

**UNIVERSITY COURT**

**Minutes of the meeting held on 10 December 2018**

**Present:** Ms F Sandford (Chair), Mr H Adam, Mr S Anderson, Mr J Dick, Prof J Donaldson, Mr J Grant, Prof A Green, Mr H Grossart, Mr S Haldane, Prof M MacLeod, Ms L Marr, Prof G McCormac, Ms B McKissack, Ms C Morrison, Prof H Nehring, Councillor C Simpson, Ms A Smallenbroek, Mr A Sturgess

**In Attendance:** Ms K Bryson, Ms C Gallagher, Prof P Hancock, Ms J Harrison, Mr G MacLeod, Mr L McCabe, Mr M McCrindle, Mr C McNally, Ms J Morrow, Prof J Phillips, Dr J Rogers, Ms E Schofield, Prof L Sparks, Mr L Spillane, Dr D Telford, Prof N Wylie, Dr Lee Zhuang, Ms F Wheater (Clerk)

**Apologies:** Rev M Roderick

Members welcomed Dr Lee Zhuang, Director of Internationalisation and Partnerships and Dr David Telford, Director of Information Services to their first meeting of Court.

**1. DECLARATIONS OF INTEREST**

There were no declarations of interest.

**2. MINUTES UC(18/19) Minutes 1**

The minutes of the meeting held on 24 September 2018 were **approved** as an accurate record.

**3. MATTERS ARISING NOT OTHERWISE ON THE AGENDA**

 There were no matters arising.

**4. KEY DEVELOPMENTS IN THE EXTERNAL ENVIRONMENT UC(18/19)16**

Court **received** a report on recent developments in the external environment and their potential impact upon the higher education sector. In particular, the following were noted:

* There was ongoing uncertainty about Brexit with the political position changing on a daily basis. Within the University a Brexit Planning Group had been established to consider implications for students, staff, funding etc, particularly in the potential event of a no deal outcome.
* There was a review planned of the Teaching Excellence Framework (TEF) focussing on its fitness for purpose and whether the scheme was in the public interest.
* A new Chief Executive, Karen Watt, had been appointed at the Scottish Funding Council.
* Chris Skidmore had been appointed as Minister of State for Universities, Science, Research and Innovation.
* The review of student finances chaired by Philip Augar was due to report to the Department of Education shortly. This could have implications for maximum tuition fees charged by English Universities.
* The University had recently received a Times Higher Education Award for Outstanding Contribution to Leadership Development.

Court **noted** the update on the external environment.

***PLANNING & BUDGETING***

**5. FINANCIAL STATEMENTS**

 **(i) The Finance Office’s commentary on the Financial UC(18/19)17(i)**

**Statements**

**(ii) The Financial Statements for 2017/18 as recommended UC(18/19)17(ii)**

**by the Joint Policy, Planning & Resources Committee and**

**Audit Committee.**

**(iii) Audit Highlights Memorandum from the External Auditors UC(18/19)17(iii)**

**(iv) The Letter of Representation from the University UC(18/19)17(iv)**

Court **considered** the University’s consolidated Financial Statements for the year ended 31 July 2018, having first been made aware that they had also been scrutinised in detail by the Joint Policy, Planning & Resources Committee and by the Audit Committee. It was noted that both committees had endorsed the statements and recommended their approval to Court. The Audit Highlights Memorandum from KPMG, the University’s External Auditors, provided an independent view of the accounts as well as, more broadly, their assessment of the University’s financial health and sustainability. The latter was set in the context of the environment in which it operated presently.

The Financial Statements followed the new Accounts Direction issued by the Scottish Funding Council and now included the relationship between the Principal’s remuneration and the median remuneration of the University’s workforce expressed as a multiple. The Statements also included the Trade Union facility time relating to the number of staff in official Union roles and the time and cost of these activities.

The University group had generated a total reported deficit for the year of £1.7m. Group income had increased by £3.7m to £121.1m, whilst group expenditure had increased by £4.7m.

Since the last report on management accounts to Court there had been a number of adjustments to the accounts, these included USS pensions adjustment, audit adjustments and an adjustment to take account of non-capitalised sports enabling works. After the addition of actuarial gains in respect of the University of Stirling Pension Scheme (USPS) the total comprehensive income for the year was £6.6m.

Other points noted during the course of the discussion included:

* Tuition fee income had increased
* Research Grants and Contracts income had increased
* Commercial income had decreased due to a planned reduction in commercial fish farming activity
* Staffing levels had remained stable however, there had been a transfer of staff during the year to UHI and a reduction in the USS deficit contribution which was balanced out by pay awards, incremental progression and employer payroll contributions.
* Other operating costs had increased. This included increased spend associated with research grants, additional agency fees, inflation and expenditure on the sports facilities.
* Depreciation, which had decreased year-on-year, would increase over the coming years due to the capital work that was currently underway or planned.
* Interest costs had risen due to increased debt levels.
* The University remained covenant compliant.
* Cash generation had increased.

