assessor is approved, there will be a vacancy for a co-opted member on Court. Interviews were recently held (October 2017) for a co-opted member to replace Ken Brown. The interview panel was impressed with two candidates, agreeing to recommend the appointment of David Finlayson, which was accepted by Court at the October meeting. The other candidate, Dr Ken Sutherland, was a very good candidate with an excellent skills set.

If Court approves the above recommendation in i), the Nominations Committee **recommends that** Dr Ken Sutherland be appointed as a co-opted member on Court for 4 years from 1 January 2018.

iv) Court Co-opted member – term of office

Heather Cousins will end her first term on Court on 31 March 2018. The Nominations Committee **recommends that** Heather be reappointed to Court for 4 years from 1 April 2018. This would also include chairship of the Audit Committee, which Heather has chaired since the end of 2016. Heather is willing to continue on Court and the Audit Committee.

v) Estates Committee membership

Alan Seabourne, who is an external (non Court) member of the Estates Committee with experience including financial and property management in the public sector, will have served 4 years on the Committee at the end of January 2018. The Nominations Committee **recommends that** Alan be reappointed to the Committee for 4 years from 1 February 2018. Alan is willing to continue on the Estates Committee.

vi) Staff and Student memberships of Court Committees

At the October Court meeting, a number of points were made about the new Code and its reference to staff representatives being on Court Committees; and to the Code's reference to the Remuneration Committee being expected to

seek the views of representatives of students, as well as staff. There is already Senate Assessor representation on most of the Committees already, whereas professional support staff representatives only sit on the Health, Safety and Wellbeing Committee and some working groups. The Nominations Committee has considered this matter and **recommends that:**

a) a staff representative be added to:

- the Remuneration Committee (with Dave Anderson to fill the position);
- the HR Committee (with Margaret Anne McParland to fill the position);
- the Nominations Committee (with Margaret Anne McParland to fill the position).

b) the SRC President be added to the membership of the Remuneration Committee.

Court is invited to consider all the above recommendations.

B.3 *Employee Representative on Court*

As Court members are aware, there is a Court/Senate working group considering the future composition of Court in light of the Higher Education Governance (Scotland) 2016 Act. The group is looking in particular at the various staff memberships of Court, including members from Senate, the trade unions and the wider staff body.

In the context of this ongoing work, the Nominations Committee has been advised that Dave Anderson's term as Employee Representative on Court is due to end on 31 January 2018. Dave was the Joint Union Liaison Committee nominee for the position when it became vacant in 2014 and was elected for 4 years. Given the ongoing discussions about future composition of Court, **it is recommended** that a temporary extension of Dave Anderson's term on Court is made, to provide some flexibility in 2018, ahead of compliance with the 2016 Act via a revised Ordinance on the composition of Court. The current Ordinance provides that the employee representatives are to be selected by such methods as the University Court may approve.

Court is invited to approve this extension.

B.4 *SFC Strategic Dialogue meeting 2018*

The SFC has a cycle of dialogue meetings with all HEIs. The University's next meeting will be on 13 February 2018. The last such meeting was in February 2014.

The dialogue meetings involve discussion between representatives of the University and the SFC. The dialogue aims to help the SFC's understanding of our mission and progress in meeting Scottish Government priorities, and to assist the University's understanding of the SFC's strategic aims. It also provides an opportunity for institutions to demonstrate their impact and highlight their ambitions.

The schedule for the dialogue meeting on 13 February will include sessions on governance and financial sustainability; the transformative impact of the

campus redevelopment; and creating growth in the city through city/University interaction. There will also be a staff engagement session and a student session. Court will be updated at its April meeting.

B.5 *Conflicts of Interest Policy*

The existing University Conflicts of Interest Policy was last reviewed in 2010. Since that date, legislation in the United States has introduced specific requirements relating to financial conflicts of interest relevant to US department of health funding, and the University has also adopted a new Strategic Plan.

The Research Support Office has reviewed the current Policy in light of the above and proposes the attached draft Policy to replace the existing Policy. In conducting the review, RSO has consulted with the Research Support Office (Overseas Team), the Research Strategy & Innovation Office, the Data Protection & Freedom of Information Office, Human Resources, Procurement and the Head of Legal.

The draft Policy has been reviewed by the R&E Steering Group and Research Policy & Strategy Committee and comments from these groups have been incorporated into the draft.

Court members will continue to be contacted annually for their register of interests returns.

Court is invited to approve the revised policy.

B.6 *Sustainability Working Group*

With the approval of the Senior Management Group, a new Sustainability Working Group has been established to oversee and drive forward the University's activities in relation to environmental sustainability. The group will be co-chaired by Professor Dan Haydon, Director of the Institute of Biodiversity, Animal Health & Comparative Medicine, and David Duncan, Chief Operating Officer and University Secretary. As an expression of our commitment to this area, the University has signed up to the United Nations Sustainable Development Goals. The remit of the new working group is attached (**Annex**).

B.7 *Sexual Harassment and gender-based violence*

Members of Court will be aware of the recent public debate about sexual harassment and gender-based violence. Since 2015, the Vice Principal and Head of College of Social Sciences, Professor Anne Anderson, has led the University's Gender-Based Violence Strategy Group, which oversees the implementation of an action plan to address this issue. The group benefits from strong engagement by the SRC and external bodies, including Rape Crisis Scotland and Police Scotland; academic researchers whose work relates to sexual harassment are also centrally involved.

In the light of the recent public discourse, we have reviewed existing plans and identified a number of additional actions. These include building on the existing Dignity at Work and Study Policy and expediting the development of

a specific policy governing relationships between students and members of staff. The Equality and Diversity Strategy Committee, chaired by the Principal, will continue to receive regular reports on progress.

B.8 *SRC Assessor on Court*

Elliot Napier has been elected as SRC Assessor on Court, from 1 November until 31 October 2018.

B.9 *Vice Chairships of Court Committees*

Elspeth Orcharton has been appointed as Vice Chair of the Finance Committee.

Lesley Sutherland has been appointed as Vice Chair of the Nominations Committee.

B.10 *Heads of School appointments*

College of Arts

Head of School of Humanities

Professor Lynn Abrams has been reappointed as Head of the School of Humanities for 1 year from 1 August 2018.

College of Social Sciences

Head of School of Interdisciplinary Studies

Professor Carol Hill has been reappointed as Head of the School of Interdisciplinary Studies for 2 years from 1 August 2018.

This report covers the experience of the endowment funds of the decision to restrict and reduce investment in companies engaged materially in the extraction of fossil fuels. This decision was taken by Court in H2 2014 and enacted from March 2015. The decision was to divest over a ten year period to zero holdings with an initial target set to be under 6.4% of the funds in fossil fuel companies by March 2019 (from an original level of c 10%) subject to a re-evaluation of the financial and other impacts of the policy.

The report covers two questions –

- 1) are the funds on track to meet the September 2019 target, to which the answer is yes it has already been achieved and the limits in place should ensure it is not exceeded
- 2) what has the impact been on investment returns to which the answer is, that for the part that is measurable (c £50m of the total of c £180m), an indicative answer of between £0.5m and £2.4m lower return has been delivered over a 27 month period. Extrapolating suggests the total effect could have been between £1.4m and £7m.

Level of Fossil Fuel Extractives Holdings

At start 2015 the endowment funds were managed by two managers – Schroders and Newton – both of whom followed active strategies which meant they may increase or reduce the levels of holdings of any asset or sector (group of similar assets). At the time Newton had a materially higher level of fossil fuel holdings than Schroders – though Schroders had at times prior to 2015 had higher levels than the level at that time. Schroders manage the funds through a combination of direct investments and investment in pooled funds they run. Newton only used direct investments.

The endowment committee decided an appropriate way to manage the reduction was to specify which companies were to be deemed to be primarily in fossil fuel extraction and then instruct Schroders not to increase the percentage of such holdings in their direct investments and to request Newton to reduce their holdings. The Schroders maximum percentage is fixed at 4.8% of their total investments (which can therefore be a higher percentage of their direct investments). No restriction has been applied on holdings of fossil fuel companies in funds / indirect investments – generally this is not possible for standard funds. The funds used by Schroders are to gain access to other asset classes such as property infrastructure and fixed interest where there the endowment committee does not consider the restriction has any application – or in specialist equity income vehicles for Asia and Global Equities. The scale of holdings of equity income funds is c 12% of the total Schroders portfolio and while there may be fossil fuel companies in those funds the impact on the overall percentage of Schroders assets is very unlikely to breach the 6.4% limit. Currently these funds do not hold any of the restricted stocks, and therefore the current total holding across the Schroders portfolio is 4.8% or less.

Subsequently, the Committee decided to change the management style applied to the portion of funds managed by Newton – following a tender process these funds have been managed by UBS since March 2017.

The mandate that UBS follows restricts the level of fossil fuel investments to 5.7% of the total plus or minus 0.5% to allow for short term market value movements. There is also a complete ban on tobacco holdings.

Impact of Restriction

Given that we have transferred assets away from Newton we are unable to get them to analyse the impact they consider the restriction had. For UBS we have agreed that they will supply regular data on the impact of the restrictions on performance. In the first three months there was a minor positive impact from the fossil fuels restriction but given the short period we have not considered this further.

Schroders have produced a report for the endowment committee which attempted to determine the impact the restriction has had on investment performance. While they do not have a direct counterfactual (ie an alternative portfolio with the exact same remit as the GU one but without the restriction) they have identified two funds that they consider reasonably similar but each different from the other. The Endowment Committee consider these to be reasonable proxies. Schroders have also pointed out that for other clients during the period in question they were holding relatively high levels of investment in fossil fuel stocks as they considered they represented good investment value. This may not always be the case.

The two proxies have both delivered higher total returns than the GU direct fund over the period in question and for much of that time held c double the amount in fossil fuel companies than our fund. (As at end June 2017 the UBS portfolio was also holding about half the level it otherwise would have held in the relevant sectors). The first proxy delivered c 0.5% pa higher return and the second 2.2% pa higher return. For the portion of the endowment funds this relates to (whose average value over the period has been c £48m) this equates to between £0.5m and £2.4m in 27 months. While both comparators are as noted reasonable proxies the first fund may be considered a slightly better proxy (because it had a specific income target as does our fund) and hence the true figure is likely to be closer to the lower end of this range. If the same effect had been the case on the Newton / UBS portfolios the total impact would have been between £1.4m and £7m. Of course it is impossible to say whether the effect would have been as much as this for Newton. It is also likely that there will be times in the future when the restriction has no effect (when the managers in the normal course of events would hold less than the limits or where they hold more but those investments underperform) and times when the effect would be above the average long term impact.

These figures compare with an indication given in the Court papers when the decision was made that the impact might be on average of the order of 0.3% pa, ie c £0.5m pa or c £1.1m over the period. It should be noted that this indication was for full divestment not the initial restriction and be over a full business cycle.

Other matters

The Schroders report also notes two other matters that are brought to Court's attention.

- 1) They highlight the alternative approach to dealing with fossil fuel issues which some of their clients adopt is engagement with companies to consider how they deal with carbon and climate change issues rather than divestment.
- 2) They also advise that if there is further restriction on fossil fuel holdings they may propose a different team deal with our direct investments than is currently the case (a team with more experience of ethical restrictions). The IAC believes the current team to be strong managers of the portfolio and therefore would note this may generate a further negative impact on returns.

Investment Advisory Committee

17 November 2017

Appendix – previous Court approval

Court approved the following recommendations:

- 1 that the University's direct investment in the fossil fuel extraction industry should be managed in a controlled manner such that the value of such investments does not exceed the current level of 10% of the endowment portfolio for any appreciable time period;
- 2 that the current level of investment should be reduced to zero over the next 10 years, subject to Recommendation 3 and biennial re-evaluation of the financial and other impacts of the divestment policy on the University along with the scope for increased investment in renewable energy sources;
- 3 that prior to executing Recommendation 2, a further examination of the financial impact of that Recommendation be conducted through dialogue with the Glasgow University Climate Action Society (GUCAS) and the University's Investment Committee [IAC] to provide assurance to Court as to the limited scale of the prospective financial impact.

Sustainability Working Group

Terms of reference for the new body are:

- 1 To oversee implementation of the University's Sustainability Strategy and Action Plan
- 2 To raise awareness of and engagement with the Strategy and Action Plan across the University community
- 3 To make recommendations about future amendments or revisions to the Strategy and Action Plan
- 4 To enhance the University's reputation and profile as an institution that is committed to the sustainability agenda
- 5 To provide reports periodically to SMG and to Court via the Estates Committee.

The group would meet no more than three times a year.

Proposed membership is as follows:

- Two co-chairs
- College Sustainability Champions
- University Services Sustainability Champion
- Two representatives of the SRC
- Senior officer from Estates & Commercial Services

In attendance:

- Sustainable Environment Officer
- Communications and Public Affairs Officer (as required)

Court Context Card 13 December 2017 - Audit & Risk Committee

Speaker	Ms Heather Cousins	
Speaker role	Audit & Risk Committee Chair	
Paper Description	Minute of Committee meeting 7 November 2017 Audit & Risk Committee Annual Report to Court 2016/17, which will be presented to Court by the Committee chair	
Topic last discussed at Court	Last Audit & Risk Committee report October 2017	
Topic discussed at Committee	See paper summary section.	
Committee members present	Heather Cousins, Lindsay Farmer, Lesley Sutherland	
Cost of proposed plan		
Major benefit of proposed plan		
Revenue from proposed plan		
Urgency	Low	
Timing	NA	
Red-Amber-Green Rating	Green	
Paper Type	Information; discussion on Committee's annual report 2016/17	
Paper Summary	<p>The Committee received the University's financial statements for the year ended 31 July 2017. The Committee noted the increase in tuition fee income and strong investments gains during the year. The Committee noted the operating surplus after exceptional items and tax, there being a twelfth consecutive operating surplus. The Committee also noted a summary of the position relating to cash & cash equivalents, and to capital expenditure during the year. The Committee heard that on the basis of the work performed, the external auditors anticipated issuing unqualified audit opinions on the Group and University's financial statements, and on the University's subsidiary financial statements. The Committee noted the accounts for subsidiary companies and the University Trust. The Committee received the USGAAP – Restated Financial Statements.</p> <p>The Committee received internal audit reports on reviews of: Budgetary control: Campus Redevelopment Spend; SCENE Bank Accounts – follow up; and Data Governance Review: Follow up report. The internal auditors provided the Committee with an annual report, which concluded that for 2016/17, governance, risk management and control, and value for money arrangements in relation to business critical areas were generally satisfactory. However, there were some areas of weakness or non-compliance with processes in the framework of governance, risk management and control and value for money arrangements which potentially put the achievement of objectives at risk.</p> <p>The Committee received the updated University Risk Register. The Committee has agreed a proposal that the register will be revised, in both form and content; the revised format (updated also for 2018) will be provided to Court in June 2018 under the previously agreed arrangement for Court to consider the register annually.</p> <p>The Committee's annual report to Court was agreed and is provided to Court for the present meeting.</p>	
Topics to be discussed	As Court wishes	
Action from Court	To note and discuss if desired. Attention is drawn to the annual report	
Recommendation to Court	To note.	
Relevant Strategic Plan workstream		
Most relevant Primary KPI it will help the university to achieve		
Most relevant Secondary KPI it will help the university to achieve		
Risk register - university level		
Risk register - college level		
Demographics		
% of University	100% Cross University application on several items	
Operating stats		
% of		
Campus	All	
External bodies		
Conflict areas	None Highlighted	
Other universities that have done something similar		
Other universities that will do something similar		
Relevant Legislation	Accounting regulations incl FRS102; USGAAP. Statements of Recommended Practice (for audits); General Data Protection Regulation	
Equality Impact Assessment		
Suggested next steps	N/A	
Any other observations		

UNIVERSITY OF GLASGOW
Audit & Risk Committee

Minute of Meeting held on Tuesday 7 November 2017
in the Melville Room, Main Building

Present:

Mr Simon Bishop (SB), Ms Heather Cousins (HC) (chair), Professor Lindsay Farmer (LF), Mr Vincent Jeannin (VJ), Ms Lesley Sutherland (LS), Mr David Watt (DJW)

In attendance:

Mr Ken Baldwin (Ernst & Young) (KB), Mr John Boyd (Ernst & Young) (JB), Dr David Duncan, COO & University Secretary (DD), Mr Gregor Caldow, Group Financial Controller (GC), Mr Robert Fraser (Director of Finance) (RF), Ms Denise Gallagher (PWC) (DG), Ms Deborah Maddern (Clerk) (DM), Professor Sir Anton Muscatelli (Principal) (AM), Ms Lindsey Paterson (PWC) (LP), Dr Dorothy Welch (Deputy Secretary) (DAW)

Apologies: Mr Stephen Reid (Ernst & Young) (SR)

AUDIT/2017/11 Declarations of Interest

There were no declarations of interest.

AUDIT/2017/12 Minutes of the meeting held on 20 September 2017

The minutes were approved.

AUDIT/2017/13. Matters Arising

.1 Internal Audit Contract

The contract had been awarded to PwC following a tender exercise.

.2 Scottish Code of Good HE Governance

The Code had been published. A summary – including an action plan for a small number of areas where the University was not fully compliant – would go to the December meeting of Court. The University would be fully compliant by the end of 2018. The Committee would be kept updated.

.3 IPSC - IT security

At the last meeting, the Committee had heard that the IPSC would consider further the ability of the University to respond to ransomware and other IT attacks. The Committee had noted that it was important that staff and students were appropriately trained to be aware of, and reminded regularly of, the risks. DD confirmed he had raised the matter at the IPSC meeting and that further work on awareness would be taking place as part of the ongoing action to address the penetration test outcome. A new Director of IT Services had been appointed wef 1.1.2018.

Management noted a comment from the Committee about the importance of SMG and Court being sighted about any areas of significant concern relating to IT matters.

.4 GDPR audit – timeline for action

Since the last meeting, SMG had received the internal audit report and a briefing on the GDPR. A project board had been set up and engagement with Colleges was ongoing.

AUDIT/2017/14. University Financial Statements

14.1 Review of University Financial Statements for the year ended 31 July 2017

The Committee received the financial statements for the year ended 31 July 2017.

GC summarised the position, highlighting in particular the increase in tuition fee income and strong investments gains during the year. Specific items of note in the year were:

i) Operating Surplus after exceptional items and tax: there was a twelfth consecutive operating surplus. The management accounts surplus for 2016-17 was £46.3m, which was £17.6m higher than the original budget. The main operational movements included staff savings of £7.9m, a £2.0m increase on tuition fees and increased FRS102 income of £5.7m. There were additional statutory accounting movements of £10.3m, which brought the full year surplus before tax to £56.6m, the main items including a pension charge of £4.6m, an increase in endowments of £17.5m and FRS 102 adjustments of £4.8m. Total comprehensive income was £32.6m following an actuarial loss, mainly due to increased inflation assumptions on the UGPS pension scheme of £23.9m.

ii) Cash & cash equivalents: Cash and deposit balances as at 31 July 2017 were £231.8m, which was an increase of £37.8m in the year. The main movements were: a surplus for the year of £56.6m plus non cash movements of £7.2m, which was primarily due to depreciation; and the University obtaining £175m of funding through private placement bonds for the campus redevelopment plan, the University having since invested £175.5m in investment funds until required for the campus redevelopment; and capital spend of £38m.

iii) Capital expenditure: Capital expenditure in the year was £38.0m, a decrease of £37.8m compared to 2016 and £32.4m below budget. The capital spend was split £29.7m on Land and Buildings and £8.3m on equipment and plant & machinery. The main Land and Buildings spend was on a modular building for Maths and Statistics, the ICE building/enabling works and fees associated with the campus redevelopment. The main areas of underspend versus budget related to the campus redevelopment including L&T Hub (£11.9m), Infrastructure (£9.1m) and the Research hub (£3.9m).

In discussion, the Committee noted the drop in the Research margins year-on-year; this was across all Colleges and would affect their budgetary planning. The Committee also noted the risk associated with the sustainability of overseas fees, although the University was behind the sector in this area in terms of recruitment, with room for growth. Current forecasting was difficult in the context of uncertainty about the future of fee levels for, and income from, EU students and the interaction with possible financial assistance so as to retain the EU graduate skills base in the UK.

Suggestions for consideration were made with regard to the narrative in the Operating and Financial Review and Governance sections of the statements, with respect to: the justification for an operating surplus, the University's strategic performance including performance against KPIs, references to remuneration and inclusion of reference to the GDPR.

ACTION GC/RF

14.2 Reports of the External Auditors for the year ended 31 July 2017

The audit had been undertaken in line with the audit plan outlined to the Committee at its May meeting. The Committee noted that HC and DJW had met with the auditors by telecon ahead of the present meeting, to discuss the financial reports in detail.

The audit was designed to express an opinion on the 2017 financial statements and address the current statutory and regulatory requirements. The auditors had considered the Group and University's current and emerging needs along with an assessment of risks that could materially affect the financial statements, and aligned the audit procedures accordingly. The Committee noted a number of auditing tools used in this process, including data analytics.

Significant risks considered during the course of the audit had included: risk of fraud in respect of income recognition; and risk of management override of controls. Other areas of audit emphasis had included: accounting for pension obligations; accounting for property, plant and equipment; financing arrangements, including the related investment portfolio; and subsidiary financial statements

The corporate governance statement had disclosed the University Court's consideration of its compliance with the requirements of the Scottish Code for Good HE Governance, in accordance with the requirements of Scottish Funding Council's Accounts Direction. No inconsistency had been identified between the content of the statement and the information available to the auditors through the course of the audit.

In respect of the University financial statements, one adjustment had been identified and corrected in the financial statements during the course of the audit. This was in relation to an error in the actuarial valuation of the defined benefit pension scheme liabilities.

A report containing draft representations by Management was noted.

On the basis of the work performed, the auditors anticipated issuing unqualified audit opinions on the Group and University's financial statements, and on the University's subsidiary financial statements.

In discussion, it was noted that an increase based on price inflation had been made with regard to pension provision, but that this had not resulted in an altered rate of contribution.

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

AUDIT/2016/15. Accounts: Subsidiary Companies/University Trust, year ending 31 July 2017

The Committee noted the accounts for subsidiary companies and the University Trust, noting also that FRS102 had impacted on the preparation of the figures for the year in question, the main areas of change relating to USS provision and coverage of gift aid in the case of GU Heritage Retail Ltd.

There had been some movement in GU Holdings Ltd, arising from share activity. Other subsidiary activity was similar to the previous year. The auditors were content with the accounts.

AUDIT/2017/16. Internal Audit Update

16.1.1 Budgetary control: Campus Redevelopment Spend

The review had looked at the development of new control processes to support effective implementation of the capital plan, concluding that the processes were yet to be fully implemented and further process improvements were required. The report classification was High risk, with findings including 2 High-rated and 3 Medium-rated issues. Issues identified in the course of the review had been rated on the significance of the issue in the context of the capital plan. This took into account both the strategic importance of the capital plan to the University as well as the financial risks associated with a capital plan of unprecedented scale within the organisation.

The High-rated findings related to a lack of accuracy in forecasting of capital spend; and issues in the quality of receipting and approval of payment certificates. It was noted that the auditors had discussed the forecasting issue with management and confirmed to the Committee that the reasons for project delays, which were resulting in lower projections than had been originally forecast for

the next few financial years, were well understood. It was also noted that the possibility of bringing forward other projects was being considered. The visibility to Court of changes to projections and/or timing changes for projects would be via amendments to Court paperwork, including cover sheets for Committee papers.

