

Minutes for University Court – Monday 12th December 2022

14:00 - 16:00

Stirling Court Hotel

**Present:**

Mr H Adam (Chair); Mr K Fraser; Mr H Grossart; Mr G Hastie; Mr D Kearney; Ms C Morrison; Dr M Allison; Ms S Gordon; Mr J Roberts; Professor M MacLeod; Professor Sir G McCormac; Mr D Dodds; Professor J Donaldson; Professor H Nehring; Ms J Reid, Ms T Miller; Professor P Hancock; Professor J Tinson; Ms P Crawford; Mr G Fleming and Rev. M Roderick.

**In Attendance:**

Ms S Dimeo, Ms R Edwards, Ms C Gallagher, Ms J Harrison, Ms K Lawson, Mr C McNally, Ms J Morrow, Prof J Phillips, Dr J Rogers, Ms E Schofield, Mr L Spillane, Dr D Telford, Mr M Nichol (Clerk), Prof N Wylie, Dr L Zhuang and Mr S Horan (reserved business).

Welcome and Apologies

Apologies for absence were received from Dr P Cowell, Dr P Gupta and Mr W Stancer.

1. Declarations of Interest

There were no declarations of interest.

2. Minutes

Court approved the minutes of the meeting held on 25 October 2022.

3. Matters Arising Not Otherwise on the Agenda

There were no matters arising not otherwise on the agenda.

4. Developments in the External Environment

University Court received an overview of recent developments in the External Environment which included coverage of Prime Minister and Cabinet appointments, UK and Scottish Government policy developments, the cost-of-living crisis, changes to the National Student Survey (NSS), the Forth Valley University College NHS Partnership, and the University of Stirling men's football team reaching the fourth round of the Scottish Cup.

University Court noted the recent developments in the external environment.

INSTITUTIONAL PLANNING AND BUDGETING

5. University Financial Statements 2021/22

University Court received an overview of the University Financial Statements 2021/22.

It was confirmed that the Financial Statements had been endorsed for Court approval by Audit Committee on 14 November 2022 and the Joint Policy Planning and Resources Committee on 22 November 2022.  The Financial Statements had been given an unqualified audit report.

It was noted the Financial Statements were prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with Financial Reporting Standard FRS102. They conformed to the Accounts Direction and other guidance published by the Scottish Funding Council (SFC).

The University group, comprising the University and Stirling Hotel Services (SHS Ltd), generated an accounting deficit for the year 2021-22 of £14.7m (2020-21 £10.7m surplus). However, the 2021-22 underlying financial position, reported through the management accounts process, had been adversely impacted by pension provision movements totalling £37.4m.  The statutory position was favourably impacted by income associated with the City Region Deal of £2.2m, that partially offset the pension adversity. Setting aside these exceptional movements, so as to allow like for like comparability, it was confirmed the underlying operating position for 2021-22 was a £15.1m surplus, with a prior year comparable of £3.0m.

Members discussed the increased group income of £30.8m on the previous financial year in the context of a challenging external environment and in particular the increased student numbers in both the Autumn and Spring intake points that delivered a step change in tuition fees of £18.5m. In addition, members noted commercial activity continued to recover towards pre-pandemic levels with a year-on-year increase of £11.2 m.

It was confirmed that the balance sheet remained robust overall, with net current assets of £44.9m and reserves of £134.8m.

University Court approved the draft Financial Statements 2021/22 and noted the Letter of Recommendation and the report to the Audit Committee from the external auditor, PwC.

6. Quarter 1 Reporting

University Court received an introduction to the Quarter 1 Report, underpinned by the management accounts and the associated indicative financial forecast position for the academic year 2022-23.

Members discussed key operating indicators associated with the University’s performance at Quarter 1.  It was confirmed the management accounts presented a preliminaryout-turn forecast surplus of £7.4m (4.6% of income) for 2022-23 that reflected a positive difference of £0.3m against the Court-approved budget. Differences across several key income and expenditure lines included Tuition Fee Income (+£3m), Investment Income (+£0.7m), Staff Costs (-£3m) and Other Operating Expenditure (+£5.9m).