The External Auditor report issued an unqualified audit opinion with only minor recommendations which management had accepted and acted upon.

It was noted that there was a minor error in one of the tables of the circulated version of the financial statements concerning pension contribution sensitivities. This had been corrected in the signed version.

Following discussion, Court **noted** the commentary on the Financial Statements, **approved** the Financial Statements for 2017/18, **noted** the Audit Highlights Memorandum and **approved** the Letter of Representations from the University to be signed by the Principal on behalf of Court.

**6. OUTCOME AGREEMENT 2018/19 UC(18/19)18**

Court **considered** the draft Outcome Agreement which was due to be submitted to the Scottish Funding Council (SFC). The early draft Outcome Agreement would form the basis of the final Outcome Agreement to be submitted in April 2019. The early draft updated the 2017-20 Outcome Agreement submitted in March 2017. The final Outcome Agreement would be determined by the outcome of the SFC funding letter expected in early 2019. The 2019-20 Outcome Agreement therefore formed a one year update within the 2017-2020 Outcome Agreement framework.

Court **approved** the draft outline Outcome Agreement for submission to the Scottish Funding Council and **noted** that the final version of the submission would come back to Court for approval in March 2019.

**7. CAPITAL UPDATE UC(18/19)19**

Court **considered** the capital expenditure update which provided an update on the indicative capital expenditure position for the period 2018-23. The capital expenditure forecast was expected to be in line with the overall indicative capital budget. There had been a number of budget movements since the 2018/19 capital expenditure budget of £26.8 million had been approved by Court in June 2018.

The plan included a project to create a teaching zone courtyard and a redesigned entranceway from the new Transport Hub into the Cottrell Building. The aim of the development of the courtyard was to create an informal learning and social space that would complement Campus Central and also provide valuable space while the Campus Central work was underway. Court members had had an opportunity to see the site of the proposed development prior to the Court meeting. The indicative cost was anticipated to be c.£1.9m and the funding for this could be achieved from re-profiling the capital expenditure budget.

Court **noted** the capital expenditure update and **approved** the progress of the project “Teaching Zone Courtyard”.

***DELIVERY OF THE STRATEGIC PLAN***

**8. MAKING IT HAPPEN PERFORMANCE REPORTING UC(18/19)20**

Court **considered** the Making it Happen reports on research performance and commercial and philanthropic income. It was noted that since the quarter one research report had been prepared the value or research grant and contract awards had risen from £2.4m to £5.2m. It was reported that the new Research Strategy, and the support available for researchers submitting large grant applications, was having a positive impact at faculty level.

Commercial income was on track to meet targets despite the transition arrangements within the Sports Centre.

Income from philanthropic sources was slightly down but a new Fundraising Strategy had been prepared to address this.

Court **noted** the Making it Happen performance reports.

**9. FUNDRAISING STRATEGY UC(18/19)21**

Court **considered** the proposed Fundraising Strategy which had been developed in support of the Strategic Plan targets, to raise visibility and awareness of fundraising and to enable monitoring activities. The Strategy was based on seven key objectives and would be underpinned with specific targets.

The recent 50th anniversary year had created a number of fundraising opportunities and there were also opportunities with the forthcoming City Deal. The Strategy would help prioritise resources and make the most of the opportunities available.

Court **approved** the Fundraising Strategy.

***GOVERNANCE***

**10. UNIVERSITY OF STIRLING PENSION SCHEME UC(18/19)22**

Court **considered** the paper on the Governance of the University of Stirling Pension Scheme and the need to modernise the governance of the scheme to ensure it was fit for purpose. The proposals included restructuring the Board of Trustees to comprise two members appointed by Court and two Member Nominated Trustees. There would also be provision for the Director of Finance or nominee to attend all board meetings as an observer. Once the new arrangements were in place for the Board, the Trustees would consider the future strategy for the Scheme.

Court **approved** the recommendations for changes to the governance of University of Stirling Pension Scheme.

**11. ORDINANCES UC(18/19)23**

Court **considered** the proposed new and amended ordinances. The changes were primarily required as a consequence of the Higher Education Governance (Scotland) Act 2016 and the Scottish Code of Good HE Governance. It was noted that the trade unions had been consulted in relation to the amendments to Ordinance 68 - University Staff, and had supported the amendments.

Court **approved** the amendments to ordinances 59, 65, 67 and 68 and the new ordinances 71 and 72.