With regard to the payments certificates matter, it was noted that approval mechanisms were being streamlined. The Committee also noted from the auditors that the operation of the new Programme Management Office would be relevant in this area, and agreed that the office might benefit from an audit advisory review at a relatively early stage, in 'real time' rather than in the usual, more 'reactive', timeframe.

16.1.2 SCENE Bank Accounts – follow up

There had been an internal audit report in 2016, relating to the Scottish Centre for Ecology and the Natural Environment (SCENE), the University's field station. SCENE had operated bank accounts including accounts for catering and social activity. In 2016, a number of recommendations had been made following a MVLS College-based investigation, including recommended closure and balance transfer of the social account to a University account. The overall report classification in 2016 had been Medium risk, with three medium risk findings, relating to: the social account not having been closed at that time, and new processes for charging residents not having been formalised; the catering account not being a sanctioned University account, that as such should be closed; and the earlier investigation not having been conducted by a different College and not having been reported to the appropriate level of senior management.

There has been a follow-up review in 2017 to assess whether or not the recommendations from the 2016 investigation had been implemented. It had been concluded that the recommendations had not been fully implemented, most notably that the social bank account had not been closed nor the funds transferred to a University account. The Committee noted, however, that there had been no activity on the account since June 2016, indicating that use of the account had ceased.

The update report classification was High risk, with findings including 2 High-rated issues: that oversight of SCENE by the University was limited, with no standard process in place governing the management of off-site locations, and as a result, no oversight of adherence to management processes and University policies; and a lack of adequate record keeping, both in relation to the bank accounts, and in relation to the acquisition and disposal of a quad bike. The Committee noted that the matter was being followed up with the College to reinforce the requirement for greater oversight.

16.1.3 Data Governance Review: Follow up report

The review had examined management action to date to address issues raised by a Data Governance audit review in 2016, noting progress made by the University to address the issues raised by the report, which had been rated High. No new findings had been raised in 2017. Progress had been made in some areas, but there remained a number of open, outstanding management actions. No classification had been given to the 2017 report. The Committee noted that a number of recommendations had not yet been implemented because the IT system provider had not yet been selected, but that risks were being offset since the relevant matters were being managed within the institution. The extant Data Governance committee was being merged with the Information Governance committee and this arrangement would better provide advice and assistance. The auditors were supportive of the IT systems approach being planned.

Progress would be kept under review by the auditors and the regular management updates on implementation of audit recommendations would provide ongoing information for the Committee. In response to a question about timescales, it was noted that the most recent HESA return had been clean and that there was significant progress with regard to Business Intelligence data within the University.

16.2 Internal Audit 2016/17 Annual Report

The Financial Memorandum between the Scottish Funding Council and Higher Education Institutions required the internal auditors to provide a written report and annual internal audit opinion to the Committee. The report presented the view on the adequacy and effectiveness of governance, risk management and control; and on economy, efficiency and effectiveness (value for money) arrangements.

The Committee was reminded that 15 internal audit reviews had been completed in the year. These had resulted in the identification of 8 high, 20 medium and 28 low risk findings, with associated recommendations made to improve weaknesses in the design of controls and / or operating effectiveness.

The overall opinion of the auditors was 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 was that governance, risk management and control, and value for money arrangements in relation to business critical areas were generally satisfactory. However, there were some areas of weakness or non-compliance with processes in the framework of governance, risk management and control and value for money arrangements which potentially put the achievement of objectives at risk. In the opinion of the auditors, improvements were required in some areas to improve the adequacy and effectiveness of governance, risk management and control and value for money arrangements. Specifically, some reviews had identified that while a process was in place, there was a lack of formal documentation of these processes, or guidance documentation required to be updated. In other reviews, staff had not comply with the controls and processes in place. Additionally, some reviews had identified a lack of adequate monitoring or oversight of processes and performance.

In the opinion of the auditors, the University was comparable with other research-led HEIs in the UK in terms of audit outcomes – although it was noted that the areas audited were not likely to be the same across the UK; the report might be amended to refer instead to the breadth of activity in such institutions and that very few if any would receive a wholly satisfactory summary report.

ACTION PWC

The auditors had also noted, as they had in the previous year, that the audit programme had focused on the areas of highest risk to the University, with the potential to result in findings of high impact and thus of higher rating.

The key factors that had contributed to the internal auditors' overall opinion were: that no reports had received an overall rating of Critical, and no individual findings had been rated as Critical; that the High and Medium-rated findings had related to distinct areas of the organisation, and there had been no indication that the issues identified were endemic throughout the University; and that 67 recommendations had been followed up, with 40 recommendations implemented and 27 in progress where management had suggested revised completion dates.

It was agreed that the number of audit days as compared to 2015/16 would be referred to.

ACTION PWC

It was also agreed that the updated annual plan 2017/18, which was now more detailed, would be circulated to the Committee between meetings, for comment and approval. This was in light of the gap between the current and next meetings.

ACTION PWC

AUDIT/2017/17. Audit Committee Annual report to Court

The draft report was approved subject to the inclusion of some further information from the present meeting. It would be circulated to members and attenders by email.

ACTION DM

AUDIT/2017/18. USGAAP – 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, as was the fact that positive acknowledgement of their receipt by the US authorities did occur.

AUDIT/2017/19. Risk Register (Strategic Risk Summary)

The updated University Risk Register was noted. The Committee agreed a proposal that the register be revised, in both form and content. The Director of Finance and the Chief Operating Officer & University Secretary would jointly lead this, in consultation with the Principal and Senior Management Group. A revised document would be provided to the Committee at its February 2018 meeting.

The Committee asked that consideration be given to including a reference to risk appetite, and to including scoring and RAG status. It was also requested that a process summary be provided to show how the College and cross-University risks including IT-related risks, and updates thereto, were considered in the drafting of the institutional register and of its regular updates.

ACTION DD/RF

AUDIT/2017/20. Any Other Business

There was no other business.

AUDIT/2017/21. Date of Next Meeting

Wednesday 21 February 2018 at 2pm in the Melville Room

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

Audit & Risk Committee Annual Report to Court

December 2017

1. Introduction

In line with good governance practice, the Audit & Risk 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 7 November 2017.

2 Summary of the Year's Work

2.1 Membership of the Committee

Membership of the Committee for the year was:

Mr Simon Bishop (vice-chair), Ms Heather Cousins (chair), Ms Lindsay Campbell (to December 2016), Professor Lindsay Farmer (from September 2017), Mr Vincent Jeannin (from September 2017), Mr Neil Menzies (to February 2017), Dr Duncan Ross (from November 2016 meeting to July 2017), Ms Lesley Sutherland and Mr David Watt.

All the above are/were external members, with the exception of Professor Lindsay Farmer and Dr Duncan Ross, who are both Senate Assessors on Court. Two of the external members, Heather Cousins and Lesley Sutherland, are also on Court.

2.2 Remit of the Committee

The remit was reviewed and amended in November 2016, with Court approval being given to the revisions in December 2016. The remit is unchanged since then.

2.3 External Audit

Ernst & Young continued in their role as external auditors, having been reappointed for four years from 1 February 2015.

2.4 Financial Accounts 2016/17

The Committee has reviewed the University's financial statements for 2016/17 and the commentary on these, together with the audit results report prepared by the external auditors, Ernst & Young.

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 2017, under which there would be examination of key controls across the University, including both the entity level controls and the transactions and general ledger controls; and the work of internal audit. Control considerations would be focused around those processes associated with significant financial statement risks. These included the University's budget monitoring process, payroll controls and project accounting controls which assisted the audit of income and expenditure categories. The auditors would also consider the controls established within the new research model within the Agresso finance system.

The report summarised the auditors' assessment 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. The report also discussed levels of materiality that would be applied. The auditors would scope their work accordingly across the individual components of the University group. The approach to the audit would be based on a balance of controls and substantive testing. The Committee received a timetable, agreed in line with management's own financial reporting timetable, which showed the key stages

of the audit and the deliverables that the auditors had agreed to provide through the 2016/17 Audit and Risk Committee cycle.

As part of its review of the financial statements, the Committee reviewed the major reporting issues and judgments relating to the 2016/17 financial year, covering:

- significant risks considered during the course of the external audit, which included Risk of fraud in respect of income recognition; and risk of management override of controls;
- areas of audit emphasis, that included: accounting for pension obligations; accounting for property, plant and equipment; financing arrangements, including the related investment portfolio; and subsidiary financial statements (including GU Holdings Ltd, the Glasgow University Trust and UGlasgow Singapore Pte Ltd).

The Committee noted that the audit opinion set out the auditors' reporting requirements in respect of ISA (UK) 700, including positive conclusions in respect of the University as a going concern.

The Committee noted the satisfactory audit conclusions of Ernst & Young. The audit opinion was unqualified and, for the twelfth 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.

2.5 Internal Audit

PricewaterhouseCoopers PwC continued in their role as internal auditors. The company has recently been reappointed for four years from 1 November 2017.

2.6 Internal Audit Activity 2016/17

The Committee has considered the work of Internal Audit, provided by 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/Group Financial Controller and the University Secretary/Deputy Secretary to report regularly on progress in implementing internal audit recommendations;
- convened special meetings or briefings to look in more depth at the Student Experience; and at IT matters including penetration testing and cyber security. The Committee also had an induction/refresher session covering the role of the committee and the chair; HE Funding; the SFC Financial Memorandum; key points from the University's strategic plan; University finances; and the work of both sets of auditors.

The 'rating' system for internal audit findings and recommendations are 'Critical', 'High', 'Medium', 'Low' or 'Advisory'. In 2016/17 (as in 2015/16) there were with no 'critical risk' findings (or reports), and 8 'high risk' findings (7 in 2015/16 and 6 in 2014/15), with 4 reviews resulting in an overall report classification of 'high' (5 in 2015/16 and 4 in 2014/15). There were 20 medium risk findings (40 in 2015/16 and 26 in 2014/15) and 28 low risk findings (24 in 2015/16 and 47 in 2014/15).

A 'high' finding is one that could have a significant impact on operational performance; or

significant monetary or financial statement impact; or significant breach in laws and regulations resulting in significant fines and consequences; or significant impact on the reputation or brand of the organisation. Direct comparisons with the ratings used previously (by other internal auditors) are not possible. The internal auditors have also advised the Committee in the past that since the internal audit plan focuses on different areas each year, the number of findings is not strictly comparable and therefore increases or decreases are not necessarily indicative of a change in control environment.

The internal auditors have issued an annual report for 2016/17, which includes an opinion on the adequacy and effectiveness of the institution's governance, risk management and control, and of its economy, efficiency and effectiveness (value for money) arrangements. 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 governance, risk management and control, and value for money arrangements in relation to business critical areas are generally satisfactory. However, there are some areas of weakness or non-compliance with processes in the framework of governance, risk management and control and value for money arrangements which potentially put the achievement of objectives at risk. In the opinion of the auditors, improvements are required in some areas to improve the adequacy and effectiveness of governance, risk management and control and value for money arrangements. Specifically, some reviews identified that while a process was in place, there was a lack of formal documentation of these processes, or guidance documentation required to be updated. In other reviews, staff did not comply with the controls and processes in place. Additionally, some reviews identified a lack of adequate monitoring or oversight of processes and performance.

The auditors note, as they did in the previous year, that the audit programme focuses on the areas of highest risk to the University, with the potential to result in findings of high impact and thus higher rating.

The key factors that contributed to the internal auditors' overall opinion are: that no reports received an overall rating of Critical, and no individual findings were rated as Critical; that the High and Medium-rated findings related to distinct areas of the organisation, and there was no indication that the issues identified are endemic throughout the University; and that 67 recommendations were followed up, with 40 recommendations implemented and 27 in progress where management has suggested revised completion dates.

In the Committee's view, the University management is generally following up audit recommendations appropriately, or providing reasons for any delays and for recommendations not implemented. There is an appropriate engagement by senior management with the audit process, including attendance of representatives at the Committee's meetings.

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

- A review of Cyber maturity, where the overall report classification was high risk, with one high risk finding, relating to a lack of mechanisms in place for local management (in one of the three areas audited) to be reassured about the controls in place at third parties which managed infrastructure, data and systems, in relation to the treatment of sensitive data and protection of systems and data. The Committee agreed that the University should ensure there were clauses routinely built into contracts with third parties, relating to systems and data control, and that local University managers should be aware of, and have ready access to, the details.
- A review of the University's preparedness for the General Data Protection Regulation (GDPR), which will cover every entity that holds or uses personal data both inside and

outside Europe, with increased compliance requirements backed by heavy financial penalties and a direct right of action for citizens in European courts. Although the review found that there was generally good awareness and some good practice across the University, relating to the requirements of the GDPR, the report classification was high risk, with 2 high findings relating to: the need to collate related information into an overarching programme/project to take the University up to the 2018 implementation date; and to ensuring comprehensive awareness, including training and cultural awareness-raising, across the institution. The Committee agreed that there was pressure on the University, given the actions required within a relatively short timescale, and a need for awareness and buy-in at the most senior levels. It will also be important for adequate resource to be made available for implementation of the requirements. It was agreed also that a risk assessment of the area should be undertaken in the short to medium term. The Committee has now received an update on progress, which includes SMG having been briefed on the area and the establishment of a project board, but will continue to monitor progress.

- A review of Allocation of Bursaries and Scholarships (Scholarships & Discounting), in particular whether or not recommendations from a Pricing and Discounting review group had been implemented and the overall impact on the University as a result, from a value for money perspective. There was one high risk finding, relating to a lack of strategic oversight of PGR scholarships and discounts, with better understanding required about the level of expenditure and the effectiveness of investment. The Committee noted that the completion date for action was May 2018, the relatively long-term nature of this being required given the complicated nature of the business. The Committee will continue to receive updates on this matter.
- A review of Budgetary control: Campus Redevelopment Spend, where the overall report classification was high, with 2 high-rated findings relating to a lack of accuracy in forecasting of capital spend; and to issues in the quality of receipting and approval of payment certificates. The Committee noted from the review that a policy document covering capital expenditure and financial governance approvals has been drafted, and that there has been progress in the development of new control processes to support effective implementation of the capital plan, but that these processes are yet to be fully implemented and further process improvements are required. The Committee also noted that the reasons for project delays, which are resulting in lower projections than originally forecast, have been discussed with management and are well understood, with the possibility of bringing forward other projects being considered. With regard to the payments certificates matter, approval mechanisms are being streamlined.

This area will continue to be subject to regular internal audit and then Committee review as the campus redevelopment progresses.

- A review of SCENE Bank Accounts (follow-up), where the overall report classification was high, with 2 high findings relating to there being no standard process in place governing the management of off-site locations, and as a result, no oversight of adherence to management processes and University policies; and to a lack of adequate record keeping in both in relation to (now closed) local bank accounts and to the acquisition and disposal of a piece of equipment (quad bike). The Committee has noted that the matter is being followed up with the College to reinforce the requirement for greater oversight.

2.7 Risk Management

The Committee's role includes overseeing on behalf of Court the effectiveness of the University's systems for and risk management. The Committee remains satisfied that risk management is still well embedded in the regular agenda of the SMG, with key business risks identified, risk and

owners appointed from among SMG members, and risk mitigation strategies clearly defined. However, the Committee has been concerned about the presentation of the Risk Register and has requested that it be revised, to include a full review of form and content.

Last year, Court agreed that as part of its role in Risk Management, it should receive the University's strategic risk register together with the mitigating actions proposed by SMG. This will normally occur annually at the June meeting, but has been carried forward to the December meeting in 2017. The fully revised version (following the review of form and content) will be provided to Court in June 2018.

At its February 2017 meeting, the Committee received a paper from the internal auditors, on the Higher Education Sector Risk Profile 2017, noting the significant change in the highest rated risks across the sector, arising from high movement in the political and policy landscapes relating to HE, from Brexit, from increased emphasis on financial sustainability, and from increasing cyber security risks.

It was agreed in 2016 that Court members will be advised about the annual SMG strategic risk workshop, with a view to a small number of Court members contributing to that exercise. Some members of the Audit & Risk Committee will also attend this workshop annually.

The Committee noted from the internal auditors' annual report that, in addition to the internal audit reviews undertaken, the internal auditors facilitated risk management workshops for the SMG and each of the four Colleges.

3 The Committee's plans for 2017/18

An outline internal audit plan was provided to the Committee at its May 2017 meeting, and is being developed further following a new contract for internal audit services having been awarded to PwC. The outline plan was driven by the University's organisational objectives and priorities, and the risks that might prevent it from meeting those objectives. PwC considered an 'audit universe' of auditable units, analysed the University's corporate objectives and risks, and subsequently developed an audit requirement rating based on the inherent risk assessment and the strength of the control environment for each auditable unit. The plan covered the auditable units, which at a high level cover: the Colleges; University Services; thematic areas including academic and educational innovation and research; and the University subsidiaries. The plan indicated proposed audits for 2017/18 within these high level units. The Committee has welcomed the inclusion of a Value for Money heading within the proposed plan, noting that this area will be included where appropriate. A full list of planned audits will be reviewed by the Committee in the coming months.

Internal audit work during 2017/18 will be performed in accordance with PwC's Internal Audit methodology, which is aligned to Scottish Funding Council Financial Memorandum requirements.

The Committee will continue to maintain its scrutiny of the Colleges further developing their approach to risk management; the Estates Strategy, in particular its governance and risk management elements; and progress relating to the areas of concern outlined above.

The Committee will receive a briefing on the Transformation Programme, in February 2018.

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 & Risk Committee believes that the University generally has an adequate framework of internal control.

HC/DM Nov 2017

Court Context Card - Finance Committee Report 20 November 2017

Speaker	Graeme Bissett
Speaker role	Finance Committee Convenor
Paper Description	Finance Committee Report to Court
<i>Topic last discussed at Court</i>	Oct-17
<i>Topic discussed at Committee</i>	Nov-17
<i>Committee members present</i>	Court members present at last meeting: G Bissett, N Hill, S Kennedy, R Mercer, Principal, K Powell, G Stewart
<i>Cost of proposed plan</i>	
<i>Major benefit of proposed plan</i>	
<i>Revenue from proposed plan</i>	
<i>Urgency</i>	High
<i>Timing</i>	Immediate
<i>Red-Amber-Green Rating</i>	Green
Paper Type	
Paper Summary	
FC/2017/33	Finance Committee noted an update on the Capital Projects, attached
FC/2017/34	Finance Committee approved 2 Capex applications, summary attached
FC/2017/35	Finance Committee noted the Investment Reports, attached
FC/2017/36	Finance Committee noted a report showing the Overview of Performance as at 31 July 2017, attached
Topics to be discussed	Draft University financial statements & accounts of subsidiaries & University Trust The Director of Finance, Robert Fraser, will present the financial statements Progress of Capital Projects Capex Applications approved Investment Reports Period 3 Overview of Performance
Action from Court	To approve draft University financial statements and accounts of subsidiaries and University Trust. Other items for noting .
Recommendation to Court	Finance Committee RECOMMENDS draft financial statements/subsidiary accounts to Court
Relevant Strategic Plan workstream	Agility, Focus
Most relevant Primary KPI it will help the university to achieve	Cash generation
Most relevant Secondary KPI it will help the university to achieve	
Risk register - university level	5. Financial Resource
Risk register - college level	
Demographics	
% of University	100% undergraduates 100% postgraduates 100% home students 100% overseas students 100% staff
Operating stats	
% of	100% revenues 100% of costs 100% of profits 100% real estate - land 100% real estate - buildings 100% of total assets 100% of total liabilities
Campus	All
External bodies	
Conflict areas	
Other universities that have done something similar	
Other universities that will do something similar	
Relevant Legislation	Financial regulations
Equality Impact Assessment	
Suggested next steps	
Any other observations	

University of Glasgow
Finance Committee
Minute of Meeting held on Monday 20 November 2017
Melville Room

Present:

Mr Graeme Bissett (Convener), Mr Robert Fraser, Prof Nick Hill, Prof Neal Juster, Dr Simon Kennedy, Prof Sir Anton Muscatelli, Ms Kate Powell, Mr Gavin Stewart, Mr Iain Stewart

In attendance:

Mrs Ann Allen, Mr Gregor Caldow, Mr Ronnie Mercer, Dr David Duncan, Ms Karen Lee, Ms Fiona Quinn

Apologies:

Ms Heather Cousins, Ms Elspeth Orcharton, Ms Elizabeth Passey

FC/2017/22. Summary of main points

- The Committee considered and approved the University Draft Consolidated Financial Statements and the draft accounts of the subsidiary companies and University Trust. The Committee noted an Operating surplus for 2016/17 of £38.3m (2016 - £30.8m), gains on disposal of fixed assets (£4.5m), gains on investments (£13.8m) and an actuarial loss (£23.9m) resulting in Total Comprehensive Income for the year of £32.6m (2016 - £31.2m).
- The actuarial loss was mainly due to increased inflation assumptions on the UGPS pension scheme and was arrived at despite an accelerated deficit reduction contribution of £17m.
- At year end, cash and deposits totalled £231.8m, an increase of £37.8m in the year. A further £175.4m had been invested following the bond issue and pending deployment on campus development capital expenditure.
- Two Capex applications were considered and approved, with aggregate capital spend of £6.125m and both of which were within the approved Capital Plan. One of the projects involved a capital spend of £4.905m, £4.705m of which would be funded by external grants.
- A report providing an overview of progress on the campus development was noted and the Governance arrangements for capital projects were reviewed and noted.
- The Committee noted a report providing a view of investment performance against targets, including reporting on the stewardship of cash funds raised from the bond issue. Performance was slightly adverse against targets at this early stage, and would continue to be monitored as the year progressed.
- The Committee noted the overview of performance which incorporates a view on short- and long-term cashflow. The results for Period 3 showed a projected surplus at full year of £24.5m, £6.8m ahead of budget.

- The Convener noted that Elspeth Orcharton had agreed to become Vice-Chair of the Committee.

FC/2017/23. Declarations of Interest

No new declarations were made.

FC/2017/24. Minutes of the meeting held on Monday 18 September 2017

The minutes of Finance Committee held on 18 September 2017 were approved and the Committee confirmed they were satisfied with the revised format which included a synopsis of the main points at the front of the minute.

The minutes identified approval by the Committee of several capex approval requests which had been approved subject to final agreement of grant funding and the Convener requested that the Committee be updated on these approvals on a rolling basis.

In future, minutes would have a table of agreed actions appended to enable the Committee to monitor execution.

FC/2017/25. Matters arising

FC/2017/08. Research Hub Full Business Case

Following its last meeting, Finance Committee had approved the Full Business Case for the Research Hub.

FC/2017/26. University Draft Financial Statements at 31 July 2017 (paper 5.1)

Finance Committee received the Draft University Financial Statements for the year to 31 July 2017. The Committee noted an Operating surplus for 2016/17 of £38.3m (2016 - £30.8m), gains on disposal of fixed assets (£4.5m), gains on investments (£13.8m) and an actuarial loss (£23.9m) resulting in Total Comprehensive Income for the year of £32.6m (2016 - £31.2m).

The actuarial loss was mainly due to increased inflation assumptions on the UGPS pension scheme and was arrived at despite an accelerated deficit reduction contribution of £17m.

At year end, cash and deposits totalled £231.8m, an increase of £37.8m in the year. A further £175.4m had been invested following the bond issue and pending deployment on campus development capital expenditure.

The Committee noted capital expenditure for 2016/17 of £38m, a decrease of £37.8m compared to 2015/16 and £32.4m below budget. The capital spend was split £29.7m on Land and Buildings, and £8.3m on equipment. The main areas of underspend versus budget related to the campus development including L&T Hub (£11.9m), infrastructure (£9.1m), and the Research Hub (£3.9m).