Members considered the cash position based on the management accounts out-turn surplus and progress with the capital plan.  It was confirmed that the University was forecast to end financial year 2022-23 with a net operating cash inflow of £19.4m and access to cash facilities of £62.5m. It was confirmed that the University was covenant compliant in 2022-23.

Additionally, members discussed student recruitment and the significant progress made towards consolidating a step-change in unregulated student recruitment in the challenging context of the Covid-19 pandemic. Transnational education and international partnership income represented a growing proportion of the tuition fee budget (c.10% for 2022-23) and was forecast to perform favourably against budget (+£0.4m). Transnational education and partnership income was supported by the growth in activity associated with the Singapore Institute of Management (SIM) partnership and by growth in partnership with Chengdu University based in China.

It was confirmed that the University remained committed to ensuring an excellent experience for students and that resources were being actively managed to mitigate risks associated with specific areas of growth.

University Court considered the Quarter 1 Report.

7. Capital and Major Infrastructure Plan

University Court received an overview of the updated Capital and Major Infrastructure Plan for Quarter 1.

It was confirmed that at the Quarter 1 position £4.2m was re-phased from 2022-23 to 2023-24 with a further £0.3m re-phased beyond the current plan or moved to revenue.  Taking the 2021-22 re-phasing of £6.8m less the net £4.5m change at Quarter 1, the total impact in 2022-23 of changes for existing projects was an increase of £2.3m.  Added to this were total new costs of £5.6m spread across four new projects this year, giving a total increase of £7.9m in 2022-23.

Members discussed a revised indicative infrastructure plan for the four-year period to 2026 that highlighted indicative planned spend for 2021-26 of £60m, an increase of £8.9m.  Members considered the proposed new capital projects for 2022-23 and the financial summary plan for 2021-26.

Members discussed the terms of the SFC Financial Transaction Funding. It was confirmed that the programme provided low interest loans to support projects that advanced the University’s carbon management and net zero plans, with a payback period between 10-20 years.  It was noted that the application reflected an interest rate assumption of 1% however the Scottish Funding Council reserved the right to amend that assumption according to the developing macroeconomic environment.

Court considered the Capital and Major Infrastructure Plan 2022/23 Quarter 1 update.

Additionally, Court approved the completion of formal arrangements in respect of the SFC Financial Transactions Funding 2022-23 to a value of £9.33m as set out in the paper and subject to SFC approval.

COLLABORATION

8. City Region Deal

University Court received an update from the University’s City Region and Growth Deal Programme Board, including the financial implications for the University arising from the National Aquaculture Technology and Innovation Hub (NATIH) project.

The critical business need for new aquatic facilities was originally identified through strategic planning for the Institute of Aquaculture in 2016-17.  This enabled the University to present a proposal for investment in these facilities through the City Region Deal, with a commitment secured from the UK Government for £17m in the 2018 Heads of Terms and the 2020 Deal Document.  In order to release the investment, the University was required to complete, and have approved, a formal business case that conformed to the HM Treasury Green Book Five Case Model.  This was a two-stage process, proceeding through an Outline Business Case (OBC) and then a Full Business Case (FBC).

It was confirmed that Phase 1 of the NATIH project reached the point where the RIBA design process was almost complete, a contract price could be fixed, and construction may commence in early 2023.  Concurrently, the business case process for securing investment for the project through the Stirling and Clackmannanshire City Region Deal was at Outline Business Case (OBC) approval stage.  OBC approval was confirmed at the 29th November meeting of the Regional Joint Committee, following endorsement of the case by the UK and Scottish Governments.    Work was now underway to complete and secure endorsement of the Full Business Case (FBC), with a target date of March 2023 for Joint Committee approval.

Members discussed the potential implications of the recommendation from the University's City Region and Growth Deal Programme Board to enter into a contract for construction of NATIH Phase 1 in February 2023, subject to the terms of the offer being acceptable.  Members discussed in particular the challenge with timing, that this would be in advance of FBC approval and so had a cash flow implication that may extend beyond the normal 3 month span for Deal projects.