***COMMITTEE REPORTS***

**12. REMUNERATIONS COMMITTEE UC(18/19)24**

Court **considered** the report from the meetings of the Remunerations Committee held during 2018. Court was given assurances that the process that the Committee went through was comprehensive, rigorous and aligned with governance expectations. The report included a proposed new Committee composition that would be considered at the next meeting of the Governance and Nominations Committee.

Court **noted** the Remunerations Committee report.

**13. ACADEMIC COUNCIL UC(18/19)25**

Court received an update from Academic Council from its meeting of 5 December 2018. The report included updates on the student intake targets, Research Committee and Education and Students Committee.

Court **approved** the amendments to Ordinance 58 and **noted** the other items in the report from Academic Council.

**14. JOINT POLICY, PLANNING & RESOURCES COMMITTEE (JPPRC) UC(18/19)26**

Court **considered** the report from the JPPRC meeting held on 27 November 2018. The Committee had received reports on the management accounts, performance reporting, and intakes, entry requirements and fees.

Court considered the Socially Responsible Investment Policy that had been endorsed by JPPRC. After discussion it was **agreed** that the Policy should be amended to exclude a sentence referring to activities or substances that were potentially injurious. It was also **agreed** that further consideration would be given to the wording of the policy with a view to bringing back a revised policy to Court in due course.

**[Action: Director of Finance]**

Having already **approved** the Financial Statements, capital expenditure, Fundraising Strategy, University of Stirling Pension Governance and draft Outcome Agreement, Court **approved** the Socially Responsible Investment Policy subject to the agreed amendment. The other items in the report were **noted**.

**15. AUDIT COMMITTEE UC(18/19)27**

Court **considered** the report from the Audit Committee meeting of 19 November 2018 and the annual report from the Committee. The meeting had been preceded by an ‘in camera’ session between the Committee members and the auditors, without the University officers being present. Positive feedback had been received from both the internal and external auditors on control environment and awareness, quality of financial records and overall financial management of the University.

The internal auditors had carried out a full schedule of audits during the year which had resulted in a couple of high risk outcomes. However, the Committee were satisfied that the issues that had been raised were being addressed.

The Committee believed they had discharged their responsibilities under their terms of reference on behalf of Court.

Having already **approved** the Financial Statements, Court **noted** the other items in the report from Audit Committee.

**16. GOVERNANCE & NOMINATIONS COMMITTEE UC(18/19)28**

Court **noted** the report from the Governance & Nominations Committee held on 25 October 2018 including updates on the amendments to the Charter & Statutes and Chair of Court elections.

***ACTIVITY UPDATES***

**17. STUDENTS’ UNION UPDATE UC(18/19)29**

Court **considered** a report from the Students’ Union on recent activity which included updates on the strategic plan, mental health and wellbeing, student partnership agreement, RATE awards, sport, divestment and interhall competition, transport, Brexit and international student experience and by-elections.

Court **noted** the Students’ Union update.

**18. UNIVERSITY OF STIRLING STUDENTS’ UNION ACCOUNTS UC(18/19)30**

Court **noted** the annual report and financial statements for the University of Stirling Students’ Union for 2017/18. The net movement in funds for the year had been a deficit of £14.1k this was largely a consequence of reduced income from commercial activities due to snow days and industrial action.

Court **noted** the Annual Report and Financial Statements from the University of Stirling Students’ Union.

**19. STAFF AND EMPLOYMENT UPDATE UC(18/19)31**

Court **received** an update on staff and employment matters. It was reported that discussions regarding the valuation of the USS pension scheme were still on going. Assuming there was no resolution by April 2019 the increases in contributions would be implemented with the costs shared in the agreed proportions between the employees and employers.

In the run up to Brexit the Home Office had implemented an EU settled status pilot scheme which was testing the application process that EU citizens and their family members would use when the scheme opened fully in 2019. The University had alerted staff to the pilot scheme and would continue to monitor advice from the Home Office.

Following the conclusion of the JNCHES national pay negotiations a final pay award of 2% or £425 whichever was higher, had been implemented from 1 August.

As a result of the living wage increasing to £9.00 per hour a supplement had been added to the rates for spine points 4 and 5.

Court **noted** the update on staff and employment matters.

**20. EQUALITY UPDATE UC(18/19)32**

Court **considered** the Equality update which included information on the University’s British Sign Language Action Plan; Preventing and Tackling Sexual Violence and Misconduct Strategy; mental health and wellbeing; student and staff induction; widening access; Athena Swan; training and events, and Students’ Union events and activities.

Court **noted** the update on Equality & Diversity issues.

***RISKS***

**21. RISKS ARISING Oral**

No additional items were identified to add to the institutional Register of Strategic Risks.

**22. ANY OTHER COMPETENT BUSINESS**

There were no items of other business.

**23. NEXT MEETING**

Court **noted** that the next meeting was scheduled for 25 March 2019.

Policy & Planning

December 2018