There were comments from members of the Committee on the wording of some sections. It was noted in relation to page 8 that Finance Committee and Remuneration Committee both had new

Conveners. On page 9, under 'Going Concern' the Committee requested that the penultimate sentence be changed to

'After making enquiries, Court has a reasonable expectation that the University and the group have adequate resources to continue in operational existence for a period of **at least** 12 months.'

Some amendments were agreed to the composition of disclosed capital commitment information and in relation to major capex approvals following the year-end.

The Group Financial Controller circulated a brief paper outlining performance against the covenant tests set out in the bond documentation. These were: 1) the University's net debt as a proportion of consolidated total assets and 2) total borrowing costs as a proportion of total consolidated income. Committee members were satisfied with the position and with the margin of safety in both cases.

The Convener thanked the Director of Finance and his team for their contribution to achieving such a positive outcome for 2016/17.

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

FC/2017/27. Draft Accounts for GU Holdings Limited as at 31 July 2017 (paper 5.2)

Finance Committee received draft annual accounts for GU Holdings Limited to 31 July 2017. GU Holdings exists to hold University investments in spin-out companies. GU Holdings reported an operating loss of £37,435 in 2016/17, as compared to a loss of £6,473 the previous year. Net current assets stood at £624,959 at 31 July 2017.

Finance Committee agreed to recommend the accounts to Court.

FC/2017/28. Draft Accounts for GU Heritage Retail Limited as at 31 July 2017 (paper 5.2)

The Committee received a draft report and financial statements for GU Heritage Retail Limited. The company's trading position had improved slightly on the previous year, with the operating profit up from £152,792 to £156,846.

Finance Committee agreed to recommend the accounts to Court.

FC/2017/29. Draft Accounts for Kelvin Nanotechnology Limited as at 31 July 2017 (paper 5.2)

Draft accounts for Kelvin Nanotechnology for year 2016/17 were presented to Finance Committee. The Committee noted the principal activity of the subsidiary was electronics and electrical engineering. Kelvin Nanotechnology Limited reported a profit of £46,264 in 2016/17 compared to a profit of £218,105 in 2015/16.

Finance Committee agree to recommend the accounts to Court.

FC/2017/30. Draft Accounts for UOG Utilities Supply Company as at 31 July 2017 (paper 5.2)

The Committee received the accounts from UOG Utilities Supply Company for the period to 31 July 2017. The Committee noted that the Company's principal activity was the provision of utilities to the University and was set up in order to install the University's combined heat and power (CHP) system.

The Committee noted a profit for 2016/17 of £67,628 after tax. The net asset position at 31 July 2017 was £19.07m and net current assets amounted to £2.58m.

Finance Committee agreed to recommend the accounts to Court.

FC/2017/31. Draft Accounts for UGlasgow Singapore Pte Ltd as at 31 July 2017 (paper 5.2)

The Committee received the accounts from UGlasgow Singapore Pte Ltd to 31 July 2017. The Committee noted the after tax profit of \$562,960 (Singapore dollars) which had fallen from \$674,663 for 2015/16.

The cash balance of \$4.67m was held in Singapore dollars.

Finance Committee agreed to recommend the accounts to Court.

FC/2017/32. Draft Accounts for University of Glasgow Trust as at 31 July 2017 (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 £8,747,660 in 2016/17. This included £8,526,484 from restricted income and £221,176 from unrestricted income. This represented an increase from disbursements of £5,981,367 in 2015/16.

Finance Committee agreed to recommend the accounts to Court.

FC/2017/33. 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.

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.

FC/2017/34. Capital Programme Update and Execution of Capital Plan (papers 6.1 and 6.2)

Finance Committee received an update on current capital projects and a summary of progress of the capital plan. The Committee discussed the £20m variance against budget for the capital plan as a whole noting that the lower spend to date was primarily due to re-profiling of spend on the L&T Hub; the Research Hub starting later than anticipated; and delays to M&E in the Boyd Orr Building.

The Committee noted the reports.

FC/2017/35. Capex Application Summaries (paper 6.3)

Finance Committee received two capital expenditure applications, summarised in the table below:

Project	Purpose	Total projected cost	Provision in capital plan	Other funding source	Value of funding sought under this application
Garscube/ Henry Wellcome Building/ Accommodation for Scottish Macromolecular Imaging Centre	Full Business Case		Yes	- MRC - SFC - Universities of Edinburgh, Dundee and St Andrews - Wellcome Trust - SULSA - MJM Smith Trust	
GRI/Forensic Toxicology Relocation QEUH/ ICE Building/ Forensic Pathology Relocation	Full Business Case		Yes	none	

Finance Committee approved the Capex applications.

FC/2017/36. Investment Performance (paper 7.1)

Finance Committee noted the endowments investment report and a report on cash investments. Both reports provide a running total of fund values held, along with target versus actual returns, and asset allocation for each fund. The running total and trend had been included to allow an understanding of major movements, and the traffic light results show the funds' performance against target.

Looking at the Schrodgers annual income target, the committee noted that the YTD variance was £20k adverse. The UBS portfolio return was also slightly adverse to target YTD.

Turning to investment of cash surpluses the Committee noted that performance was also adverse but that this reflected costs at this early stage.

FC/2017/37. Overview of Performance as at 31 October 2017 (paper 8.1)

The Group Financial Controller presented the overview of performance for Period 3.

The Year to Date surplus under FRS 102 stood at £24.1m, slightly ahead of budget. The projected surplus at full year stood at £24.5m, £6.8m ahead of budget. The Committee noted that tuition fees were £3m ahead of budget, and salaries were £2.4m lower than budgeted. Commercial contribution in MVLS had decreased by £1.1m to reflect a reduction in margin in the Small Animal Hospital as a result of staff shortages and operational issues.

The short and long term cash flows were noted, including the requirement to ensure the opening cash position in the management reports aligned with the audited balance at 31 July 2017. There was expected to be some slippage compared to budget in capex spend on campus development in the current year, currently quantified at c£20m.

The medium - long term cash flow would be looked at future meetings of Finance Committee.

FC/2017/38. Debtors Reports as at 30 September 2017 (paper 8.2)

Finance Committee received an update on debtors as at 30 September 2017. Overall debt stood at £108.55m in comparison to £105.87m at September 2016.

Overall student and sponsor debt was higher than prior year, totalling £90.93m at 30 September 2017 compared to £87.6m at 30 September 2016. This was driven by increased billing. The impact of changes required by the CMA was being monitored (i.e. removing the requirement to pay all debts including accommodation fees before being permitted to progress to the next year of the course or to graduate).

Commercial debt totalled £14.77m at 30 September 2017 compared to £14.33m at September 2016.

Finance Committee noted a decrease in outstanding debt for the Small Animal Hospital to £1.6m at September 2017 from £1.78m at September 2016. This continued to be monitored.

FC/2017/39. AOB

The Convener notified the Committee that Elspeth Orcharton had agreed to take on the role of Vice-Chair.

The Convener shared the details of a recent tax case: a scenario in which charitable donations had become liable for VAT because it was found that benefits were being received by donors in return for gifts. It had been clarified that there was no such risk in the case of philanthropic gifts donated to the University of Glasgow's Campaign, as no benefits were received by donors.

FC/2017/40. Table of Actions

Action	Date Due	Notes
Approval of Research Hub and recommend to Court	By 11 Oct 2017	Approved following receipt of additional information
Monitor medium term cash position	February meeting, then ongoing	
Monitor capex applications approved subject to final agreement of grant funding	On a rolling basis	
Amend cash flow information in the Overview of Performance, such that the opening cash position aligns with the 2017 Annual Accounts.	For next meeting	

FC/2017/41. Date of next meeting

1 February 2018, 10.00am, location tbc.

Prepared by: Fiona Quinn, Clerk to Committee, Fiona.Quinn@glasgow.ac.uk



University
of Glasgow

Reports and Financial Statements for the year to 31 July 2017



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OPERATING AND FINANCIAL REVIEW

For the year ended 31 July 2017

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 2017 ("2016-17").

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.

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 18,600 undergraduate students, almost 8,000 postgraduate students, and over 3,000 adult learners. Finding community within diversity, the University attracts students from more than 140 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 Universities (Scotland) Acts 1858 to 1932. These Acts make provision for the main statutory bodies and officers of the University - the Court, the Senate, the General Council, the Chancellor, the Principal and Vice Chancellor, and the Rector - and set out the powers and duties of the statutory bodies and officers, as well as specifying the composition of the statutory bodies.

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

Court is responsible for the management and regulation of the financial affairs of the University, ensuring compliance with the Financial Memorandum and associated guidance as published by the Scottish Funding Council (SFC). 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.

Inspiring People – Changing the World

In 2015 the University published its current 5-year strategy, Inspiring People – Changing the World. The strategy articulates a vision for the University – to be a world-class, world-changing university, complementing the University's mission to bring inspiring people together and create a world class environment for learning and research, empowering staff and students alike to discover and share knowledge that can change the world. The strategy is articulated across three key sections:

People: The University wants to be regarded among the very finest higher education institutions in the world. For that to happen, it needs to attract the best of the best – staff and students alike. The people section details the University's strategy to attract world-class staff and talented students from every corner of the globe, and connect with the finest minds worldwide through international partnership and cooperation.

Place: The University wants to provide an internationally excellent environment which inspires its staff and students as world-class learners, researchers and professionals. The place section details its vision for world-class supporting infrastructure realised through cutting-edge facilities, best in class systems and outstanding professional support functions.

Purpose: The University exists to discover world-changing knowledge and then share it with students and society at large. The purpose section articulates its vision for internationally excellent teaching, globally significant research, and local and global civic engagement that has tangible benefits and impact for communities.

Inspiring People identifies 9 primary and 13 secondary key performance indicators (KPIs) to assess the University's progress and performance over the 2015 – 2020 strategic period. The KPIs encompass research, the student experience, internationalisation, staff satisfaction, financial health and efficiency of the estate.

The Student Experience

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.

The University has a sustained track record of high achievement in student satisfaction as measured by the National Student Survey (NSS), which remains towards the upper end of the sector. The University's overall average satisfaction score held steady at 89% in 2016-17, placing the University third in Scotland and the Russell Group for student satisfaction. However, the University is not complacent, and issues raised by students through the NSS continue to be added to the University's ongoing NSS action plan.

While not a direct measurement of student satisfaction or the student experience, the University's performance in national and international league tables is an important indicator of overall quality of provision. The University's international league table positioning has remained relatively stable in recent years, falling two places to 65th in the QS World University Rankings (2016: 63rd) and gaining 8 places from last year's THES World University Rankings to 80th (2016: 88th). The University's ranking in the Shanghai Jiao Tong is within the 101-150 band. The University's performance in the domestic league tables is between 20th and 27th in the three main UK tables (The Guardian, The Independent, The Times/Sunday Times). The University was named the Scottish University of the year 2018 by the Good University Guide, along with being shortlisted for the University of the year.

OPERATING AND FINANCIAL REVIEW

Continued

Recruitment

The University met all of its recruitment targets for 2016-17 whilst maintaining the high average qualification tariff for new students that the University has held for the last five years. The formula used to calculate tariff changed across the sector in 2016-17; partly as a result of this, the University's entry tariff ranking within the Russell Group improved on its already competitive placing, rising from tenth to fifth. The University has also had significant success in recruitment to taught postgraduate programmes with numbers rising by 7% in 2016-17 (2016: increase of 30%).

Research

The University's focused investment in recruiting and nurturing research leadership has led to substantial grant income. Glasgow is in 5th place in the Russell Group for research income per FTE, and we have had notable successes in attracting multi-million pound awards of an increasingly collaborative and interdisciplinary nature to tackle worldwide problems. This includes a £7.1m grant from the new Global Challenges Research Fund (GCRF) to examine large-scale rural to urban migration, thus contributing to the development of sustainable cities and communities. Income growth has been facilitated by recent investments in research support and by strategic programmes for recruiting research students, fellows and internationally recognised professors.

The outcomes of the Research Excellence Framework in 2014 (REF 2014) showed that the power of the University's research (overall quality multiplied by volume) placed it 12th in the UK and 2nd in Scotland. The percentage of research judged to be 'world leading' – the top category – doubled to 31% between the 2008 and 2014 assessment exercises. Since 2014, the University has initiated an intense programme of reviews to ensure that each discipline fulfils its potential in all aspects of the research portfolio – the volume and diversity of income but importantly the quality of outputs, impact and leadership – in preparation for the next REF submission in 2020.

Internationalisation

The University continued to see a steady year-on-year increase in entrants from students outside the EU, with sustained growth for the eighth consecutive year. International registrations in 2016-17 grew by over 7% on the previous year and growth was seen at all levels of study. The University also met the strategic KPI target of 5,000 international students three years ahead of schedule. The University's continued success in attracting international students reflects the efforts put into strategic country marketing campaigns and the return on investment from the University's in-country based International Recruitment Officers.

The International Summer School (ISS) has grown significantly year-on-year, resulting in a more diverse portfolio of courses on offer but more importantly a growth in international student numbers. 221 students enrolled for summer 2017, a growth of 82% on the previous year; this resulted in revenue from the ISS now exceeding £0.5m. The ISS has also allowed the University to develop bespoke programmes for some of its global partners, such as the University of California.

The University continues to develop 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 grew once again in 2016-17, and for the first time in the ten-year relationship, new entrants to the University from GIC are expected to exceed 600 in session 2017-18. New pathways for several of the Colleges have also been approved and will commence in the coming session.

In recent years, the University has established Transnational Education (TNE) partnerships with the Singapore Institute of Technology (SIT), University of Electronics Science and Technology of China (UESTC) and Nankai University to enable students to gain a University of Glasgow degree overseas whilst being taught by University of Glasgow staff. The University comfortably hit its overall targets for 2016-17, with 1,735 students studying for Glasgow degrees: 78 on degrees with Nankai, 944 on degrees with UESTC, and 706 undergraduate and 7 PhD students with SIT. Further growth is anticipated in 2017-18 with the expansion of TNE programmes in Civil Engineering.

Outcome Agreements

During 2012-13, in return for the increased financial settlement to the HE sector, the Scottish Government indicated that it expected the Scottish Funding Council to ensure that improved outcomes are delivered by universities that meet the priorities of the Scottish Government. 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.

During the year, the University agreed a new 3 year Outcome Agreement for the 2017-18 to 2019-20 with the SFC. This focused on the following areas: widening access, high quality learning and teaching, world leading research, innovation and governance. The document also has a number of cross-cutting themes that included: partnership working, gender, employer engagement and carers.

Widening Participation

Widening Participation (WP) remains a prominent and important strategic area for the University. We made extensive contributions to the Scottish Government's Commission on Widening Access with much of our work cited as sector leading best practice. We are now actively contributing to implementation discussions and planning. Meanwhile we continue to exceed our MD20 (Most Deprived 20%) recruitment targets and lay the groundwork to exceed increased targets in the future. We engaged a record number of school pupils in 2016-17, over 20,000 Primary 7 – Secondary 6 pupils, up from just over 4,000 Secondary 4 - Secondary 6 pupils five years ago. This year also saw the first cohort of Reach Programme students graduate and our largest ever WP Summer School with successful students progressing into HE study.

OPERATING AND FINANCIAL REVIEW Continued

Income and expenditure

Overall the University enjoyed another successful year financially as follows:

	2017 £000	2016 £000
Total income	607,843	579,934
Total expenditure	(569,582)	(549,104)

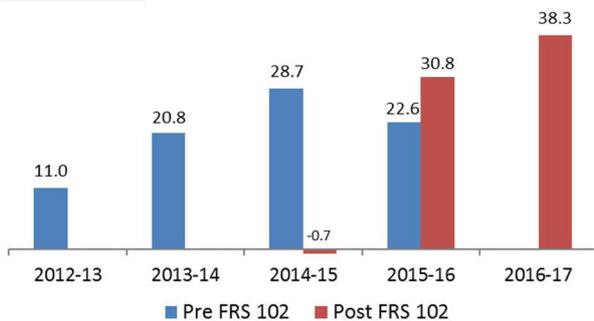
Surplus after depreciation of PPE at valuation and before exceptional items

R&D tax credits ("RDEC") and deferred capital grants released	-	2,618
Contract cancellation expense	-	(21,903)

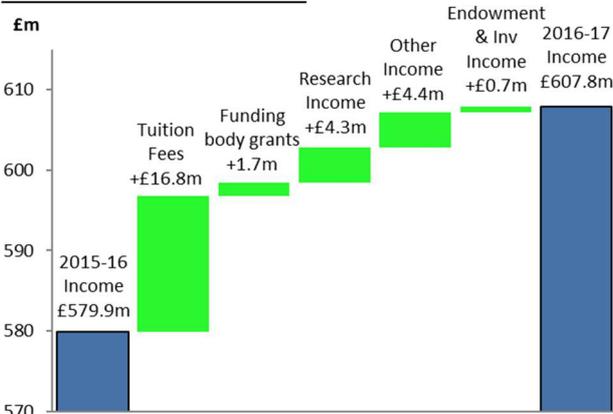
Surplus before other gains	38,261	11,545
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The graph below shows the trend in operating surplus over the last five years, including the FRS 102 conversion impact on the University financial statements for 2014-15 and 2015-16. This is the first year where the University subsidiaries' financial statements have been prepared in accordance with FRS102, although the impact of this is immaterial.

**£m - Operating Surplus excluding exceptional items
Five Year History**



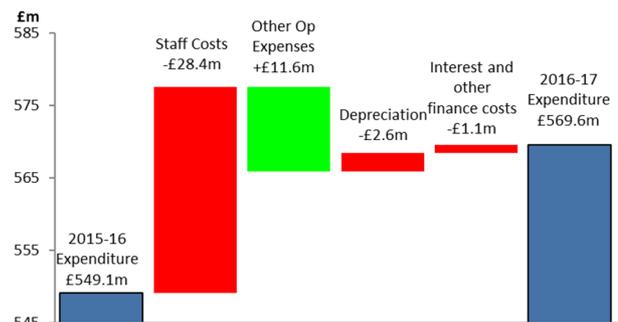
Income - Year on Year movement



Total income excluding exceptional items increased by £27.9m or 4.8% from 2015-16 to 2016-17. The main movements are as follows:

- Income from tuition fees and education contracts grew by £16.8m or 10.4% to £178.4m (2015-16: £161.6m). The largest movement was in overseas students, with income growing by 14.3% (2015-16: 19.2%) from increased student numbers and average fees;
- Income from funding body grants increased by £1.7m or 1.1% in 2016-17 (2015-16 decrease 1.2%), primarily driven by increased infrastructure grants, partially offset by a fall in the main teaching grant;
- Underlying research income (research income excluding movements in capital grants) has increased by £12.2m during the year. This is offset by a reduction in capital grant income of £7.9m. This resulted in a net increase of income from research grants and contracts before exceptional items of £4.3m or 2.5% in 2016-17;
- Other income increased by £4.4m or 5.9%. The main movement is primarily related to increased income from donations, ERDF donation for new scanners, increased income from Glasgow International College offset by reduced residencies income;
- Endowment reduced by £0.4m and investment income increased by £1.1m.

Expenditure- Year on Year movement



Total expenditure excluding exceptional items increased by £20.5m or 3.7%. The main movements are as follows:

- Total staff costs increased by £28.4m or 9.6% in 2016-17 (2015-16 decrease of £9.2m or 3.0%). Underlying staff costs increased by £25.9m or 8.8% due to higher salary costs, social security and pension costs. The year on year movement in FRS 102 adjustments for unpaid holiday pay and Universities Superannuation Scheme ("USS") provision was an increase in expenditure of £2.5m primarily as a result of an increased unpaid holiday accrual in 2016-17. Staff numbers increased by 1.9% in the year to 31 July 2017;
- Other operating expenses decreased by £11.6m or 5.3%. The largest reduction related to a decrease in rental payments as a result of the repurchase of student residences in July 2016 from Glasgow Student Villages Ltd ("GSV") which accounted for £4.2m along with reduced utility costs of £1.4m and reduced spend on private providers of student accommodation of £1.1m.

Total exceptional items decreased by £19.3m to £nil. The movements are as follows:

- Following the introduction of legislation in the Finance Act 2013, large companies were allowed to claim R&D relief as a tax credit of 10% of qualifying expenditure. These credits were withdrawn from universities after 2014-15 resulting in RDEC recoveries of £2.6m in 2015-16, representing final settlement of prior period estimates;

OPERATING AND FINANCIAL REVIEW

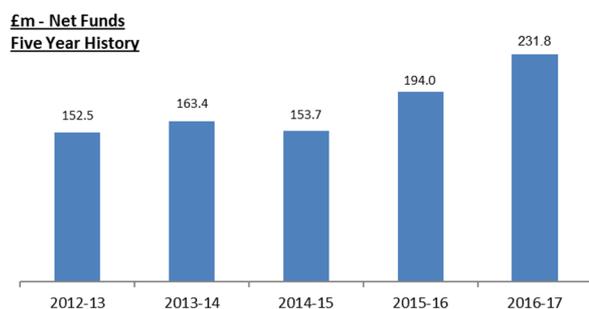
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- In 2015-16 there is an expense of £21.9m relating to contract cancellation costs associated with the repurchasing of student residences from Glasgow Student Villages Ltd ("GSV").

Net funds and cash flow

During the year the University raised £175m of unsecured private placement funding for the campus redevelopment programme. Separately, the University invested £175.5m of internally generated funds in investment funds. These funds will be drawn down when required to fund the campus redevelopment programme.

Net funds increased in the year by £37.8m to a closing balance of £231.8m at 31 July 2017. The five year net funds history is as follows:



The main cash inflows were from operating activities +£77.2m and financing activities of +£173.8m offset by investing activities (-£213.1m). The net inflow from operating activities represents the operating surplus of £56.6m and an inflow of £20.6m related to a rise in non-cash adjustments, primarily due to depreciation. Cash inflow from financing activities represents the £175m unsecured private placement funding and the main cash outflow was the transfer of £175.5m into investment funds. Capital expenditure for the year was £38.0m, which was £37.8m lower than 2015-16. Capital commitments authorised but not yet contracted increased by £82.7m in the year to £108.6m at the balance sheet date, primarily related to the Learning and Teaching Hub building and infrastructure associated with the campus redevelopment programme.

Pension liability

The FRS 102 pension liability for the University of Glasgow Pension Scheme (UGPS) and the Strathclyde Pension Fund (SPF) has increased in the year from £53.3m to £62.1m. The University made an additional contribution of £19.6m towards the UGPS deficit during 2017; however the overall liability increased primarily due to an increase in the inflation assumptions which drove higher liabilities and resulted in an actuarial loss of £23.9m. Under FRS 102 the University records the present value of its deficit recovery commitments for the Universities Superannuation Scheme USS. During the year this provision increased from £52.0m to £54.8m.

Investment performance

In the past financial year, the value of global stock markets has risen. The value of endowment asset investments increased from £170.9m to £188.4m with new endowment bequests received during the year decreasing from £1.5m to £1.2m. The increase in the market value of the endowment funds was £12.9m in the year 2016-17 compared with £4.0m in 2015-16. The performance of the fund managers continues to be monitored by the Investment Advisory Committee against targets set by the committee. These targets are reviewed regularly. To diversify holdings and improve returns on cash holdings the University invested £175.5m in investment funds

during the year. These will be drawn down when required for the campus redevelopment programme. The performance of these funds and amount invested is being monitored by a Finance sub-committee. The performance of the group's spin outs and associated listed investments remained consistent year on year. This was principally due to a disposal of shares in Cara Therapeutics Inc., resulting in proceeds of £3.1m and a net gain of £2.1m. The University also recognised an increase in the value of its investment in Cronin Group Plc as these became tradable during the year.