Court considered the report and approved that the University enter into a contract for construction of NATIH Phase 1 in February 2023.

GOVERNANCE

9. SFC Outcome Agreement 2022/23

University Court received an overview of the Outcome Agreement 2022/23.

It was confirmed that the Scottish Funding Council (SFC) request institutions to submit Outcome Agreements to demonstrate their respective contributions to the Scottish Government’s priority outcomes and impact for public investment.  The 2022/23 Outcome Agreement followed arrangements which were put in place for 2021/22, intended as being ‘transitional’, ahead of future approaches towards accountability as signalled within the SFC’s Coherent Provision and Sustainability Report.

Members discussed the draft Outcome Agreement document, alongside the draft self-evaluation report for 2021/22, the University Innovation Fund (UIF) Report and Research Excellence Grant (REG) Case Studies.  It was confirmed the documents had all been considered by University Strategy and Policy Group (USPG) and Joint Policy Planning and Resources Committee (JPPRC).

Members requested that more detail on the University's work pertaining to fair working practices was incorporated into the final version of the Outcome Agreement to emphasise the work undertaken in this area including the approach to agile working, contracts and reduction of the gender pay gap.

University Court approved the Outcome Agreement 2022/23.

ACTIVITY UPDATES

10. Students' Union Update

University Court received an update on recent Students’ Union activities that included coverage of a review of advocacy services, amendments to the union's election regulation, financial sustainability and additional salary support for staff.  Members discussed in particular the provision and use of foodbanks in the local community and a range of initiatives undertaken by the University and Students' Union to support students impacted by the increased cost of living.

University Court noted the activity update from the Students’ Union.

11. University of Stirling Students' Union Accounts

University Court considered and noted the annual report and financial statements for the University of Stirling Students’ Union for 2021/22.

12. Staff and Employment Update

University Court received an update on staff and employment matters that included coverage of the launch of an employee pulse survey as part of a new approach to staff engagement, a digital health app available for staff which provides practical advice and support, and national negotiations in relation to pay led by UCEA, and notices of ballots issued for industrial action.

University Court considered and notedthe staff and employment update.

COMMITTEE REPORTS

13. University Court

University Court considered and notedthe annual evaluative report from Court.

14. Academic Council

University Court considered and noted the Annual Report on Academic Council Effectiveness and the report from meeting of Academic Council which took place on 1 December 2022.

15. Joint Policy, Planning & Resources Committee (JPPRC)

University Court considered and noted the Annual Evaluative Report from JPPRC and the report from the meeting of JPPRC which took place on 22 November 2022 which included the Research Concordat Annual Report.

Members noted the Chair of JPPRC approved continuation of the existing approach toward RUK (and EU) fees and scholarships for 2024/25 entrants.

16. Audit Committee

University Court considered and noted the Annual Report from Audit Committee, and Internal Audit Annual Report for 2021/22 and the report of Audit Committee which took place on 14 November 2022.

Members discussed the Register of Strategic Risks, in particular pension liabilities and the rate of inflation.

17. Governance and Nominations Committee

University Court considered and noted the annual report from the Governance and Nominations Committee which detailed key activities of the Committee during the year 2021/22.  Members discussed in particular the University's approach to foster diversity of membership on the governing body and its committees.

18. University Research Ethics Committee

University Court considered the annual report from the University Research Ethics Committee for 2021/22 and noted the annual statement on Research Integrity.

RISKS

19. Risks Arising

University Court considered risks associated with items discussed in the context of the agreed risk appetite statement.

OTHER ITEMS

20. Any Other Competent Business

The Chair advised University Court that Rev. Maggie Roderick had taken the decision to resign from her position on University Court and Audit Committee.  The Chair thanked Maggie for her diligence, contribution and wholehearted commitment to the University.

There was no other competent business.

21. Next Meeting

University Court noted the next meeting of Court was scheduled on 27 March 2023.