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 2017 the University's outstanding payments represented approximately 9 days' purchases. This is a decrease from 12 days in 2016. The University has no matters to disclose under the Late Payment of Commercial Debts (Interest) Act 1998.

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 property, plant and equipment and working capital. This enables the Finance Committee to consider any future borrowing requirements in a timely manner.

As noted above the University has invested £175.5m in investment funds. The level of investment in these funds and fund performance is overseen by a Finance sub-committee. The University's remaining 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, or higher with specific approval from Finance Committee. 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. The length of deposit is a maximum of ninety five days. The University is exposed to changing interest rates, although the exposure is viewed as low given that interest income accounts for less than 0.2% of the total income of the University in 2016-17.

Accounting policies

The University financial statements have been prepared in accordance with the Statement of Principal Accounting Policies as set out on pages 14 to 17. The format of the financial statements reflects the format as required by the 2015 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, potential members of staff and lay members of Court and other governance committees, and to meeting the requirements of all relevant external legislation. To enable the University to fulfil its mission statement the aim is to build an inclusive and supportive environment which meets the needs of all staff, students and visitors to the University. The Disability

OPERATING AND FINANCIAL REVIEW

Continued

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 equally and fairly.

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. Court has committed to a phased reduction in the University's direct investment in the fossil fuel extraction industry. The first phase of that divestment strategy is now being implemented which 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 University continues to grow its student numbers in a controlled and sustainable manner, carefully balancing income generation targets against estate capacity and the need to protect the quality of the student experience. The University's international student population grew by 10.2% in 2016-17, a significant rise that puts the University on course to hit its 2020 KPI target earlier than anticipated. Similarly, 4% growth in the University's research postgraduate population and 7% growth in its taught postgraduate population have also put the associated 2020 KPI targets well within reach in the year ahead.

The UK government lifted the cap on student recruitment for universities in England, Northern Ireland and Wales (RUK) in 2015-16, allowing institutions to determine their own capacity level. Early indications suggest that the policy has increased competition to recruit the best students across the UK, particularly at the clearing stages, with many universities offering an increased number of places. This caused no significant impact on the University's ability to recruit the best students in 2016-17, and the early signs are that this has had a similarly limited impact on the recruitment profile for 2017-18. We will continue to assess the ongoing impact of the removal of the cap on student recruitment and take action where necessary.

It has now been five years since Scottish Universities were first permitted to charge RUK students up to £9,000 per year; for the 2017-18 intake, this figure has been uplifted to £9,250 in line with fees charged in England. The University of Glasgow continues to implement a variable RUK fees regime in which the highest fees only apply to Medicine, Dentistry and Veterinary Medicine. All other courses over three years in

duration are charged at £9,250 with fees waived in the final year to ensure that the University's four-year Scottish undergraduate degree remains financially competitive with its three-year RUK competitors.

Growth in the University's income in recent years has depended upon double-digit growth in the number of students recruited from outside the EU. Maintaining this growth against the backdrop of the twin threats of increased competition in the global higher education sector and the UK's decision to withdraw from the European Union ("Brexit"), with its accompanying uncertainties surrounding the future immigration regime for students, is a significant risk. Early data suggests that this uncertainty has not had a negative impact on recruitment for 2017-18.

Brexit adds further uncertainty to the University's operations with respect to the impact on our ability to recruit talented international staff, and the UK HE sector's eligibility for access to European research funding and other EU funding streams. The situation is further complicated by the attendant risk of a second referendum on Scottish independence as a result of the outcome of the ongoing Brexit negotiations. However, the University is proactively responding to the developing political landscape through dedicated information events for staff and ongoing engagement with both the Scottish and UK Governments.

In 2016, the UK Government published an independent report proposing alterations to the Research Excellence Framework (REF) – the Stern review. The review made a number of recommendations to alter the original REF operational model, which would have broad impact across the UK HE sector: these recommendations formed the basis of a recent consultation exercise by the UK's four HE funding bodies. The University and its Russell Group peers were broadly supportive of the Stern review's recommendations, and University staff are working with colleagues from across the sector to ensure that the potential benefits of the reforms for the University's research reputation are carried through.

The HEFCE-administered Teaching Excellence Framework (TEF) exercise was undertaken for the first time in 2016-17, assessing Universities' teaching quality against a range of criteria with a view to awarding them a gold, silver or bronze award. TEF is predominantly an English HE exercise, and while Scottish universities could voluntarily take part, the majority of Scottish HEIs (including Glasgow) declined on the grounds of the Scottish sector's distinctive approach to quality assurance and enhancement. However, internal benchmarking exercises based on TEF metrics suggest that Glasgow is competitively placed among its UK peers with respect to the quality of its teaching.

In March 2017, the UK Government launched the independent Industrial Strategy Commission to develop evidence-based policy recommendations for a new UK Industrial Strategy. The interim report of the Commission sets out a vision of "long-term" institutions such as Universities to act as stewards and engines of the Industrial Strategy, tackling major national and global "grand challenge". The Commission's vision complements the University's own plans to establish an Innovation District in the West End and Waterfront area of the city, and the University will continue to work with Glasgow City Council and other major stakeholders to bring these ambitions to fruition.

Rising staffing costs continue to cause significant pressure due to cost of living and incremental pay increases outstripping income increases from the Scottish Funding Council. Deficits to the University's UGPS and USS pension schemes also remain volatile due to the large drop in long-term interest rates.

OPERATING AND FINANCIAL REVIEW

Continued

During 2015-16, the University officially took vacant possession of the former Western Infirmary site that borders the existing campus. This is an unprecedented development opportunity for an urban university, offering the potential to expand the footprint of our main estate by almost 50% and create a visionary and inspiring campus for future generations. The Western Site will be the core focus of a £530m building programme as part of the campus redevelopment masterplan; an ambitious but achievable programme of capital development that will be managed through a carefully balanced spending profile comprising future cash generation, disposals, existing reserves, and a major donor fundraising campaign that is expected to launch publicly in late 2018.

Professor Anton Muscatelli
Principal

The site will eventually provide space to enable the entire academic estate to be reconfigured 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. 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.

Graeme Bissett
Convener of Finance Committee

The main contractor for the site was appointed during 2016-17 and work has begun to demolish buildings on the site allowing for the construction of new fit-for-purpose teaching, learning and research buildings. The first of these new buildings is currently under construction, a £100m Learning and Teaching Hub. The building is expected to be complete to allow it to be used for teaching in the 2019-20 academic session.

Robert Fraser
Director of Finance

Summary

The University has made good progress in recent years towards the achievement of its strategic ambitions. The external environment, including below-inflation increases in funding from the SFC, the changes to the fee regime for UK students, increasing pension deficits, and the uncertainties surrounding the post-Brexit settlement 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 strong surplus in 2016-17.

The University's Senior Management Group assesses the strategic risks that the University faces at each monthly management meeting and identifies and executes appropriate mitigating 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 University's 2015 – 2020 strategy, Inspiring People – Changing the World.

CORPORATE GOVERNANCE STATEMENT

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 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.

In the opinion of the members of Court, the University complies with the 2013 Scottish Code of Good HE Governance in so far as it applies to the higher education sector and it has complied throughout the year ended 31 July 2017.

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. The University also complies with the Post-16 Education (Scotland) Act 2013 and the Higher Education Governance (Scotland) Act 2016. 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 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 the financial year 2016-17, 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, two assessors elected by the General Council, six assessors elected by Senate, two employee representatives, the President of the Students' Representative Council, one assessor elected by the Students' Representative Council, and nine independent members appointed by Court, one of whom is appointed Convener of Court. During 2016-17 the Convener of Court was Elizabeth Passey. When vacant, the position of Convener 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 and the method of selecting the Convener will be affected by the terms of the Higher Education Governance (Scotland) Act 2016.

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

reference. Committees report to Court through their Chair, who - with one exception (the Health, Safety & Wellbeing Committee) - is an independent member of Court. The Committees have each been required by Court to appoint a Vice-Chair, and Court itself has also appointed a Vice-Convener, who is an independent member of Court (Graeme Bissett).

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 and with 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 was chaired by Ken Brown, an independent member of Court, during the year to 31 July 2017, The Vice-Chair appointed during the 2016-17 year was Graeme Bissett, an independent member of Court. Graeme Bissett became chair of the committee from August 2017. The Committee normally meets five times a year.

The **Audit & Risk 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 normally meets four times a year, with the University's external and internal auditors in attendance. Dr Paul Brady, an independent external member (though not a Court member), chaired the Committee until 30 September 2016, when he was succeeded by Heather Cousins, an independent member of Court. The Vice-Chair appointed during the 2016-17 year was Simon Bishop, an external independent member who is not a member of Court.

The **Remuneration Committee** makes recommendations to Court on the process of determining salary awards for senior staff and determines the Principal's remuneration in the absence of the Principal. Details of the remuneration of senior post-holders for the year ended 31 July 2017 are set out in note 7 to the financial statements. The Committee was chaired by Ken Brown, an independent member of Court, during the year to 31 July 2017. The Vice-Chair appointed during the 2016-17 year was June Milligan, an independent member of Court, June Milligan became chair of the committee from August 2017. The Committee meets at least once a year.

The **Human Resources Committee** reviews the University's HR Strategy and, through agreed performance indicators, monitors its relevance, implementation and effectiveness; ensures that the strategy is consistent with and supports the University's mission, vision and values; monitors compliance with the legal and regulatory framework for HR and ensures the adoption of best practice; acts as a sounding board for the University's executive officers and HR function, providing advice, from a breadth of perspectives, on human resource management issues; and ensures that the University's senior management demonstrate the importance of HR to the institution by providing support and leadership to all staff. During the period of the financial statements 2016-17, the Committee was chaired by the Secretary of Court David Newall from 1 August 2016 to 30 September 2016, and thereafter by an independent member of Court, June Milligan. The Vice-Chair appointed during the 2016-17 year was Rob Goward, an external independent member who is not a member of Court. The Committee normally meets five times a year.

The **Nominations Committee** makes recommendations to Court on the appointment of independent members to Court and on the appointment of the chair and members of Court Committees, having regard to the skills and experience required.

CORPORATE GOVERNANCE STATEMENT

Continued

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 Elizabeth Passey, the Convener 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 was chaired by an independent member of Court: Margaret Morton, until 30 September 2016, and thereafter by Ronnie Mercer, an independent member of Court. The Vice-Chair appointed during the 2016-17 year was David Milloy, an independent member of Court. The Committee 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 was chaired by the Secretary of Court David Newall until 31 March 2017 and thereafter by the Chief Operating Officer and University Secretary, Dr David Duncan. The Vice-Chair appointed during the 2016-17 year was Richard Claughton, Deputy Director of Human Resources. The Committee 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

The 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 is chaired by the Principal and meets five times per year. The future composition of Senate will be affected by the terms of the Higher Education Governance (Scotland) Act 2016.

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. It meets twice a year and is chaired by the Chancellor.

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. 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 & Risk 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 & Risk 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 & Risk 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 & Risk 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 & Risk Committee, including reports relating to the University's risk register, and has during 2016-17 agreed that on an annual basis Court will also review the University's risk register.

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 2017 and up to the date of approval of the annual reports and financial statements.

General data protection regulation

The University is aware of the significant changes in data protection laws to be introduced in May 2018 and has established a programme to prepare for this.

Modern Slavery Act statement

The University is committed to ensuring and actively monitoring that modern slavery and human trafficking is not taking place in any parts of its operation within the University and its supply chain. For further information relating to the Modern Slavery Act statement, see website www.gla.ac.uk.

Going concern

The University's principal operations, together with the factors likely to affect its future development, its financial position are noted in the Operating and Financial Review. The University has considerable financial resources and access to funding. As a consequence, Court believes that the University is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries, Court has a reasonable expectation that the University and the group have adequate resources to continue in operational existence for a period of at least 12 months from the approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Elizabeth Passey
Convener of Court
Date: 13 December 2017

STATEMENT OF THE RESPONSIBILITIES OF COURT

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

Court is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with all relevant Acts of Parliament, with the Statement of Recommended Practice on Accounting for Further and Higher Education issued in 2015, and with other relevant accounting standards (United Kingdom Generally Accepted Accounting Practice, Financial Reporting Standard 102). 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 of 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, the annual programme of which is approved by the Audit & Risk Committee.

The Audit & Risk 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 2017 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 Duncan
Chief Operating Officer and University Secretary

On behalf of Court
Date: 13 December 2017

MEMBERSHIP OF COURT

Members of Court who served during the year to 31 July 2017 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.

	Expiry date	Committee Membership	Independent Member
The Rector			
Mr Edward Snowden	(Mar 2017)		
Mr Aamer Anwar (from Mar 2017)	(Mar 2020)		
The Principal and Vice-Chancellor			
Professor Sir Anton Muscatelli	(Sep 2024)	(FC) (HRC) (EC) (NC) (RC)	
The Chancellor's Assessor			
Mr Murdoch MacLennan	(Dec 2017)	(NC)	*
Assessor of City of Glasgow Council			
Councillor Pauline McKeever	(May 2017)		*
Councillor Susan Aitken (from Jun 2017)	(May 2020)		*
General Council Assessors			
Dr Morag Macdonald Simpson	(Jul 2018)	(HRC)	*
Ms Lesley Sutherland	(Jul 2018)	(ARC) (NC)	*
Senate Assessors			
Professor Lindsay Farmer	(Jul 2019)	(HRC) (ARC)	
Dr Carl Goodyear	(Jul 2018)	(FC) (NC)	
Professor Nick Hill	(Jul 2019)	(HRC)	
Dr Simon Kennedy (from Aug 2017)	(Jul 2021)		
Professor Karen Lury	(Jul 2017)	(EC)	
Professor Kirsteen McCue (from Aug 2017)	(Jul 2021)		
Dr Duncan Ross	(Jul 2017)	(FC) (NC) (ARC)	
Professor Paul Younger	(Mar 2017)	(EC)	
Dr Bethan Wood (from Sep 2017)	(Jul 2021)	(EC)	
Employee Representatives			
Mr David Anderson	(Jan 2018)		
Ms Margaret Anne McParland	(Jul 2018)		
Co-opted Members of Court			
Mr Graeme Bissett	(Dec 2017)	(FC)	*
Mr Ken Brown	(Jul 2017)	(FC) (RC)	*
Ms Heather Cousins	(Mar 2018)	(ARC) (NC)	*
Mr David Finlayson (from Oct 2017)	(Oct 2021)		*
Mr Ronnie Mercer	(Oct 2019)	(EC) (RC)	*
Ms June Milligan	(Oct 2019)	(HRC) (RC)	*
Mr David Milloy	(Dec 2017)	(EC)	*
Ms Margaret Morton	(Dec 2016)	(EC) (FC)	*
Ms Elspeth Orcharton (from Oct 2016)	(Oct 2020)	(FC)	*
Ms Elizabeth Passey	(Jul 2020)**	(FC)(RC)(NC)	*
Mr Gavin Stewart (from Apr 2017)	(Mar 2021)	(FC)	*
President of the Students' Representative Council			
Mr Ameer Ibrahim	(Jun 2017)	(FC) (EC) (NC)	
Ms Kate Powell (from Jul 2017)	(Jun 2018)	(FC) (EC) (NC)	
Assessor of the Students' Representative Council			
Ms Morag Deans (from Oct 2015)	(Oct 2016)		
Ms Lauren McDougall (from Oct 2016)	(Oct 2017)		
Mr Elliot Napier (from Oct 2017)	(Oct 2018)		
Secretary of Court/University Secretary			
Mr David Newall (Secretary of Court)	(Apr 2017)	(EC) (HRC) (NC) (HSWC)	
Dr David Duncan (University Secretary) (from Apr 2017)		(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 & Risk Committee (ARC); Remuneration Committee (RC); Nominations Committee (NC); Health, Safety and Wellbeing Committee (HSWC).

**Ms Elizabeth Passey is also Convener of Court, an appointment that will run until July 2020.

Court attendance records can be found at: <https://www.gla.ac.uk/myglasgow/courtoffice/universitycourtandcourtmeetings/courtminutes/>

INDEPENDENT AUDITOR'S REPORT TO THE UNIVERSITY COURT OF THE UNIVERSITY OF GLASGOW

Opinion

We have audited the Consolidated and University financial statements of the University of Glasgow for the year ended 31 July 2017 which comprise the Statement of Principal Accounting Policies, Consolidated and University Statement of Comprehensive Income and Expenditure, Consolidated and University Statement of Changes in Equity, Consolidated and University Balance Sheet, the Consolidated Cash Flow Statement and the related notes 1 to 25. 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), including FRS 102 "The Financial Reporting standard applicable in the UK".

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2017 and of the Group's and the University's income and expenditure, recognised gains and losses, and the Group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 "The Financial Reporting standard applicable in the UK";
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 14 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the University in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the University Court's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the University Court have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the University's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report set out on pages 1 to 11, other than the financial statements and our auditor's report thereon. The University Court is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Scottish Funding Council's Financial Memorandum with Higher Education Institutions

In our opinion, in all material respects:

- funds from whatever source administered by the institution for specific purposes have been applied properly to those purposes and, if relevant, managed in accordance with relevant legislation, and any other terms and conditions attached to them; and
- funds provided by the Scottish Funding Council have been applied in accordance with the requirements of the SFC Financial Memorandum with Higher Education Institutions.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charity Accounts (Scotland) Regulations 2006 (as amended) requires 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; or
- proper accounting records have not been kept; or
- 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.

Responsibilities of the University Court

As explained more fully in the fully in the Statement of the Responsibilities of Court set out on page 10, the University Court is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the University Court determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT TO THE UNIVERSITY COURT OF THE UNIVERSITY OF GLASGOW

Continued

In preparing the financial statements, the University Court is responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the University Court either intend to liquidate the University or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

This report is made solely to the University Court of the University of Glasgow, as a body, in accordance with section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the University Court those matters we are required to state to them in an auditor's 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 University of Glasgow and the University Court as a body, for our audit work, for this report, or for the opinions we have formed.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

The maintenance and integrity of the University of Glasgow website is the responsibility of the University Court; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Ernst & Young LLP
Statutory auditor
Glasgow

Date: 14 December 2017

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

Statement of compliance

The University of Glasgow is a not-for-profit University operating in Scotland. The Registered Office is University Avenue, Glasgow G12 8QQ, Scotland, UK. The consolidated financial statements have been prepared in compliance with Financial Reporting Standard 102 (FRS 102) as it applies to the financial statements of the group for the year ended 31 July 2017.

Basis of preparation

The financial statements have been prepared under the historic cost convention, modified to include certain items at fair value in accordance with the applicable accounting standard FRS 102 and the Statement of Recommended Practice: Accounting for Further and Higher Education (SORP).

The University is a public benefit entity and has applied the relevant public benefit requirements of FRS 102. The financial statements also conform to guidance published by the Scottish Funding Council.

The financial statements are prepared in sterling which is the functional currency of the group and rounded to the nearest £000.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the University of Glasgow, its subsidiary companies and unincorporated undertakings for the financial year to 31 July 2017. 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 consolidated financial statements do not include the income and expenditure of the University of Glasgow Students' Unions as the University does not exert control or dominant influence over them.

Income recognition

Income from the sale of goods or rendering of services is credited to the Income Statement when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Tuition fee income is stated net of any discounts and is credited to the Income Statement 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.

Government grants including; funding body grants and research grants from government sources; are recognised within the Income Statement when the University is entitled to the income and performance related conditions have been met.

Other grants and donations from non-government sources (including research grants from non-government sources) are recognised within the Income Statement when the University is entitled to the income and performance related conditions have been met.

Income received in advance of performance related conditions is deferred on the balance sheet and released to the Income Statement in line with such conditions being met.

Capital grants are recognised in income when the University is entitled to the income subject to any performance related conditions being met.

Investment income and appreciation of endowments are recorded in income in the year in which they arise and as either restricted or unrestricted income according to the terms of the restriction applied to the individual endowment funds.

Non-exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised within the Income Statement when the University is entitled to the income. Income is retained within the restricted reserves until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Investment income is credited to the Income Statement on a receivable basis.

Donations with no restrictions are recorded within the Income Statement when the University is entitled to the income.

Donations and endowments with restrictions are classified as restricted reserves with additional disclosure provided within the notes to the accounts.

There are four main types of donations and endowments with restrictions:

1. Restricted donations - the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
3. Restricted expendable endowments - the donor has specified a particular objective, no capital element is required to be maintained, and the University can convert the donated sum into income. Alternatively, where the funds donated with a specific restriction are so large that the funds will need to be retained over a period of two years.
4. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Property, plant & equipment

Property, Plant & Equipment (PPE) consists of plant and machinery and equipment (including software and vehicles) costing over £50k and capital building projects over £100k.

Costs incurred in relation to land and property after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the University. Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Property, plant & equipment is stated at cost and depreciated on a straight line basis as follows:

Buildings	10-165 years
Plant & machinery	15-30 years
Equipment	Up to 10 years

Land and assets under construction are not depreciated.

Assets are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the Income Statement. Assets are considered to be impaired if their recoverable value is less than book value. The recoverable amount of a PPE asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss on assets, the prior impairment loss is reversed only to the extent that it does not lead to a revised carrying amount higher than if no impairment had been recognised.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Continued

Repairs and maintenance

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

Donated assets

The University receives benefits in kind such as gifts of equipment, works of art, and property. Items of a significant value donated to the University, which if purchased the University would treat as Property, Plant and Equipment, are capitalised at their current value and depreciated in accordance with the policy set out above. The value of the donations are included in the Income Statement in the year they are received.

Heritage assets

The University holds heritage assets across several locations including; The Hunterian, 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, 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 102, 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 £50k. 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 Statement 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 13.

Investments

All investments will initially be recognised at cost and subsequently measured at fair value at each reporting date. Where fair value cannot be reliably measured or investments are not publicly traded, they will be measured at cost less impairment.

Investments in subsidiaries, associates and joint ventures are carried at cost less impairment in the University's accounts.

Revaluation

All gains and losses on investment assets, both realised and unrealised are recognised in the Income Statement as they accrue.

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 Statement in the year in which the expenditure is incurred.

Accounting for jointly controlled operations, jointly controlled assets and jointly controlled entities

The University accounts for its share of transactions from jointly controlled operations in the Income Statement.

Agency arrangements

Funds the University receives and disburses as the 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 Statement of the institution. The balances and movement on these funds are disclosed in note 23 to the financial statements.

Taxation

The University is a charity within the meaning of Part 1, chapter 2, section 7 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 the categories covered by section 287 CTA 2009 and sections 471, and 478-488 CTA 2010 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 (VAT). 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.

The charge for corporation tax is based on the profit or loss for the year before charging the cost of any Gift Aid payment payable to the University. The charge for corporation tax also takes into account deferred tax due to timing differences between the treatment of certain items for taxation and accounting purposes.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet include cash at bank and on hand and short term investments with an original maturity date of 95 days or less.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

Cash and cash equivalents contains sums relating to endowment reserves which have yet to be passed to the investment fund managers. The University is restricted as to how they disburse these funds. Note 19 summarises the assets restricted in their use.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange on the transaction date. Monetary assets and liabilities denominated in foreign currencies are reported at the rates of exchange prevailing at the balance sheet date. Non-monetary assets and liabilities measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign exchange differences arising on translation are recognised in the Income Statement. The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates prevailing at the balance sheet date. Exchange differences arising from this translation of foreign operations are reported as an item of Other Comprehensive Income.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Continued

Interest-bearing loans and borrowings

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable to the bank (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate amortisation is included in finance cost in the Income Statement.

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.

Employee benefits

Short-term employee benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year employees render service to the University. A liability is recognised at each balance sheet date to the extent that employee holiday allowances have been accrued but not taken, the expense being recognised as staff costs in the Income Statement.

Post-employment benefits (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 Statement on a systematic basis over the expected average lives of members of the funds. Under FRS 102 past service costs are recognised immediately. 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 net interest cost on the net defined benefit liability is charged to the Income Statement and included within finance costs. Actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in Other Comprehensive Income.

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.

The amount charged to the Income Statement represents the contributions payable to the scheme in respect of the accounting period, excluding any extra costs incurred related to reducing scheme deficits already provided for. A liability is recorded within provisions for any contractual commitment to fund past deficits within the multi-employer schemes as determined by the scheme management. The associated expense is recognised in the Income Statement.

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.

Reserves

Reserves are allocated between restricted and unrestricted reserves. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund as the University must hold the fund in perpetuity. Other restricted reserves include balances through which the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

Leases

Finance leases, which substantially transfer all the risks and rewards incidental to 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 Statement 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 on a straight line basis over the period of the leases. Any lease premiums or incentives are spread over the minimum lease term.

Service concession arrangements

Property, plant and equipment held under service concession arrangements are recognised on the balance sheet at the present value of the minimum lease payments when the assets are brought into use with a corresponding financial liability.

Payments under the service concession arrangement are allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to nil over the life of the arrangement.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Income Statement in other operating expenses.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Operating lease commitments

The University has entered into commercial property leases and as a lessee it obtains use of land and buildings. The classification of such leases as operating or finance lease requires the University to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Continued

The following is the University's key source of estimation uncertainty:

Pension and other post-employment benefits

The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country. Further details are given in note 25.

CONSOLIDATED AND UNIVERSITY STATEMENTS OF COMPREHENSIVE INCOME AND EXPENDITURE

for the year ended 31 July 2017

Consolidated Statement of Comprehensive Income and Expenditure		2017	2016 before exceptional items	Exceptional items	2016
Note	£000	£000	£000	£000	£000
Income					
Tuition fees and education contracts	1	178,399	161,586	-	161,586
Funding body grants	2	160,362	158,693	-	158,693
Research grants and contracts	3/10	179,497	175,172	2,618	177,790
Other income	4	79,214	74,832	-	74,832
Investment income	5	9,206	8,127	-	8,127
New endowment income	6	1,165	1,524	-	1,524
Total income		607,843	579,934	2,618	582,552
Expenditure					
Staff costs	7	323,460	295,064	-	295,064
Other operating expenses	9/10	208,492	220,131	21,903	242,034
Depreciation	12	33,453	30,882	-	30,882
Interest and other finance costs	8	4,177	3,027	-	3,027
Total expenditure		569,582	549,104	21,903	571,007
Surplus before other gains		38,261	30,830	(19,285)	11,545
Gain on disposal of non-current assets		4,478	1,067	-	1,067
Gain on investments		13,779	1,502	-	1,502
Surplus before tax		56,518	33,399	(19,285)	14,114
Corporation taxation	11	35	(34)	(547)	(581)
Surplus after tax		56,553	33,365	(19,832)	13,533
Exchange differences on translation of subsidiary undertakings		(37)	252	-	252
Actuarial loss recognised on defined benefit pension schemes	25	(23,878)	(2,398)	-	(2,398)
Total other comprehensive loss		(23,915)	(2,146)	-	(2,146)
Total comprehensive income for the year		32,638	31,219	(19,832)	11,387
Represented by					
Endowment comprehensive income for the year		17,439	6,631	-	6,631
Restricted comprehensive (loss)/income for the year		(3,229)	451	-	451
Unrestricted comprehensive income for the year		18,428	24,137	(19,832)	4,305
		32,638	31,219	(19,832)	11,387

CONSOLIDATED AND UNIVERSITY STATEMENTS OF COMPREHENSIVE INCOME AND EXPENDITURE

for the year ended 31 July 2017

University Statement of Comprehensive Income and Expenditure		2017	Before exceptional items	Exceptional items	2016
Note	£000	£000	£000	£000	£000
Income					
Tuition fees and education contracts	1	174,676	158,432	-	158,432
Funding body grants	2	160,362	158,693	-	158,693
Research grants and contracts	3/10	179,803	175,172	2,618	177,790
Other income	4	82,286	76,142	-	76,142
Investment income	5	9,182	8,061	-	8,061
New endowment income	6	1,165	1,524	-	1,524
Total income		607,474	578,024	2,618	580,642
Expenditure					
Staff costs	7	321,008	293,062	-	293,062
Other operating expenses	9/10	207,790	221,246	21,903	243,149
Depreciation	12	32,886	30,721	-	30,721
Interest and other finance costs	8	4,173	3,027	-	3,027
Total expenditure		565,857	548,056	21,903	569,959
Surplus/(deficit) before other gains		41,617	29,968	(19,285)	10,683
Gain on disposal of non-current assets		2,150	855	-	855
Gain on investments		12,950	4,110	-	4,110
Surplus before tax		56,717	34,933	(19,285)	15,648
Corporation taxation	11	77	-	(547)	(547)
Surplus after tax		56,794	34,933	(19,832)	15,101
Exchange differences on translation of subsidiary undertakings		-	-	-	-
Actuarial loss recognised on defined benefit pension schemes	25	(23,878)	(2,398)	-	(2,398)
Total other comprehensive loss		(23,878)	(2,398)	-	(2,398)
Total comprehensive income for the year		32,916	32,535	(19,832)	12,703
Represented by					
Endowment comprehensive income for the year		17,439	6,631	-	6,631
Restricted comprehensive (loss)/income for the year		(3,229)	451	-	451
Unrestricted comprehensive income for the year		18,706	25,453	(19,832)	5,621
		32,916	32,535	(19,832)	12,703

CONSOLIDATED AND UNIVERSITY STATEMENTS OF CHANGES IN EQUITY for the year ended 31 July 2017

Consolidated	Income and expenditure account			Total £000
	Endowment £000	Restricted £000	Unrestricted £000	
Balance at 1 August 2015	164,316	4,627	581,783	750,726
Surplus from the statement of comprehensive income and expenditure	6,631	451	6,451	13,533
Other comprehensive loss	-	-	(2,146)	(2,146)
Total comprehensive income for the year	<u>6,631</u>	<u>451</u>	<u>4,305</u>	<u>11,387</u>
Balance at 1 August 2016	170,947	5,078	586,088	762,113
Surplus from the statement of comprehensive income and expenditure	17,439	(3,229)	42,343	56,553
Other comprehensive loss	-	-	(23,915)	(23,915)
Total comprehensive income for the year	<u>17,439</u>	<u>(3,229)</u>	<u>18,428</u>	<u>32,638</u>
Balance at 31 July 2017	<u>188,386</u>	<u>1,849</u>	<u>604,516</u>	<u>794,751</u>
University	Income and expenditure account			Total
	Endowment £000	Restricted £000	Unrestricted £000	£000
Balance at 1 August 2015	164,316	4,627	576,609	745,552
Surplus from the statement of comprehensive income and expenditure	6,631	451	8,019	15,101
Other comprehensive loss	-	-	(2,398)	(2,398)
Total comprehensive income for the year	<u>6,631</u>	<u>451</u>	<u>5,621</u>	<u>12,703</u>
Balance at 1 August 2016	170,947	5,078	582,230	758,255
Surplus from the statement of comprehensive income and expenditure	17,439	(3,229)	42,584	56,794
Other comprehensive loss	-	-	(23,878)	(23,878)
Total comprehensive income for the year	<u>17,439</u>	<u>(3,229)</u>	<u>18,706</u>	<u>32,916</u>
Balance at 31 July 2017	<u>188,386</u>	<u>1,849</u>	<u>600,936</u>	<u>791,171</u>

The University's income and expenditure reserves comprise the following:

Endowment reserve which represents the value of donations by individuals in the form of a gift and is to be invested and only the income earned on that gift may be spent for a specific purpose.

Restricted reserve which represents the value of the retained surplus in the statement of comprehensive income and expenditure with restrictions on its distribution.

Unrestricted reserve which represents the value of the University's accumulated funds through surpluses in the statement of comprehensive income and expenditure.

BALANCE SHEETS
as at 31 July 2017

		Consolidated 2017	University 2017	Consolidated 2016	University 2016
	Note	£000	£000	£000	£000
Non-current assets					
Property, plant & equipment	12	721,146	704,653	716,784	699,918
Investments	14	<u>363,609</u>	<u>382,042</u>	<u>172,779</u>	<u>191,216</u>
		<u>1,084,755</u>	<u>1,086,695</u>	<u>889,563</u>	<u>891,134</u>
Current assets					
Stock		829	602	826	635
Trade and other receivables	15	81,708	87,730	86,995	90,613
Cash and cash equivalents		<u>231,784</u>	<u>219,871</u>	<u>193,982</u>	<u>184,870</u>
		314,321	308,203	281,803	276,118
Less: Creditors – amounts falling due within one year	16	<u>(237,729)</u>	<u>(237,355)</u>	<u>(229,498)</u>	<u>(229,242)</u>
Net current assets		<u>76,592</u>	<u>70,848</u>	<u>52,305</u>	<u>46,876</u>
Total assets less current liabilities		<u>1,161,347</u>	<u>1,157,543</u>	<u>941,868</u>	<u>938,010</u>
Creditors: amounts falling due after more than one year	17	(245,000)	(245,000)	(70,000)	(70,000)
Provisions					
Pension provisions	25	(116,910)	(116,686)	(105,265)	(105,265)
Other provisions	18	<u>(4,686)</u>	<u>(4,686)</u>	<u>(4,490)</u>	<u>(4,490)</u>
Total net assets		<u>794,751</u>	<u>791,171</u>	<u>762,113</u>	<u>758,255</u>
Restricted reserves					
Income and expenditure reserve					
Endowment reserve	19	188,386	188,386	170,947	170,947
Restricted reserve	20	1,849	1,849	5,078	5,078
Unrestricted reserves					
Income and expenditure reserve					
Unrestricted reserve		<u>604,516</u>	<u>600,936</u>	<u>586,088</u>	<u>582,230</u>
Total reserves		<u>794,751</u>	<u>791,171</u>	<u>762,113</u>	<u>758,255</u>

The financial statements on pages 14 to 44 were approved by the University Court of the University of Glasgow on 13 December 2017 and were signed on its behalf by:

Professor Anton Muscatelli
Principal

Graeme Bissett
Convener of Finance Committee

Robert Fraser
Director of Finance

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 July 2017

		2017	2016	Cash flow impact of GSV	2016
	Note	£000	£000	£000	£000
Cash flow from operating activities					
Surplus before tax and exceptional items		56,518	33,399	-	33,399
Exceptional items in income		-	2,618	-	2,618
Exceptional items in expenditure		-	-	(21,903)	(21,903)
Corporation taxation		35	(581)	-	(581)
Surplus for the year		56,553	35,436	(21,903)	13,533
Adjustment for non-cash items					
Depreciation	12	33,453	30,882	-	30,882
Increase in stock		(3)	(44)	-	(44)
Decrease in debtors		5,287	6,923	883	7,806
Increase in creditors falling due within one year		8,231	11,291	-	11,291
Decrease in creditors falling due after more than one year		-	(1,490)	(26,120)	(27,610)
Pension costs less contributions payable		(14,315)	3,471	-	3,471
Increase in other provisions		196	162	-	162
Changes in values of endowment assets		(10,268)	(2,034)	-	(2,034)
Changes in values of other investments		(762)	2,278	-	2,278
Adjustment for investing or financing activities					
Gain from the sale of non-current assets		(4,478)	(1,067)	-	(1,067)
Interest payable	8	4,177	3,027	-	3,027
Interest receivable	5	(852)	(1,179)	-	(1,179)
Net cash inflow from operating activities		77,219	87,656	(47,140)	40,516
Cash flow from investing activities					
Endowment assets acquired		(112,265)	(27,540)	-	(27,540)
Receipts from the sale of endowment assets		107,567	23,620	-	23,620
Payments to acquire other investments		(175,843)	-	-	-
Receipts from the sale of other investments		3,069	4,382	-	4,382
Payments to acquire property, plant and equipment	12	(37,993)	(58,634)	(17,130)	(75,764)
Proceeds from sale of property, plant and equipment		2,328	3,596	-	3,596
Net cash outflow from investing activities		(213,137)	(54,576)	(17,130)	(71,706)
Cash flows from financing activities					
Increase in creditors falling due after more than one year		175,000	-	70,000	70,000
Interest paid		(2,095)	-	-	-
Interest received		852	1,179	-	1,179
Net cash flows from financing activities		173,757	1,179	70,000	71,179
Currency translation		(37)	252	-	252
Increase in cash and cash equivalents in the year		37,802	34,511	5,730	40,241
Cash and cash equivalents at beginning of the year		193,982			153,741
Cash and cash equivalents at end of the year		231,784			193,982
Increase in cash and cash equivalents in the year		37,802			40,241

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 July 2017

1	Tuition fees and education contracts	Consolidated	University	Consolidated	University
		2017	2017	2016	2016
		£000	£000	£000	£000
	Home and EU students	37,570	37,570	37,105	37,105
	Rest of the UK Students	20,785	20,785	17,752	17,752
	Overseas students	99,843	96,120	87,384	84,230
	Short courses	5,412	5,412	5,215	5,215
	Other fees	1,736	1,736	1,753	1,753
	Research support grants	13,053	13,053	12,377	12,377
		178,399	174,676	161,586	158,432
2	Funding body grants	Consolidated	University	Consolidated	University
		2017	2017	2016	2016
		£000	£000	£000	£000
	Main teaching grant	82,223	82,223	85,466	85,466
	Main quality research grant	45,335	45,335	45,276	45,276
	Research postgraduate grant	7,407	7,407	7,375	7,375
	Knowledge transfer grant	1,409	1,409	2,394	2,394
	Infrastructure grants	11,930	11,930	6,607	6,607
	Other funding council grants	12,058	12,058	11,575	11,575
		160,362	160,362	158,693	158,693
3	Research grants and contracts	Consolidated	University	Consolidated	University
		2017	2017	2016	2016
		£000	£000	£000	£000
	Research Councils	69,732	69,732	74,122	74,122
	UK Charities	48,241	48,241	46,170	46,170
	UK Government including RDEC	29,630	29,630	26,687	26,687
	European Union (EU)	18,794	18,794	15,142	15,142
	UK industry	5,966	5,966	5,734	5,734
	Overseas	6,328	6,328	9,400	9,400
	Other sources	806	1,112	535	535
		179,497	179,803	177,790	177,790
4	Other income	Consolidated	University	Consolidated	University
		2017	2017	2016	2016
		£000	£000	£000	£000
	Residences and hospitality services	22,175	22,175	26,273	26,273
	Other services rendered	26,566	24,655	27,268	25,109
	Health authorities	4,377	4,377	4,552	4,552
	Other income	26,096	31,079	16,739	20,208
		79,214	82,286	74,832	76,142

NOTES TO THE FINANCIAL STATEMENTS
Continued

5	Investment income	Consolidated	University	Consolidated	University
		2017	2017	2016	2016
		£000	£000	£000	£000
	Income from expendable endowments	1,300	1,300	980	980
	Income from permanent endowments	7,054	7,054	5,320	5,320
	Endowment management fees	-	-	648	648
	Income from short-term investments	852	828	1,179	1,113
		9,206	9,182	8,127	8,061
6	New endowment income	Consolidated	University	Consolidated	University
		2017	2017	2016	2016
		£000	£000	£000	£000
	New endowments	1,165	1,165	1,524	1,524
		1,165	1,165	1,524	1,524
7	Staff costs	Consolidated	University	Consolidated	University
		2017	2017	2016	2016
		£000	£000	£000	£000
	By expense type:				
	Salaries	237,526	235,768	218,623	216,919
	Social security costs	23,794	23,428	19,518	19,220
	Movement on USS provision	1,847	1,627	3,991	3,991
	Other pension costs (note 25)	60,293	60,185	52,932	52,932
		323,460	321,008	295,064	293,062
		Consolidated	University	Consolidated	University
		2017	2017	2016	2016
		£000	£000	£000	£000
	By staff category:				
	Academic departments	157,433	156,417	148,196	147,353
	Academic services	20,136	20,136	16,378	16,378
	Research grants and contracts	89,277	89,277	76,397	76,397
	Residences and hospitality services	3,628	3,628	3,718	3,718
	Premises	15,442	15,442	15,054	15,054
	Administration and other central services	26,884	26,587	26,050	25,067
	Other income generating	10,660	9,521	9,271	9,095
		323,460	321,008	295,064	293,062
	Remuneration of the Principal:				
	Professor Anton Muscatelli		279		276
	Contribution in respect of pensions:				
	Professor Anton Muscatelli		50		46
	Ratio of remuneration of the Principal to the average salary of a University staff member		6.80:1		7.08:1

NOTES TO THE FINANCIAL STATEMENTS

Continued

7 Staff costs (continued)	2017 Number	2016 Number
Average full time equivalent staff members by major category		
Academic departments	2,579	2,545
Academic services	417	363
Research grants and contracts	1,386	1,302
Residences and hospitality services	110	113
Premises	500	508
Administration and other central services	537	580
Other income generating	164	176
	5,693	5,587

Key management personnel: Certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the group are considered to be key management personnel. Total remuneration (including pension contributions) in respect of these individuals is £2,447,996 (2016: £2,327,889).

Remuneration of higher paid staff, including NHS merit awards, but excluding employer's pension contributions, termination payments, consultancy fees and distributions from shares in spin out companies fell within the ranges shown below. Please note clinical academics base salaries are set using NHS salary scales.

	2017			2016		
	Non clinical	Clinical	Key management personnel	Non clinical	Clinical	Key management personnel
£100,001 - £110,000	32	9	-	33	14	-
£110,001 - £120,000	18	6	2	11	6	2
£120,001 - £130,000	10	9	4	8	10	4
£130,001 - £140,000	8	13	2	8	11	-
£140,001 - £150,000	2	10	1	1	7	2
£150,001 - £160,000	1	8	1	2	4	1
£160,001 - £170,000	1	4	-	2	9	1
£170,001 - £180,000	1	7	-	-	5	-
£180,001 - £190,000	2	5	1	1	7	-
£190,001 - £200,000	1	4	-	1	2	-
£200,001 - £210,000	-	2	-	-	3	-
£210,001 - £220,000	-	-	-	-	1	-
£220,001 - £230,000	-	-	-	-	-	-
£230,001 - £240,000	1	-	-	-	-	-
£240,001 - £250,000	-	-	-	-	-	-
£250,001 - £260,000	-	-	-	-	-	1
£260,001 - £270,000	-	-	-	-	-	-
£270,001 - £280,000	-	-	2	-	-	1

8 Interest and other finance costs	Consolidated		University	
	2017 £000	2017 £000	2016 £000	2016 £000
Net charge on pension schemes (note 25)	1,946	1,942	2,963	2,963
Interest on private placement bond	2,231	2,231	64	64
	4,177	4,173	3,027	3,027

NOTES TO THE FINANCIAL STATEMENTS
Continued

9	Other operating expenses	Consolidated	University	Consolidated	University
		2017	2017	2016	2016
		£000	£000	£000	£000
	Academic departments	63,148	63,148	60,491	60,491
	Academic services	11,632	11,632	9,787	9,787
	Research grants and contracts	70,112	70,112	68,670	68,670
	Residences and hospitality services	12,415	12,415	19,368	19,368
	Premises	29,122	29,122	34,041	34,041
	Administration and other central services	13,481	14,876	21,090	21,930
	Agency staff	1,919	1,919	2,081	2,081
	Other income generating	6,663	4,566	4,603	4,878
		<u>208,492</u>	<u>207,790</u>	<u>220,131</u>	<u>221,246</u>
	Contract cancellation expense	-	-	21,903	21,903
		<u>208,492</u>	<u>207,790</u>	<u>242,034</u>	<u>243,149</u>

	Consolidated	Consolidated
	2017	2016
	£000	£000
Other operating expenses include the following fees (including VAT) in respect of services provided to the group for:		
External auditors' remuneration in respect of audit services	90	122
External auditors' remuneration in respect of non-audit services	27	26
Internal auditors' remuneration in respect of audit services	247	180
Internal auditors' remuneration in respect of non-audit services	121	116
Operating lease rentals		
Land and buildings	2,414	3,141
10 Exceptional items (Consolidated and University)	2017	2016
	£000	£000
Included within income:		
RDEC tax credits	-	2,618
	<u>-</u>	<u>2,618</u>
Included within expenditure:		
Contract cancellation expense in relation to GSV	-	21,903
	<u>-</u>	<u>21,903</u>

During 2015-16 the University received Research and Development Expenditure Credit grants which covered the period 1 April 2014 to 31 July 2015, the UK corporation tax in 2015-16 was in respect of these tax credits receivable by the University.

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 provided that the company would operate and maintain the residences to agreed standards and that the University would continue to market and allocate rooms to students and provide them with pastoral care. The University had a future option to repurchase the properties.

NOTES TO THE FINANCIAL STATEMENTS

Continued

10 Exceptional items (continued)

On 13 July 2016 the University entered into a commercial agreement with Glasgow Student Villages Ltd (GSV) and its parent Sanctuary Housing Association to re-purchase the six student residences using £70m of private placement funding. The main purpose of the deal was to cancel the original contract, refinance the original loan and interest rate swaps taken out by GSV (and ultimately charged to the University over the contract duration), gain title to the assets and free up short term cash. A net payment of £64.2m was made to complete the transaction which resulted in the University recording an increase in fixed assets of £17.1m representing the value of title to the residences, a decrease of £0.9m in prepayments and release of £26.1m of deferred income associated with the original transaction. The overall result of the transaction was to recognise £21.9m of costs written off to the income and expenditure account in the prior year.

11 Taxation	2017 £000	2016 £000
UK Corporation tax	(77)	547
Singapore corporation tax at 17% on the profits of UGlasgow Singapore Pte Ltd (2016: 17%)	42	34
	(35)	581

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.

Reconciliation of current corporation tax charge	2017 £000	2016 £000
Surplus after depreciation of property, plant and equipment at valuation and after exceptional items	56,518	14,114
Surplus on ordinary activities multiplied by the average standard rate of corporation tax in the UK of 19.67% (2016: 20.00%)	11,117	2,823
Surplus falling within charitable exemption	(11,110)	(2,227)
Adjustment in respect of prior year	(10)	23
Effect of tax rates in foreign jurisdiction	(32)	(38)
	(35)	581

NOTES TO THE FINANCIAL STATEMENTS
Continued

12 Property, plant & equipment Consolidated:	Freehold land and buildings £000	Equipment £000	Plant and machinery £000	Assets under construction £000	Total £000
Cost:					
As at 1 August 2016	754,119	112,623	11,495	24,521	902,758
Additions	63	8,196	131	29,603	37,993
Disposals	(3,623)	-	-	-	(3,623)
Transfers	27,138	-	(18)	(27,120)	-
As at 31 July 2017	777,697	120,819	11,608	27,004	937,128
Depreciation:					
As at 1 August 2016	106,637	79,212	125	-	185,974
Charge for the year	22,933	10,077	443	-	33,453
Eliminated on disposal	(3,445)	-	-	-	(3,445)
As at 31 July 2017	126,125	89,289	568	-	215,982
Net Book Value:					
As at 31 July 2017	651,572	31,530	11,040	27,004	721,146
As at 31 July 2016	647,482	33,411	11,370	24,521	716,784
University:	Freehold land and buildings £000	Equipment £000	Plant and machinery £000	Assets under construction £000	Total £000
Cost:					
As at 1 August 2016	748,587	112,623	-	24,521	885,731
Additions	-	8,196	-	29,603	37,799
Disposals	(3,623)	-	-	-	(3,623)
Transfers	27,120	-	-	(27,120)	-
As at 31 July 2017	772,084	120,819	-	27,004	919,907
Depreciation:					
As at 1 August 2016	106,601	79,212	-	-	185,813
Charge for the year	22,809	10,077	-	-	32,886
Eliminated on disposal	(3,445)	-	-	-	(3,445)
As at 31 July 2017	125,965	89,289	-	-	215,254
Net Book Value:					
As at 31 July 2017	646,119	31,530	-	27,004	704,653
As at 31 July 2016	641,986	33,411	-	24,521	699,918

Property owned by the University includes academic buildings, student residences and other associated properties including a conference centre, a sports centre, museum and art gallery, none of which is considered to be inalienable. Freehold land and buildings contains £94.7m of land (2016: £94.9m) which is not depreciated and £27.0m (2016: £24.5m) of assets that are under construction and have not yet received a charge for depreciation.

NOTES TO THE FINANCIAL STATEMENTS

Continued

13 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. 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.

At Kelvin Hall, the University has created The Hunterian Collections Study Centre which offers a state-of-the-art environment for research, teaching and training. These unique facilities allow the University to build on its international reputation for collections and object-based pedagogies, offering much greater access to the collections while forging new academic and educational practice. To date c45% of the collection has been relocated to the new facilities, the remaining collections will move over the course of the next 18 months.

The main Hunterian Museum is open to visitors from 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 significant acquisitions or disposals during the financial year.

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/, and http://www.gla.ac.uk/media/media_514812_en.pdf. There have been no significant acquisitions or disposals 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 are 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' policy for the acquisition, preservation and management and disposal of heritage assets can be found at: http://www.gla.ac.uk/media/media_514812_en.pdf. Annual details can be found at: <http://www.gla.ac.uk/services/archives/about/ourperformance/annualreviews/>. There have been no significant disposals or acquisitions during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

Continued

13 Heritage assets (continued)

Archive Services (continued)

Reliable information on cost or valuation cannot be obtained for the vast majority of collections held within the Hunterian, 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 2017 do not meet the definition of a heritage asset and therefore are not recognised on the balance sheet.

14 Investments	Consolidated	University	Consolidated	University
	2017	2017	2016	2016
	£000	£000	£000	£000
Treasury stock at market value	2,025	2,025	2,010	2,010
Unlisted investments at cost	1,131	20,634	787	20,234
Listed investments at market value	1,070	-	1,010	-
Endowment assets (note 19)	183,938	183,938	168,972	168,972
Investments in funds	175,445	175,445	-	-
	363,609	382,042	172,779	191,216

The University has a direct interest of 100% in the ordinary 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 increased its capital investment in its unlisted investments, investing £400,000 into GU Holdings Limited. In addition to this, the University invested £175.5m in investment funds to further diversify holdings until required for the campus redevelopment programme.

Endowment assets	Consolidated	University	Consolidated	University
	2017	2017	2016	2016
	£000	£000	£000	£000
Equities	181,688	181,688	162,591	162,591
Cash on deposit held by the investment managers	2,250	2,250	6,381	6,381
	183,938	183,938	168,972	168,972

Investments in funds	Consolidated	University	Consolidated	University
	2017	2017	2016	2016
	£000	£000	£000	£000
At 1 August 2016	-	-	-	-
Additions in the year	175,500	175,500	-	-
Decrease in market value	(55)	(55)	-	-
At 31 July 2017	175,445	175,445	-	-

NOTES TO THE FINANCIAL STATEMENTS
Continued

15	Trade and other receivables	Consolidated	University	Consolidated	University
		2017	2017	2016	2016
		£000	£000	£000	£000
Amounts falling due within one year:					
	Research grants and contracts	55,968	55,968	46,556	46,556
	Prepayments and other sundry debtors	19,889	18,918	26,979	26,129
	Salaries recoverable externally	1,850	1,850	1,808	1,808
	Courses, consultancies and contracts	4,001	4,001	2,998	2,998
	Net RDEC recoverable	-	-	8,654	8,654
	Amounts due from subsidiaries	-	6,993	-	4,468
		81,708	87,730	86,995	90,613
<hr/>					
16	Creditors: amounts falling due within one year	Consolidated	University	Consolidated	University
		2017	2017	2016	2016
		£000	£000	£000	£000
	Research grants and contracts	112,304	112,304	97,832	97,832
	Sundry creditors	23,328	22,997	22,523	22,303
	Accruals and sundry provisions	67,085	66,619	73,904	74,065
	Courses, consultancies and contracts	17,669	17,669	19,439	19,439
	Employment cost liabilities	17,343	17,343	15,800	15,484
	Amounts due to subsidiaries	-	423	-	119
		237,729	237,355	229,498	229,242

Deferred income

Included within creditors: amounts falling due within one year are the following items of income which have been deferred until specific performance related conditions have been met.

	Consolidated	University	Consolidated	University
	2017	2017	2016	2016
	£000	£000	£000	£000
Research grants - included within research grants and contracts	94,147	94,147	85,832	85,832
Grant income - included within accruals and sundry provisions	-	-	4,651	4,651
Other income - included within courses, consultancies and contracts	6,601	6,601	8,885	8,885
	100,748	100,748	99,368	99,368

NOTES TO THE FINANCIAL STATEMENTS
Continued

17 Creditors: amounts falling due after more than one year	Consolidated 2017 £000	University 2017 £000	Consolidated 2016 £000	University 2016 £000
Analysis of unsecured private placement bonds*				
Due in five years or more	245,000	245,000	70,000	70,000
	<u>245,000</u>	<u>245,000</u>	<u>70,000</u>	<u>70,000</u>

* In July 2016 unsecured private placement bonds were issued for the sum of £30,000,000 over a 30 year term with a coupon rate of 2.97%. There are no capital payments to be made over the term, with the bonds maturing in 2046. In addition unsecured private placement bonds were issued for the sum of £40,000,000 over a 35 year term with a coupon rate of 3.01%. There are no capital payments to be made over the term, with the bonds maturing in 2051.

* In July 2017 three unsecured private placement bonds were issued, their details are as follows:

- 1 - Unsecured private placement bonds were issued for the sum of £92,000,000 over a 25 year term with a coupon rate of 2.49%. There are no capital payments to be made over the term, with the bonds maturing in 2042.
- 2 - Unsecured private placement bonds were issued for the sum of £40,000,000 over a 30 year term with a coupon rate of 2.55%. There are no capital payments to be made over the term, with the bonds maturing in 2047.
- 3 - Unsecured private placement bonds were issued for the sum of £43,000,000 over a 40 year term with a coupon rate of 2.48%. There are no capital payments to be made over the term, with the bonds maturing in 2057.

The agreements entered into by the University for the private placement bonds funding contains certain covenants on the University incurring further indebtedness. These restrictions are set out below:

- (a) The University shall not permit net debt at any time to exceed 50% of consolidated total assets (before any adjustment relating to pensions or other post-employment benefits is made for the purposes of FRS102).
- (b) The University shall not permit the total borrowing costs in relation to any financial year to exceed 7% of the total consolidated income for that financial year.
- (c) The covenants in the agreement shall be tested by reference to the annual financial statements delivered pursuant to the agreement.

18 Provisions for liabilities (Consolidated and University)	Funded pension liability: St Andrew's College £000	Unfunded pension liability: St Andrew's College & LGPS £000	Ex-gratia pension liability £000	Total £000
As at 1 August 2016	2,975	1,506	9	4,490
Income	42	-	-	42
Transfer from Statement of Comprehensive Income and Expenditure	137	344	-	481
Utilised in year	<u>(161)</u>	<u>(161)</u>	<u>(5)</u>	<u>(327)</u>
As at 31 July 2017	<u>2,993</u>	<u>1,689</u>	<u>4</u>	<u>4,686</u>

A valuation of the pension liabilities at 31 July 2017 was carried out by the University's appointed independent actuary, Hymans Robertson.

NOTES TO THE FINANCIAL STATEMENTS
Continued

19 Endowment funds (Consolidated and University)	Unrestricted Permanent £000	Restricted Permanent £000	Total Permanent £000	Restricted Expendable £000	2017 Total £000	2016 Total £000
As at 1 August						
Capital value	1,531	122,302	123,833	23,861	147,694	142,440
Accumulated income	322	19,865	20,187	3,066	23,253	21,876
	<u>1,853</u>	<u>142,167</u>	<u>144,020</u>	<u>26,927</u>	<u>170,947</u>	<u>164,316</u>
Reclassification of categories	-	(224)	(224)	224	-	-
New endowments	-	851	851	314	1,165	1,524
Investment income	95	6,959	7,054	1,300	8,354	6,300
Expenditure	(73)	(3,577)	(3,650)	(1,421)	(5,071)	(5,200)
Increase in market value of investments	141	10,806	10,947	2,044	12,991	4,007
	<u>2,016</u>	<u>156,982</u>	<u>158,998</u>	<u>29,388</u>	<u>188,386</u>	<u>170,947</u>
As at 31 July						
Represented by:						
Capital value	1,664	133,026	134,690	25,929	160,619	147,694
Accumulated income	352	23,956	24,308	3,459	27,767	23,253
	<u>2,016</u>	<u>156,982</u>	<u>158,998</u>	<u>29,388</u>	<u>188,386</u>	<u>170,947</u>
Analysis by type of purpose:						
Lectureships	2,016	66,891	68,907	18,885	87,792	80,610
Scholarships and bursaries	-	78,182	78,182	10,390	88,572	79,347
Prize funds	-	6,646	6,646	113	6,759	6,145
General	-	5,263	5,263	-	5,263	4,845
	<u>2,016</u>	<u>156,982</u>	<u>158,998</u>	<u>29,388</u>	<u>188,386</u>	<u>170,947</u>
Analysis by asset:						
		Consolidated	University	Consolidated	University	
		2017	2017	2016	2016	
		£000	£000	£000	£000	
Current and non-current investments (note 14)		183,938	183,938	168,972	168,972	
Cash and cash equivalents		4,448	4,448	1,975	1,975	
		<u>188,386</u>	<u>188,386</u>	<u>170,947</u>	<u>170,947</u>	

NOTES TO THE FINANCIAL STATEMENTS

Continued

19 Endowment funds (Consolidated and University) (continued)

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:

	£000
Balance at 1 August 2016	29,271
Investment income	1,430
Expenditure	(116)
Increase in market value of investments	2,224
Balance at 31 July 2017	<u><u>32,809</u></u>

20 Restricted reserves (Consolidated and University)	Capital grants	Donations	Total	Total
	unspent			
	2017	2017	2017	2016
	£000	£000	£000	£000
Income and expenditure reserve				
As at 1 August	2,144	2,934	5,078	4,627
New donations	-	-	-	1,691
Capital grants utilised	(2,144)	-	(2,144)	(1,240)
Expenditure	-	(1,085)	(1,085)	-
As at 31 July	<u>-</u>	<u>1,849</u>	<u>1,849</u>	<u>5,078</u>

21 Commitments and contingencies

Capital commitments	Consolidated	University	Consolidated	University
	2017	2017	2016	2016
	£000	£000	£000	£000
Commitments contracted at 31 July	94,588	94,588	20,894	20,664
Authorised but not contracted at 31 July	<u>108,604</u>	<u>108,604</u>	<u>25,866</u>	<u>25,866</u>
	<u><u>203,192</u></u>	<u><u>203,192</u></u>	<u><u>46,760</u></u>	<u><u>46,530</u></u>

Lease commitments as a lessee

The total of future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Land and buildings	
	2017	2016
	£000	£000
- Within one year	13,938	15,515
- In two to five years	15,630	28,412
- After more than five years	<u>3,933</u>	<u>1,932</u>
	<u><u>33,501</u></u>	<u><u>45,859</u></u>

NOTES TO THE FINANCIAL STATEMENTS

Continued

21 Commitments and contingencies (continued)

Lease payments receivable as a lessor

The total of future minimum lease payments receivable under non-cancellable operating leases for each of the following periods:

	Land and buildings	
	2017 £000	2016 £000
- Within one year	7,700	7,700
- In two to five years	7,700	15,400
- After more than five years	-	-
	15,400	23,100

22 Events after the reporting period

Subsequent to the year end the University Court approved a further £116m of capital expenditure for the campus redevelopment programme.

There are no other events subsequent to the date of the balance sheet that have any material impact on these financial statements.

23 Amounts disbursed as agent (Consolidated and University)	HE Childcare	HE Discretionary	2017	2016
	Fund £000	Fund £000	Total £000	Total £000
As at 1 August	-	-	-	-
Funds received in year	341	1,159	1,500	1,559
Expenditure	(235)	(1,266)	(1,501)	(1,560)
Virements	(106)	106	-	-
Interest	-	1	1	1
As at 31 July	-	-	-	-

24 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 2013 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.

No material transactions have taken place.

NOTES TO THE FINANCIAL STATEMENTS

Continued

25 Pension schemes

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' Pension Scheme (STPS);
- e) The National Health Service Pension Scheme (NHSPS);
- f) The Medical Research Council Pension Scheme (MRCPS);
- g) The National Employment Savings Trust (NEST);
 - i) NEST Autoenrol; and
 - ii) NEST Contractual.

	Consolidated	University	Consolidated	University
	2017	2017	2016	2016
	£000	£000	£000	£000
The total pension costs for the University were as follows:				
USS - contributions paid	44,620	44,526	38,515	38,515
UGPS - charge to income statement	13,352	13,352	12,318	12,318
SPF - charge to income statement	146	146	139	139
Other schemes - contributions paid	2,175	2,161	1,960	1,960
	<u>60,293</u>	<u>60,185</u>	<u>52,932</u>	<u>52,932</u>

Members of the USS and UGPS schemes give up a portion of their contractual gross pay equal to their employees' pension contribution as part of a HMRC approved salary sacrifice scheme, members may opt out of this scheme if they so wish. No changes to staff pensionable salaries or total pension scheme contributions arise from this arrangement. The figures within note 7 to the financial statements reflect the reduced gross pay earned by staff under this arrangement. The total pension costs shown above and in note 7 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 102 and recognises retirement benefits as the benefits are earned and not when they are due to be paid. The consolidated balances for UGPS, SPF and USS as shown in the financial statements and associated notes are as follows:

	Consolidated	University	Consolidated	University
	2017	2017	2016	2016
	£000	£000	£000	£000
<u>Pension provisions at 31 July</u>				
UGPS net deficit in the scheme	(61,384)	(61,384)	(52,635)	(52,635)
SPF net deficit in the scheme	(763)	(763)	(643)	(643)
	<u>(62,147)</u>	<u>(62,147)</u>	<u>(53,278)</u>	<u>(53,278)</u>
USS deficit reduction plan provision	(54,763)	(54,539)	(51,987)	(51,987)
Total pension provisions at 31 July	<u>(116,910)</u>	<u>(116,686)</u>	<u>(105,265)</u>	<u>(105,265)</u>
	Consolidated	University	Consolidated	University
	2017	2017	2016	2016
	£000	£000	£000	£000
<u>Amount recognised in the Statement of Comprehensive Income and Expenditure</u>				
UGPS	(23,572)	(23,572)	(3,085)	(3,085)
SPF	(306)	(306)	687	687
Total losses for the year	<u>(23,878)</u>	<u>(23,878)</u>	<u>(2,398)</u>	<u>(2,398)</u>

NOTES TO THE FINANCIAL STATEMENTS
Continued
25 Pension schemes (continued)

	Consolidated	University	Consolidated	University
	2017	2017	2016	2016
	£000	£000	£000	£000
<u>Total net finance cost</u>				
UGPS	(1,003)	(1,003)	(1,494)	(1,494)
SPF	(14)	(14)	(49)	(49)
USS	(929)	(925)	(1,420)	(1,420)
Total net finance cost	<u>(1,946)</u>	<u>(1,942)</u>	<u>(2,963)</u>	<u>(2,963)</u>

Due to the mutual nature of the other schemes (USS, STPS, NHSPS, MRCPS and NEST), 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 102, 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 from 31 March 2016 is no longer 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 2016.

The major assumptions used at 31 July are shown below:

	2017	2016	2015
Discount rate	2.50%	2.50%	3.50%
Retail price inflation	3.40%	2.70%	3.25%
Rate of increase in salaries	3.15%	2.70%	3.25%
Rate of increase to pensions in payment	2.65%	1.80%	2.25%
Consumer price inflation	2.65%	1.70%	2.25%

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

	<u>2017</u>	<u>2017</u>	<u>2016</u>	<u>2016</u>
	Male	Female	Male	Female
Member age 65 (current life expectancy)	22.9	25.7	22.1	23.8
Member age 45 (life expectancy at age 65)	25.0	28.2	24.8	25.5

The assets in the scheme were:

	Value at	Value at	Value at
	31 July 2017	31 July 2016	31 July 2015
	£000	£000	£000
UK equities	28,888	52,774	53,982
Overseas equities	62,014	128,287	103,241
Corporate bonds	95,556	41,884	38,462
Government bonds	70,563	76,877	63,092
Diversified growth fund	134,308	73,412	69,839
Cash	21,375	5,364	8,772
Total	<u>412,704</u>	<u>378,598</u>	<u>337,388</u>

NOTES TO THE FINANCIAL STATEMENTS
Continued
25 Pension schemes (continued)
a) UGPS (continued)

The following amounts at 31 July 2017 were measured in accordance with the requirements of FRS 102:	Value at 31 July 2017 £000	Value at 31 July 2016 £000	Value at 31 July 2015 £000
Total market value of assets	412,704	378,598	337,388
Present value of liabilities	<u>(474,088)</u>	<u>(431,233)</u>	<u>(385,697)</u>
Deficit in the scheme	<u>(61,384)</u>	<u>(52,635)</u>	<u>(48,309)</u>

The University has contributed 22.5% of pensionable salaries over the period to 31 July 2017. The University has entered into a recovery plan for the pension scheme from 1 July 2017 to 1 April 2034. This replaces the previous recovery plan from 2014 under which the University made a lump sum deficit reduction contribution of £2.63m in December 2016 (2016: £2.56m). In July 2017 the University made a prepayment of £17m in lieu of future deficit reduction contributions for the years 2018 to 2022. The University expects to make deficit reduction contributions of £3.95m per year increasing by 2.5% per annum from 31 March 2023 to 31 March 2034. The recovery plan will be revisited every three years.

Amount charged to operating surplus:	2017	2016
	£000	£000
Current service cost	(11,802)	(10,974)
Administration costs	<u>(1,550)</u>	<u>(1,344)</u>
Total operating charge	<u>(13,352)</u>	<u>(12,318)</u>
Other finance costs:		
Expected return on scheme assets	9,675	11,805
Interest on scheme liabilities	<u>(10,678)</u>	<u>(13,299)</u>
Total net return	<u>(1,003)</u>	<u>(1,494)</u>
Total UGPS pension cost recognised in the income and expenditure account	<u>(14,355)</u>	<u>(13,812)</u>
Other Comprehensive Income (OCI):	2017	2016
	£000	£000
Actual return on assets excluding amounts included in net interest	7,662	29,613
Actuarial losses on scheme obligations	<u>(31,234)</u>	<u>(32,698)</u>
Actuarial losses recognised in the OCI for UGPS	<u>(23,572)</u>	<u>(3,085)</u>

The cumulative loss recognised in the Other Comprehensive Income to date is £42.5m (2016: £18.9m loss).

Movements in present value of scheme assets during the year:	2017	2016
	£000	£000
Assets at beginning of the year	378,598	337,388
Movement in year:		
Interest income	9,675	11,805
Actual return on assets excluding amounts included in net interest	7,662	29,613
Contributions by the employer	29,178	12,571
Benefits paid	<u>(12,409)</u>	<u>(12,779)</u>
Assets at the end of the year	<u>412,704</u>	<u>378,598</u>

NOTES TO THE FINANCIAL STATEMENTS

Continued

25 Pension schemes (continued)

a) UGPS (continued)

	2017	2016
	£000	£000
Movements in present value of scheme liabilities during the year:		
Liabilities at beginning of the year	431,233	385,697
Movement in year:		
Current service cost	11,802	10,974
Administration costs	1,550	1,344
Interest cost	10,678	13,299
Actuarial losses	31,234	32,698
Benefits paid	<u>(12,409)</u>	<u>(12,779)</u>
Liabilities at the end of the year	<u>474,088</u>	<u>431,233</u>

Details of the experience gains and losses for the years to 31 July:	2017	2016	2015	2014	2013
	£000	£000	£000	£000	£000
Fair value of scheme assets	412,704	378,598	337,388	299,616	260,815
Present value of scheme liabilities	<u>(474,088)</u>	<u>(431,233)</u>	<u>(385,697)</u>	<u>(334,489)</u>	<u>(318,497)</u>
Deficit in the scheme	<u>(61,384)</u>	<u>(52,635)</u>	<u>(48,309)</u>	<u>(34,873)</u>	<u>(57,682)</u>

b) SPF

This is an externally funded, multi-employer, defined benefit scheme and from 31 March 2016 is no longer 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 102 assumptions at 31 July 2017.

The major assumptions used at 31 July are shown below:

	2017	2016	2015
Discount rate	2.50%	2.50%	3.50%
Retail price inflation	3.40%	2.70%	3.25%
Rate of increase in salaries	3.15%	2.70%	3.25%
Rate of increase to pensions in payment	2.65%	1.80%	2.25%
Consumer price inflation	2.65%	1.70%	2.25%

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

	<u>2017</u>	<u>2017</u>	<u>2016</u>	<u>2016</u>
	Male	Female	Male	Female
Member age 65 (current life expectancy)	22.9	25.7	22.1	23.8
Member age 45 (life expectancy at age 65)	25.0	28.2	24.8	25.5

NOTES TO THE FINANCIAL STATEMENTS
Continued
25 Pension schemes (continued)
b) SPF (continued)

The assets in the scheme were:	Value at 31 July 2017 £000	Value at 31 July 2016 £000	Value at 31 July 2015 £000
Equities	11,968	10,890	10,183
Bonds	2,360	2,269	1,629
Property	1,854	1,966	1,629
Cash	674	-	137
	<u>16,856</u>	<u>15,125</u>	<u>13,578</u>
Total	16,856	15,125	13,578
	Value at 31 July 2017 £000	Value at 31 July 2016 £000	Value at 31 July 2015 £000
The following amounts at 31 July 2017 were measured in accordance with the requirements of FRS 102:			
Total market value of assets	16,856	15,125	13,578
Present value of liabilities	<u>(17,619)</u>	<u>(15,768)</u>	<u>(15,062)</u>
Deficit in the scheme	<u>(763)</u>	<u>(643)</u>	<u>(1,484)</u>

The University paid contributions to the fund at 24.5% of pensionable salaries over the year to 31 July 2017 and expects to make similar contributions over the next year.

Additionally the University has paid £243k of deficit contributions between 1 August 2016 and 31 July 2017 (2016: £232k).

Amount charged to operating surplus:	2017 £000	2016 £000
Current service cost	<u>(146)</u>	<u>(139)</u>
Total operating charge	<u>(146)</u>	<u>(139)</u>
Other finance costs:		
Expected return on scheme assets	374	468
Interest on scheme liabilities	<u>(388)</u>	<u>(517)</u>
Total net return	<u>(14)</u>	<u>(49)</u>
Total SPF pension cost recognised in the income and expenditure account	<u>(160)</u>	<u>(188)</u>
Other Comprehensive Income (OCI):	2017 £000	2016 £000
Actual return on assets excluding amounts included in net interest	1,657	1,486
Actuarial losses on scheme obligations	<u>(1,963)</u>	<u>(799)</u>
Actuarial (loss)/gain recognised in the OCI for SPF	<u>(306)</u>	<u>687</u>

The cumulative loss recognised in the Other Comprehensive Income to date is £0.8m (2016: £0.5m loss).

NOTES TO THE FINANCIAL STATEMENTS

Continued

25 Pension schemes (continued)

b) SPF (continued)

	2017	2016
	£000	£000
Movements in present value of scheme assets during the year:		
Assets at beginning of the year	15,125	13,578
Movement in year:		
Interest income	374	468
Actual return on assets excluding amounts included in net interest	1,657	1,486
Contributions by the employer	346	342
Contributions by the scheme participants	27	29
Benefits paid	<u>(673)</u>	<u>(778)</u>
Assets at the end of the year	<u>16,856</u>	<u>15,125</u>

	2017	2016
	£000	£000
Movements in present value of scheme liabilities during the year:		
Liabilities at beginning of the year	15,768	15,062
Movement in year:		
Current service cost	146	139
Interest cost	388	517
Actuarial losses on scheme obligations	1,963	799
Contributions by the scheme participants	27	29
Benefits paid	<u>(673)</u>	<u>(778)</u>
Liabilities at the end of the year	<u>17,619</u>	<u>15,768</u>

Details of the experience gains and losses for the years to 31 July:	2017	2016	2015	2014	2013
	£000	£000	£000	£000	£000
Fair value of scheme assets	16,856	15,125	13,578	13,311	12,900
Present value of scheme liabilities	<u>(17,619)</u>	<u>(15,768)</u>	<u>(15,062)</u>	<u>(16,159)</u>	<u>(14,818)</u>
Deficit in the scheme	<u>(763)</u>	<u>(643)</u>	<u>(1,484)</u>	<u>(2,848)</u>	<u>(1,918)</u>

c) USS	Consolidated	University	Consolidated	University
	2017	2017	2016	2016
	£000	£000	£000	£000
USS deficit reduction plan provision				
At beginning of the year	(51,987)	(51,987)	(46,576)	(46,576)
Utilised in the year	3,664	3,652	2,110	2,110
Revaluation/additions in the period	(5,511)	(5,279)	(6,101)	(6,101)
Unwinding of the discount rate	<u>(929)</u>	<u>(925)</u>	<u>(1,420)</u>	<u>(1,420)</u>
USS deficit reduction plan provision at 31 July	<u>(54,763)</u>	<u>(54,539)</u>	<u>(51,987)</u>	<u>(51,987)</u>

The Universities Superannuation Scheme (USS) is a UK-wide scheme which throughout preceding periods was a defined benefit only pension scheme. With effect from 1 October 2016, the scheme changed from defined benefit only to a hybrid pension scheme, providing defined benefits (for all members) as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the schemes' assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as is required by Section 28 of FRS 102 "Employee Benefits", accounts for the scheme as a defined contribution scheme. As a result, the amount charged to the income statement in respect of the above, represents the contributions payable to the scheme in the year.

NOTES TO THE FINANCIAL STATEMENTS

Continued

25 Pension schemes (continued)

c) USS (continued)

On conversion to FRS 102, the University has recognised a provision for the present value of the deficit reduction plan for the USS scheme. The discount rate used by the University to calculate the provision was 1.91% in 2017 (2016: 1.78%). 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, this percentage is 18% (2016: 16% to 18%). The total USS pension cost for the University was £44.5m (2016: £38.5m). This includes £3.9m (2016: £3.5m) of outstanding contributions at the balance sheet date. The latest available full actuarial valuation of the scheme was at 31st March 2014 ("the valuation date"), which was carried out using the projected unit method. Since the institution cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

During the year 2016-17 the University's subsidiary Kelvin Nanotechnology Limited transitioned to FRS 102 and recognised its provision for the present value of the deficit reduction plan for the USS scheme.

The 2014 valuation was the third 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 £41.6 billion and the value of the scheme's technical provisions was £46.9 billion, indicating a shortfall of £5.3 billion. The assets were therefore sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	2017	2016
Discount rate	2.57%	3.6%
Pensionable salary growth	n/a	n/a
Price inflation (CPI)	2.41%	2.2%

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	98% of S1NA ["light"] YoB tables – no age rating
Female members' mortality	98% of 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 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	2017	2016
Males currently aged 65 (years)	24.4	24.3
Females currently aged 65 (years)	26.6	26.5
Males currently aged 45 (years)	26.5	26.4
Females currently aged 45 (years)	29.0	28.8

Existing benefits	2017	2016
Scheme assets	£60.0bn	£49.8bn
Total scheme liabilities	£77.5bn	£58.3bn
FRS 102 total scheme deficit	£17.5bn	£8.5bn
FRS 102 total funding level	77%	85%

d) STPS

Former members of the academic staff of St Andrew's College of Education are covered by the Scottish Teachers Pension Scheme (STPS). STPS is a Scottish-wide scheme which was a defined benefit only pension scheme and until 31 March 2016 was contracted out of the State Second Pension (S2P). Under the definitions set out in FRS 102, the STPS 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 applied the exemption in FRS 102 and has accounted as if it were a defined contribution scheme. An actuarial assessment was carried out at 31 March 2012.

NOTES TO THE FINANCIAL STATEMENTS

Continued

25 Pension schemes (continued)

d) STPS (continued)

The Scheme had total liabilities, for service to the 31 March 2012 of £20.9 billion and notional assets of £19.6 billion giving a notional past service deficit of £1.3 billion. With effect from 1st 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 £69k (2016: £89k). This includes £6k (2016: £7k) of outstanding contributions at the balance sheet date. Employees' regular contributions were £44k (2016: £59k) and £8k (2016: £7k) in respect of additional voluntary contributions.

e) NHSPS

NHS Pension Scheme (Scotland) (NHSPS) is a Scottish-wide scheme which throughout the current and preceding periods was a defined benefit only pension scheme and until 31st March 2016 was contracted out of the State Second Pension (S2P). 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 31 March 2012. The Scheme had total liabilities, for service to the 31 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 31 March 2012

Discount rate	3% pa real; 5.06% pa nominal
Pension increase	2% pa
Long term salary growth	4.75% pa, 2.75% pa in excess of assumed CPI

The total pension cost for the University was £690k (2016: £691k). This includes £63k (2016: £56k) of outstanding contributions at the balance sheet date. Employees' regular contributions were £501k (2016: £487k) and £8k (2016: £7k) in respect of additional voluntary contributions.

f) 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 FRS 102, 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 applied the exemption in FRS 102 and has accounted for the scheme as if it were a defined contribution scheme. The following information is available on the scheme:

The MRC operates a funded pension scheme (MRCPS) providing benefits based on service and final pensionable pay at the normal retirement age of 65. The scheme is a defined benefit scheme that prepares its own scheme statements. Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition a lump sum equivalent to three years' pension is payable on retirement. Members pay contributions of between 6.0% and 6.5% pensionable earnings to the Scheme. In addition to the principal section, the supplementary benefits section exists to provide additional benefits in the event of ill-health retirement or death-in-service. It is solely funded by members' contributions.

The required MRCPS contribution rate is assessed every three years in accordance with advice of the Government Actuary. The latest actuarial assessment of the MRCPS was at 31 December 2013 at which showed a surplus of £160.1m and the market value of the assets of the MRCPS was £1,054m, an ongoing funding level of 118%. 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 is 14.9%.

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 relevant accounting standards 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).

NOTES TO THE FINANCIAL STATEMENTS

Continued

25 Pension schemes (continued)

f) MRCPS (continued)

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.

Change in assumption			Approximate effect on total liability
Discount rate	-1/2% a year	+10.5%	+127m
Rate of increase in earnings	-1/2% a year	-1.5%	-£18m
Rate of increase in pensions	-1/2% a year	-7.0%	-£84m
Removing age rate for pensioner mortality		+2.5%	+£30m

The total pension cost for the University was £376k (2016: £396k). This includes £31k (2016: £31k) of outstanding contributions at the balance sheet date. Employees' regular contributions were £162k (2016: £172k) and £27k (2016: £27k) in respect of additional voluntary contributions.

g) NEST

NEST is a defined contribution scheme that is not-contracted out of the State Second Pension (S2P) and covers qualifying workers under the NEST Autoenrol section of the scheme, and a number of support staff who had previously opted-out of UGPS under the NEST contractual section of the scheme. 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 and has since 're-staged' at 1 April 2016. The total pension cost for the University was £992k (2016: £725k). This includes £91k (2016: £72k) of outstanding contributions at the balance sheet date. Employees' regular contributions were £408k (2016: £301k).

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The University of Glasgow, charity number SC004401

Court Context Card - 13 December 2017 - Report from Estates Committee

Speaker	Mr Ronnie Mercer
Speaker role	Estates Committee Convener
Paper Description	Report from Estates Committee (31 October 2017 meeting)
Topic last discussed at Court	Oct-17
Topic discussed at Committee	Various
Committee members present	Professor L Farmer, Mr R Mercer (Convenor), Mr D Milloy, Ms K Powell
Cost of proposed plan	Various
Major benefit of proposed plan	
Revenue from proposed plan	
Urgency	Various
Timing	Short, Medium and Long Term
Red-Amber-Green Rating	Not Applicable
Paper Type	Information
Paper Summary	Minutes including update on Capital programme and Project progress/approval
Topics to be discussed	
Action from Court	<p>Court is asked to NOTE the following: Estates Committee's approval of CapEx applications: Garscube/Henry Welcome Building/CryoEM in the sum of £0.2m (EC/2017/15.2 refers); Forensic Toxicology relocation to Glasgow Royal Infirmary in the sum of £1.1m (EC/2017/15.3.1 refers); and Forensic Pathology relocation to QEUH/ICE in the sum of £0.12m (EC/2017/15.3.2 refers).</p>
Recommendation to Court	Note as above
Relevant Strategic Plan workstream	People, Place and Purpose
Most relevant Primary KPI it will help the university to achieve	All
Most relevant Secondary KPI it will help the university to achieve	Effective use of the Estate
Risk register - university level	Risk 5 - Delivery of campus development programme
Risk register - college level	Not Applicable
Demographics	
% of University	100% staff and students
Campus	Entire University Estate (all campuses)
External bodies	Not Applicable
Conflict areas	Not Applicable
Other universities that have done something similar	Swansea
Other universities that will do something similar	
Relevant Legislation	Building and Planning legislation
Equality Impact Assessment	On a building by building basis/by CapEx, where applicable
Suggested next steps	
Any other observations	

UNIVERSITY of GLASGOW
Estates Committee

Minute of the meeting held in Committee Room 251, Gilbert Scott Building on Tuesday 31 October 2017

Present: Mrs A Allen, Dr D Duncan, Professor L Farmer, Mr R Fraser, Mr R Mercer (Convenor), Mr D Milloy, Ms K Powell, Mr A Seabourne, Mr D Smith.

In Attendance: Mrs N Cameron, Mr P Haggarty, Ms K Lee (Clerk)

Apologies: Professor N Juster, Professor A Muscatelli (Principal), Dr B Wood

EC/2017/11 Minute of the meeting held on 5 September 2017

The minute was approved as an accurate record. The Committee was thanked for its work on the Research Hub documentation following the last meeting.

EC/2017/12 Matters Arising

There were no matters arising.

EC/2017/13 Declarations of Interest

There were no declarations.

EC/2017/14 Capital Programme Update

EC/2017/14.1 Capital Programme Governance Board Report

The Committee noted the report, prepared to provide a high-level overview of project dashboards, key activities and to highlight future opportunities or issues. It noted that summary reports for both the Programme and Capital Projects Governance Boards would be provided to Finance Committee.

The Committee noted the key distinctions between the two boards:

Capital Programme Governance Board: visibility of full capital programme with specific focus on Infrastructure, projects out with Phases 1a/1b and small complex projects; and

Capital Projects Governance Board: focussed on individual projects and signing-off major project business cases.

The Committee noted an overlap in membership between the boards, that each refers to the other on key matters and that ultimately each reports to Estates Committee.

Further work would be undertaken with Sponsors, particularly those responsible for smaller projects to ensure there was full understanding of governance and reporting structures.

It was agreed that there would be continuous oversight of the process, the level of detail provided and that where the RAG status was noted as amber or red, an explanatory note would be provided.

EC/2017/14.1.1 Gateway Review (Research Hub) Recommendations

The project had been rated Amber/Green in line with expectations. The team would prepare an action plan to address the recommendations made, a number of which would be actioned immediately. Progress would be reported to the Programme Governance Board.

It was noted that the Gateway process adopted was a robust, independent review and had also been adopted by the Scottish Government. The process involved a team of relevant experts spending 2.5 days on site, meeting internal teams, reviewing documentation and reporting findings on project status and recommended areas of focus to ensure successful delivery.

EC/2017/14.1.2 Major Project Dashboard Reports

The Committee noted the cost report along with the updated suite of reports and their current RAG status. It noted the amber status of:

Workstream 1b (Infrastructure) – a proposal had been made by Scottish Power in relation to the sub-station and a meeting had been scheduled to ensure the University's requirements were met.

Workstream 8 (Investment and Disposals) - an update would be provided to the January 2018 meeting.

EC/2017/14.2 Major Capital Projects Governance Reports

4.2.1 Gateway Review (Infrastructure) - the Committee noted the report and recommendations.

4.2.2 Project Dashboard Reports – the Committee noted that work to progress building warrants was continuing with Glasgow City Council and that a specialist resource was being scoped to support this critical area.

EC/2017/15 CapEx Committee Report

EC/2017/15.1 CapEx Application Summary

The summary was noted.

EC/2017/15.2 Garscube/Henry Welcome Building/CryoEM

The Committee noted and approved the CapEx application in the sum of £0.2m and that this sum was the maximum financial exposure that would be borne by the University.

EC/2017/15.3 Relocation of Pathology and Toxicology

The Committee noted the proposed relocation for Forensic Medicine (FM) and Forensic Toxicology (FT) which were currently located in the Joseph Black building and that its imminent refurbishment necessitated relocation of both services. The Capital Plan has previously envisaged the relocations as a single project and a budget of £1.5m had been identified. However it was subsequently agreed that the relocation would be progressed as two individual projects, each with an individual CapEx application:

EC/2017/15.3.1 Forensic Toxicology relocation to Glasgow Royal Infirmary

The Committee noted and approved the CapEx application in the sum of £1.1m.

EC/2017/15.3.2 Forensic Pathology relocation to QEUH/ICE

The Committee noted and approved the CapEx application in the sum of £0.12m.

EC/2017/16 Control and Monitor Reports

EC/2017/16.1 RAG Report

The Committee noted the status of the projects with a value in excess of £100k.

Four projects had completed since the last meeting:

Gilmorehill/50 Hillhead St/Student Accommodation Refurbishment

Garscube/Henry Welcome Building/CL3 Lab & Insectary

Gilmorehill/Accommodation Services/Summer 2017 Refurbishment

Gilmorehill/Boyd Orr/Level 4 Alterations

EC/2017/16.2 Risk Register - The Committee noted the current Risk Register. The Committee noted the new risk related to approval of building warrants.

EC/2017/16.3 Programme - The Committee noted the current Master Programme.

EC/2017/16.4 Health and Safety Dashboard - The Committee noted the workstream status as Green.

EC/2017/17 Estates Reports

No items to consider.

EC/2017/18 Any Other Business

There was no additional business.

EC/2017/19 Schedule of Meetings for 2017/18

The schedule of dates was noted:

15 January 2018

13 March 2018

15 May 2018

Court Context Card - HR Committee - Draft Minute of meeting held on 15 November 2017

Speaker	Ms June Milligan
Speaker role	HR Committee Chair
Paper Description	Draft minute of committee meeting held on 15 November 2017, Annual MI report & Annual update on JCCN meetings Annual update on JCCN meetings (Annex 1) Annual MI report (Data Analytics) (Annex 2)
Topic last discussed at Court	Last HRC report Oct 2017
Topic discussed at Committee	See paper summary section.
Committee members present	Ms J Milligan (Chair), Professor K McCue, Professor C Goodyear, Dr M Macdonald Simpson
Cost of proposed plan	
Major benefit of proposed plan	
Revenue from proposed plan	
Urgency	
Timing	
Red-Amber-Green Rating	
Paper Type	Information
Paper Summary	Minutes of meeting held on 15 November 2017. . The Committee received a presentation from Prof. Frank Coton regarding the IT Strategy for the University. Ms Tracey Stirling then provided an update on the review of the University Recruitment Process and Strategic recruitment activity. Mr Richard Cloughton spoke to a briefing paper on the University arrangements for employee relations and the various formal and informal partnership working with the recognised trade unions. Finally Mr Cloughton spoke to the HR Director's strategic update including briefings on the Strategic Transformation Programme, the initial outcomes of the Performance Development Review Process, Strategic Recruitment, the ongoing developments regarding Brexit, developments regarding USS and also organisational change matters. The Committee then reviewed the latest set of MI. The Committee reviewed the annual report of JCCN activity.
Topics to be discussed	
Action from Court	To note and discuss if desired.
Recommendation to Court	To note and discuss if desired.
Relevant Strategic Plan workstream	Agility, Focus, Empowering People
Most relevant Primary KPI it will help the university to achieve	Staff Engagement
Most relevant Secondary KPI it will help the university to achieve	Gender Equality/Service Delivery
Risk register - university level	1. Organisational Effectiveness 3. Immigration policy/EU staff & students - Staff Recruitment; 11. Organisational Culture; 10. Staff Development;
Risk register - college level	
Demographics	
% of University	100% staff
Operating stats	
% of	
Campus	All
External bodies	
Conflict areas	None Highlighted
Other universities that have done something similar	
Other universities that will do something similar	
Relevant Legislation	Employment legislation (UK & European)
Equality Impact Assessment	The MI paper (Annex 2) includes several slides relating to gender pay and career progression. No other specific points were highlighted within the reports.
Suggested next steps	N/A
Any other observations	

UNIVERSITY OF GLASGOW
Human Resources Committee

Minute of meeting held in the Carnegie Room, Main Building
on Wednesday 15 November 2017

Present: Ms J Milligan (JM) (Chair), Dr D Duncan (DD), Ms S Ashworth (SA), Professor K McCue (KM), Professor C Goodyear (CG), Dr M Macdonald Simpson (MMS), Ms S Campbell (SC), Mr R Cloughton (RPC), Ms C Patrick (minute).

By Invitation: Professor Frank Coton (FC) Item 3, Ms Tracey Stirling (Item 4).

Apologies: Christine Barr (CB), Professor R O Maolalaigh (ROM), Mr R Goward (RG).

HR/17/12 Opening Remarks & Apologies

Update from meeting of Court/HR Committee Remit

JM opened the meeting and apologies were noted as above. JM advised that RG was unwell and that regards would be sent on behalf of the Committee.

JM gave a brief update on matters of relevance from the last meeting of Court. The revised remit and membership of the Committee had been approved. Margaret Anne McParland would be joining the Committee subject to final approval from Court and NJ was welcomed as an official member of the Committee. RPC advised that he would format the new HRC remit and circulate once MAP's membership had been approved.

ACTION: RPC

Remuneration Committee had signed off SMG Remuneration for the year and the Rector had voiced concerns regarding the changes to staffing proposed within Sports. MMS suggested potentially inviting the Rector to a future Committee meeting. JM advised that she had offered to meet with the Rector and would be happy to explore this option when they met.

HR/17/13 Minute of Meeting held on 11 September 2017

The minute of 11 September was approved as a true record.

HR/17/14 IT Strategy

FC gave a comprehensive presentation on the University's IT Strategy outlining the context and the aims of the 2016 Technology Strategy. Prior to 2014 the University did not have an IT Strategy. FC felt that the initial Strategy developed in 2014 was very reactive rather than forward looking and he outlined why this could be problematic. The University is critically dependent on IT infrastructure and there also needed to be a focus on improving user experience. FC discussed the more developmental priorities of the 2016 Technology Strategy which included: Core Infrastructure, Strategic Systems, Analytics, Technology Supported Learning and Assessment, CRM and Artificial Intelligence.

SA had a professional IT leadership role and explained why technology would become increasingly important. The Learning and Teaching Hub was an opportunity to meet the needs of students to find information and access support efficiently. Discussion followed on the practicalities of maintaining a very large number of webpages and the resources required to support the current infrastructure. The current website review was focusing on the staff/student journey and providing a more efficient provision of information. FC gave some insight into the global picture and noted that the University was facing similar challenges to other Higher Education institutions. FC discussed the relative immaturity and place of Artificial Intelligence systems noting that potential investments would need to make financial sense and clearly fulfil genuine business needs. There were also concerns regarding the adequacy of some operating systems, including the HR system, and the pros and cons of using a server or a cloud based system. It was agreed to keep the Committee updated as these discussion progressed. JM thanked FC for his presentation noting that the IT strategy would be fundamental to delivering the staff and student experience and the strategic campus transformation.

**HR/17/15 Strategic Recruitment Update
Process Review / Strategic Talent Acquisition**

TS gave a comprehensive presentation on the Recruitment Process Review and the progress made to date. A full end to end review of existing processes had taken place, removing duplication, reducing handover points and allowing a new process to be re-engineered. Conversations regarding roles within the new structure had begun with the recruitment team and Trade Unions and the new process had been recently validated by the Transformation Office. It was noted that the Recruitment webpages would be rebranded as part of the review process. The new resourcing model had been consulted upon widely and a pilot would begin within the College of Arts. A final paper would be presented to SMG shortly prior to full implementation.

TS addressed Strategic Recruitment and advised that many of the recent senior posts had been recruited directly using the in-house team rather than using head-hunters or third parties. The candidate brochures had been successful, but there was a need for more reporting using the E-Recruitment system to ensure full analysis of campaigns could be carried out. TS advised that approximately 10% of candidates turn down job offers and this is usually because they have applied for multiple roles and receive another offer. Additionally at a senior level concerns about relocation can be a key factor. Marie Claire Pearse had recently been appointed as Recruitment Operations Manager and to the new UKVI compliance role would help to ensure that everything is in place currently and as required post-Brexit.

Discussion followed on the recent challenges regarding the production of Graduate Teaching Assistant contracts and payments and it was noted that this was primarily caused by recent personnel changes within the colleges and recruitment. There would be a full debrief exercise carried out to ensure lessons were learned and it was thought the Recruitment restructure with a dedicated on-boarding team would help to ensure that this did not happen again.

HR/17/16

Employee Relations update

Union Engagement/Management of Organisational Change

RPC presented a paper setting out the arrangements for engagement with the four recognised trade unions. RPC discussed the differing recognition of the various Trade Unions and the purpose of the JCCN, PRG and CCF meetings. It was noted that RPC manages the formal relationships with the Trade Unions while CB maintains close informal relationships with the nominated senior representatives. The University aims to work in partnership with the Trade Unions and will engage in consultation meaningfully on potential redundancies.

The current relationship with the Trade Unions was good, but as mentioned earlier the current consultation on Sport had presented a number of challenges and the unions had registered a formal failure to agree. The consultation arrangements for change were set out in the Management of Organisational Change policy and the University would engage with all Trade Unions on change proposals though this may vary slightly depending on the staff groups impacted. RPC believed that there was a high level of trust between the Trade Unions and the HR function but this did not mean the parties always agreed. Local change consultations take place under a sub-group of the JCCN and consultation with the Trade Unions would typically commence before formal consultations with staff.

RPC discussed the complexity of the change proposal within Sports and noted that there was a need to address the overall staffing model, shift patterns and zero hours contracts, with the potential for redundancies and impacts on take home pay for staff as a result. Consultations covered both the detail of the proposal and how to minimise the impact on existing staff. The University was currently in dispute, however the Trade Unions were keen to continue discussions and a Special JCCN meeting would be held on 20 November 2017. DD noted that Union officials may have seen the Sports consultation as a pre-cursor to change proposals that may be coming over the next few years. It was important that this process be reviewed and any lessons from it learned.

RPC also noted that the University may be facing a formal dispute with University and College Union regarding the USS pension scheme. A consultative ballot had taken place and industrial action seemed likely. The Committee asked to be kept closely informed as this developed. JM noted the committee supported the focus on partnership working, recognising that the need for transformational change was likely to present challenges.

HR/17/17

Strategic update from the HR Director

RPC spoke briefly to the paper that included commentary on the Strategic Transformation Programme, Strategic Recruitment, Brexit news, potential reform of USS and PDR. PDR completion rates had risen to 90% and there had been a significant focus of activity in the final week. Members of the Committee discussed the proportion of individuals who were rated as

'exceptional' and it was felt that clear communication was needed to ensure that staff understood that a 'strong' performance was a positive affirmation. Some members of the Committee felt that there was too big a gap between the 'strong' and 'inconsistent' categories and it was noted that the Trade Unions felt that lower graded staff had less opportunity to achieve 'exceptional' status. Nonetheless this represented good progress in terms of completion rates.

HR/17/18 HR Analytics - Annual Report for Court

RPC spoke briefly to the paper and a short discussion followed touching on succession planning, and Mental Health. The data showed no significant new concerns in regards to the Gender Pay balance within the grades, but there were still challenges in the Professorial and SAG groups and the data could be skewed by one individual leaving the organisation. The career pipeline was critical and this is why the Gender Pay Strategy looked 10-15 years ahead. JM raised the structural challenges that impede female professors and the need for the sector to address these.

HR/17/19 Draft Minutes of the JCCN & EDSC

JM wished to congratulate the EDU team on the positive outcomes for Athena Swan. It was noted that the Committee had previously expressed concerns over Mental Health and welcomed the work that DD was undertaking.

In light of current discussions in the press DD noted the work that the University was carrying out with regard to gender based violence. The University would also look to produce a policy on student/staff relationships in parallel to its scheduled review of the Dignity at Work and Study policy. In relation to the EDSC minutes, SA noted that the library now had a family friendly study space which had proved very popular.

A member of the Committee wondered how much the Trade Unions had been told about the wider Transformation piece. NJ advised that this had been discussed at a recent JCCN meeting and the University would continue to actively engage with the Trade Unions. KM noted the negative feedback regarding the PDR process in the JCCN minutes and wondered if this was something that would be reflected upon in the next staff survey. NJ advised that these views were raised at a number of Staff Engagement meetings that he attended with CB. Staff were happy with discussions but felt uncomfortable about being graded at the end of the process. JM noted the Committee's support for a rigorous process which supported performance improvements. KM felt it was important to help staff to see that PDR was an important and encouraging process.

HR/17/20 Matters Arising from 11 September 2017

The Committee noted that there were no outstanding actions, not covered in the HR Director's Report or other agenda items.

HR/17/21 Closing Remarks

There being no further business JM thanked the members of the Committee and the meeting closed.

HR/17/22 Date of Next Meeting

The next meeting is scheduled to take place on Thursday 1 March 2018 at 10am in the Melville Room.

University of Glasgow
JCCN - 16 October 2017
Annual Review of JCCN activity 2016-17

This paper provides a summary of the matters covered by the Joint Committee of Consultation and Negotiation (JCCN) during the academic session 2016/17.

The JCCN meets three times a year. Membership includes senior managers and representatives of the four recognised trades unions, namely UCU, Unison, Unite and GMB. The Committee has an independent chair, Alan MacFarlane, former lay-member of the University Court.

The agenda is developed jointly ahead of each meeting and the minutes are presented to the HR Committee.

At each meeting the Committee receives written reports on policy developments being discussed at the joint Policy Review Group and also any ongoing local consultations regarding organisational change. This ensures that all parties are clear on the status of these matters. No specific issues have been formally escalated to the JCCN under either of these topics though the volume of change has prompted some discussion.

The JCCN held a number of discussions on a range of topics during the year including the Gender Pay Strategy, outcomes from the 2016 Staff Survey and the Performance and Development Review Process.

Presentations have also been given in relation to the Interim Research Reviews, Athena Swan and management information regarding staff and student numbers. A number of topics have been raised by the Trade Unions for discussion ranging from aspects of the PDR process to workload modelling and management and from mental health to car-parking. The Committee also considered potential changes to the recognition agreement and enhancements to the presentation of information about our partnership arrangements on the University Web Pages.

The Committee continues to prompt useful and meaningful discussions and plays a key role in maintaining our positive approach to partnership working and ensuring the campus trade unions have a forum to raise matters of concern with senior management and contribute to the development of many aspects of our people strategy and plan.

Recommendation

Members of Court are asked to note the report.

Prepared by Richard Cloughton
Deputy Director of HR on behalf of the members of the JCCN
October 2017

Court Context Card - Remuneration Committee Report to Court 13 December 2017

Speaker	June Milligan
Speaker role	Remuneration Committee Convenor
Paper Description	Remuneration Committee Report to Court
<i>Topic last discussed at Court</i>	Oct-17
<i>Topic discussed at Committee</i>	
<i>Committee members present</i>	Court members present at last meeting: J Milligan, E Passey, A Muscatelli (absent for item 5), R Mercer
<i>Cost of proposed plan</i>	
<i>Major benefit of proposed plan</i>	
<i>Revenue from proposed plan</i>	
<i>Urgency</i>	Low
<i>Timing</i>	Immediate
<i>Red-Amber-Green Rating</i>	Green
<i>Paper Type</i>	For information
<i>Paper Summary</i>	Minutes of the meeting of Remuneration Committee 11 October 2017 at which was discussed: Senior Management Remuneration and Professorial Reward; Principal's and SMG Performance; Voluntary Severance and Salary Augmentation Approvals since the last meeting.
<i>Topics to be discussed</i>	
<i>Action from Court</i>	For information/discussion if desired
<i>Recommendation to Court</i>	
Relevant Strategic Plan workstream	
Most relevant Primary KPI it will help the university to achieve	
Most relevant Secondary KPI it will help the university to achieve	
Risk register - university level	
Risk register - college level	
Demographics	
% of University	
Operating stats	
% of	
Campus	
External bodies	
Conflict areas	
Other universities that have done something similar	
Other universities that will do something similar	
Relevant Legislation	
Equality Impact Assessment	
Suggested next steps	
Any other observations	

Remuneration Committee

11 October 2017

Present:

June Milligan (Convener)
Elizabeth Passey
Dominic Cole-Morgan
Rob Goward
Sir Anton Muscatelli (absent for item 5)
Ronnie Mercer

Attending:

Christine Barr
David Duncan (absent for item 6)

1. Welcome and Apologies

The Convener welcomed everyone to the meeting. There were no apologies. The Convener invited declarations of interest: there were none, save for those whose salaries were to be discussed and who it was agreed would leave for those items.

2. Notes from the meeting on 21 June 2017

These were approved subject to the correction of a typographical error under item 6 ("exceeded £100,000").

3. Matters Arising

Item 4: It was noted that the Principal's salary for the years 2017-2019 would be £290,000, £300,000 and £310,000, subject to continued high performance.

Item 5: it was noted that Court would consider the advice of the Remuneration Committee regarding the remuneration of the role of Convener of Court later that day.

4. SMG Remuneration and Professorial Reward

Christine Barr introduced this item. With regard to professorial salaries, she noted the various ways in which professorial salaries can be reviewed. She highlighted the fact that professors continued to benefit from the national uplift applied to other grades subject to satisfactory performance. Performance measurement took into account both individual performance and that of the academic unit; issues of equity were also taken into consideration. She highlighted the progress made in addressing issues of gender pay equity and underlined the role of the HR function and the Board of Review in overseeing professorial pay.

The Committee approved the recommendations contained in the paper, noting that the overall reward and recognition budget was 0.5% of the salary bill.

Mrs Barr noted that other universities broadly applied the same uplift to senior managers as to the rest of the staff, subject to satisfactory performance. She highlighted the strong institutional performance during 2016-17; the University had performed well against its KPIs and had achieved a number of positive marks of external esteem.

The Principal spoke to the overall SMG targets; most of these had been achieved but further improvement was required with regard to the NSS. He rated the overall performance of SMG as "strong".

5. Principal's Performance

Elizabeth Passey informed the Committee that she had conducted the Principal's Performance and Development Review with June Milligan earlier that day. She had drawn on comments from members of Court and SMG; she had also had sight of a recent 360 degree review of the Principal, conducted by an external consultant.

Ms Passey highlighted a number of very positive indicators relating to the University's financial position, the signing off by Court of the capital plan and several external marks of esteem. Overall, she concluded that the Principal had met his objectives for the year and that Court had been right to offer him an extension to his contract as head of the institution.

Ms Passey reported that she would elaborate on the Principal's objectives for 2017-18, but expected that they would include:

- Financial targets
- Further development of the leadership team
- Continued progress in implementing the capital programme
- Progress in implementing the transformation programme
- Successful handling of various external risk factors
- Further improvements in the University's NSS scores.

She would continue to meet with the Principal on a monthly basis.

6. SMG Members' Performance - recommendations from the Principal

The Principal spoke to this item. All individuals were rated as "strong" with the exception of one, who had achieved an "exceptional" rating.

The Committee provisionally agreed the recommended percentage uplifts, namely 1.7% for those rated "strong" and 2% for those rated "exceptional". Market-related adjustments would be applied to two salaries. No salary increases would apply to individuals who had received in-year increases or who had been appointed during 2016-17.

The Committee acknowledged its ongoing commitment to maintaining University policy with regard to senior remuneration and a position that was broadly consistent with the market median while also aligned with institutional performance. In addition, the Committee was conscious of the importance of the overall reward package in enabling the University to attract and retain individuals in a competitive market.

The Committee noted that Court would be asked to approve its formal advice to the Remuneration Committee regarding SMG salaries later that day. If the advice was approved, Remuneration Committee members would then be asked to confirm their agreement to the revised salaries by email.

7. Any Other Business

The Committee noted the discussion about senior managers' salaries in the Press and the public arena over the previous few months. The Committee agreed that the public discourse on these matters was a serious issue; accordingly, it welcomed the review of the remit and membership of Remuneration Committee which would take place at Court later that day. The Committee asked for more contextual information about remuneration across the sector to be presented to the next meeting of the Committee in the Spring, and also agreed that an agenda item on total reward across the University would be helpful.

The Committee noted that remuneration issues had been discussed by the Committee of University Chairs; the revised Scottish Code of Good HE Governance, which had recently been approved by the Committee of Scottish Chairs, also addressed the governance of remuneration issues. The Secretary would report on the implications of the revised Code at the next meeting of the Committee.

The Committee noted that four voluntary severance packages had been agreed under delegated arrangements since the last meeting. The total cost of these packages was £187,000 and the average payback period was 6.2 months.

University of Glasgow

University Court – Wednesday 13 December 2017

Communications to Court from the meeting of Council of Senate held on 07 December 2017

(All matters are for noting)

1. Dean of Faculties - reappointment

Council of Senate was pleased to approve the Principal's recommendation to reappoint Emeritus Professor Jan McDonald as Dean of Faculties for a further year. Professor McDonald had now completed three three-year terms and a further two-year term in office and was the first woman to serve in the role in the University's history. Professor McDonald played a vital role in welcoming guests to graduations.

2. Honorary Degrees Committee

Council of Senate received an oral report from the Honorary Degrees Committee on additional recommendations for the conferment of honorary Degrees in 2018. The Clerk of Senate would provide a report to Court at its meeting on 13 December 2017.

It was also reported that comments had been received about one of the nominations received for consideration by Council of Senate at the October meeting. The Council of Senate was reminded that one of the nominees had unfortunately died during the period between the nomination being received and the meeting of the Honorary Degrees Committee at which the nomination was considered. It was reported that the University of Glasgow had previously awarded a small number of Honorary Degrees posthumously, but that, where that had been the case, the person receiving the award had died after they had agreed to accept the award.

Comments had been received from Dr Roach regarding the conferring of a posthumous Honorary Degree to an individual who had neither received the invitation nor accepted. At the meeting, Dr Roach stressed that his concern did not relate to the individual in question, but to the principle concerned and to the precedent that would be set. It was noted that there was variation between institutions about the approaches taken to the awarding of Honorary Degrees posthumously.

It reported that the Honorary Degrees Committee had taken the view that it was legitimate to consider the nomination, as the nominee had been alive at the time the nomination was submitted. On a show of hands, the Council of Senate voted in favour of approving the nomination. It was further agreed that the nominee's family would be consulted in a sensitive manner on whether they would agree to accepting the award.

3. Campus Development Update

The Director of Estates and Buildings, Ms Ann Allen, provided an update regarding the Campus Development. Council of Senate was reminded that the Master Plan for the developments had been approved in February 2017, which included a set of principles for the campus:

- Open - porous – to encourage movement
- Safe
- ‘Sticky’ – to encourage people to stay on campus

Court had approved in December 2016 plans for the Learning and Teaching Hub, the Research Hub, Institute of Health and Wellbeing, College of Arts Phase 1, Engineering Phase 1, the Adam Smith Business School and the Innovation Zone. So far, expenditure of £250M had been approved by Court.

The School of Mathematics and Statistics had moved to their temporary location and the vacated site was being prepared for construction of the Learning and Teaching Hub. Demolition was also underway on the Western Infirmary site and the Business case had been approved. Work had also started on the refurbishment of the Joseph Black Building. It was recognised that it was also important to think about the existing campus as well as the new development. Approximately sixty projects were underway.

Construction of the Research Hub would start in April 2018. The full business case for the Institute of Health and Wellbeing would be considered and the design for the College of Arts, School of Engineering and the Adam Smith Business School would take place. A fundraising campaign was also scheduled to begin.

Ms Allen noted a number of challenges, including the capacity of existing teaching space to accommodate the current and any increase in student numbers and increased pressure on space due to staff recruitment. It was reported that there had been 50,000 requests for change of rooms for teaching made during August 2017 alone. There were also challenges in maintaining the existing estate.

SMG had recognised that there were challenges around existing capacity and had supported £2.3M investment in immediate needs. The next five-year period would provide continuing challenges, but a series of options were being explored. SMG would consider the appropriate balance between investment in maintenance of the current campus and investment in estate development. £30M was committed to maintenance per annum and £35M was being invested in the Joseph Black Building. £30M over the next ten years was also being invested to test new ways of working. A review of conditions of the estate was being undertaken and this information would feed into plans for planned works.

The University was undertaking a level of construction not seen since development in the 1960s and 1970s. Safety was a fundamental consideration with this level of construction, and Estates were working with contractors to ensure this was a primary focus.

Noise was also a serious consideration and ways of working to keep noise to a minimum were being utilised. For example, core piling rather than hammer piling was being used for the Learning and Teaching Hub site.

The Learning and Teaching Hub was anticipated to be completed by summer 2019 and the plans for the Research Hub would be submitted to Glasgow City Council (GCC) next month.

Design teams had been appointed and their next focus was on the Innovation Zones, one of which had already been created at the Queen Elizabeth University Hospital (QEUH) site. There was an opportunity to help transform and revitalise the area around Gilmorehill through engagement with the City, industry and the arts. It was planned that there would be a West End and Waterfront Innovation District. GCC was undertaking major investment in infrastructure, including pedestrian and cycle routes from QEUH to Gilmorehill Campus, which would have a significant impact on the City.

Members were interested to hear how the increase in traffic and people would be accommodated and what plans there were for car parking. It was reported that there were plans for 25 percent growth in related activity from the development planned. However, as there would be release of other space, there would not be a significant overall increase in staff numbers. It was reported that there would be some new parking, but much of the planning was around other modes of transport. It was also reported that there was currently a consultation regarding parking permits, but the focus of the development plans was on active travel and sustainability.

It was clarified that teaching spaces would not have glass walls, but that these would be used for circulation and other spaces, in recognition of the benefits of access to natural light

It was also reported that not all plots on the Western site had yet been allocated for specific building developments.

It was recognised that effective communication was a challenge. Ms Allen reported that the appointed University partner, Multiplex, would produce communications, and that Estates were keen to better understand how communication was working for people using the buildings affected by development. Users of the McGregor Building on the Western site reported that they did not feel that they had been kept informed of developments. Users of the Kelvin Building also requested more communications, particularly for users of the side of the building which was affected by current construction. Ms Allen welcomed the feedback from members of the council of Senate and encouraged others to contact her team if they had concerns about communication so that this could be addressed.

Ms Allen reported that the Joseph Black Building project was being reviewed after the first phase of work, as it was recognised that the first phase could have been smoother. A project manager had been appointed who would be more focused on the next phases of the work.

4. REF2021 Update

Head of Research Policy, Dr Tanita Casci provided Council of Senate with an update regarding REF2021, following the publication in November 2017 of decisions on staff and outputs and the publication of initial decisions in September, which Vice-Principal for Research, Professor Padgett had reported on at the last meeting of Council of Senate.

It had been confirmed that there would be some changes for REF2021 vis a vis the 2014 exercise. Whereas REF2014 had included a selective return, all staff with 'significant responsibility for research' would be returned in 2021. This would be based on those eligible at the census date which would be 31 July 2020. Eligible staff would:

- have a contract of employment of 0.2 full-time equivalent (FTE) or greater
- have 'research' or 'teaching and research' as their primary employment function
- are an independent researcher, and
- are on the payroll of the submitting institution.

It was reported that, in relation to research-only staff, the definition of 'independent researcher' remained to be clarified. Research assistants were not included in this category.

ORCID was strongly encouraged in REF2021 and would be used in subsequent REF.

In terms of outputs, the weighting had changed from sixty-five percent to sixty percent. The assessment period had been confirmed as 1 January 2014 to 31 December 2020. The number of outputs per submission was 2.5 x FTE of submitted staff.

A minimum of one output would be required for each member of submitted staff, and a maximum of five outputs could be attributed to individual staff members, including staff who had left, retired, or died. A staff member could also be a co-author on up to five submitted outputs, where these were attributed to other member of staff in the unit.

There was also a change with regards to portability from the previous REF. Outputs could be submitted by both the institution employing a member of staff on the census date and the originating institution where the staff member was previously employed (in the eligible category) when the output was first made publicly available. Further detail was awaited.

From 1 April 2018, articles and conference proceedings must be made open access no later than three months after the acceptance date in order to be eligible for submission.

With regards to impact, the weighting had changed from twenty percent in 2014 to twenty-five percent. It had been confirmed that the period for impact underpinning research was 1 January 2000 to 31 December 2020, but that evidence of fresh impact would be required for case studies used in the 2014 REF. This would have to have happened during the period between 1 August 2013 and 31 July 2020. The number of impact case studies required would be one case study plus a further case study per up to 15 FTE staff, for the first 105 FTE returned, then one further case study per 50 FTE returned. This meant a minimum 2 case studies per UoA. It was required that the research underpinning impact cases must be assessed by the panel to be minimum 2* quality.

In terms of environment, the weighting had remained the same as in the previous REF – fifteen percent. The template would be more structured than in REF2014 and use more quantitative data. The template would include explicit focus on support for:

- Interdisciplinary research
- Collaboration with organisations beyond higher education
- Impact
- Equality and diversity
- Open research, including where this goes above and beyond the REF open access policy requirements, and the effective sharing of research data.

For the University of Glasgow, the aim was to maximise the quality of submission. There was no GPA target, and it was advised that feedback from Interim Reviews and expertise across the University should be utilised.

All Research and Teaching staff would be returned, plus Research only staff, once clarification had been provided by the funding bodies.

The submission would require inclusion of fewer impact cases but with higher weighting, especially in small units, and fewer outputs. GPA would therefore be higher than in REF2014 and league table position would be dependent on percentage of 4* outputs.

5. Convenor's Business

5.1 University Queen's Anniversary Award Thesaurus

It was reported that the University of Glasgow had been awarded a Queen's Anniversary Prize for Higher Education. The prize, the highest accolade for any academic institution, was awarded to the University in recognition of its world-class research into the English language through the Historical Thesaurus. The Prize has been approved by Her Majesty The Queen on the advice of the Prime Minister, following a very intensive period of assessment organised by the Royal Anniversary Trust which administers the scheme. The College of Arts was congratulated on the award.

5.2 Autumn Budget Statement

The Senior Vice-Principal reported information concerning the Scottish Funding Council budget would be available shortly, following the Westminster Autumn Budget Statement had not provided insight into the Scottish Budget but that a clearer picture of SFC funding would be announced next week.

5.3 USS pensions

Under UK law, all pension schemes were subject to a valuation every three years. The latest USS valuation had been carried out on 31 March 2017 and the outcome of that process would be submitted to the Pensions Regulator by 30 June 2018. The valuation exercise would determine the extent of any change in the funding position of the scheme since the previous valuation and what this might mean for members.

Changes to the benefits structure within the USS scheme, including increases to both employer and member contribution rates, had been agreed in 2014. These changes reduced the fund deficit with a 17-year recovery plan put in place that aimed to completely eliminate the deficit. However, the challenging economic climate (in particular, the very low interest rates on government bonds, known as gilts) had continued to impact on the scheme and it was anticipated that the potential funding deficit would have increased. As a result, further changes might be implemented. Discussions involving the USS trustees, individual universities, Universities UK and the Pensions Regulator had been taking place since the March 2017 valuation and would continue until the valuation outcome was submitted to the Pensions Regulator in June 2018. The Trustee (USS) would consider through the valuation process whether there was likely to be a need for further changes to future contributions by employers and members. Employers, represented by Universities UK (UUK) and USS members, represented by the University and College Union (UCU), might also consider whether the funding position merited fresh consideration of the benefit structure of the scheme. Given the governance structure of USS, UUK and UCU can discuss potential benefit changes through the Joint Negotiating Committee (JNC) of USS.

Proposals had been considered by the Universities UK's Board on 6 November 2017, following which proposals were put forward to members of USS. The UCU has already begun a consultation process about the proposed changes. There was a meeting scheduled on 18 December between the Board of Trustees, UCU and employees. It was likely that there would be increased contributions on both sides. It was reported that the University of Glasgow was more supportive of increased employer contributions than some other institutions

5.4 Student Fees

It was confirmed that, with respect to HE fees in England, the review of funding package for students and fee levels had concluded that the fee level would remain at £9,250 per annum. There had been suggestion previously that fees in England might be reduced to £7000: this was not now anticipated.

It was reported that pressure from extra students on campus this year had resulted in some changes; for example, the Library was open 24 hours during exams as a pilot exercise and there had been an increase in funding to Counselling and Psychological Services.

6. Appointment of the Clerk of Senate

The Director of the Senate Office reported that the Finding Committee for the appointment of the next Clerk of Senate met on 20 November 2017 to consider the job description for the role. The job description has been updated to reflect changes in the University since the appointment of Professor Briggs. Accordingly, the job description reflected the recent reorganisation of University Services and in particular the establishment of the Student and Academic Services Directorate. In view of the seniority and experience necessary for the post, the committee had also recommended that the person appointed should be a member of the professoriate. In order to help attract the best candidates for the post, the Finding Committee had also wished to be able to offer the position on a less than 1.0 FTE basis, with the duties of the post matched to the availability of the appointee.

Nominations for the appointment would be sought, with a submission deadline of 8 January 2018. (Individuals interested in applying may nominate themselves.) The Finding Committee would then review nominations and, in line with its remit, consider whether to invite others to stand for appointment and may interview candidates for the position.

Council of Senate approved the job description for the Clerk of Senate.

Professor Briggs invited interested parties to speak to him about the role if they wished.