



## Court

### **Minute of Meeting held on Wednesday 10 October 2018 in the Senate Room, Main Building**

#### **Present:**

Cllr Susan Aitken Glasgow City Council Assessor, Mr Dave Anderson Employee Representative, Mr Aamer Anwar Rector (to item 8 inclusive), Ms Heather Cousins Co-opted Member, Professor Lindsay Farmer Senate Assessor, Mr David Finlayson Co-opted Member, 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, Mr David Milloy Co-opted Member, Mr Ronnie Mercer Co-opted Member, Dr June Milligan Co-opted Member, Professor Sir Anton Muscatelli Principal, Mr Elliot Napier SRC Assessor, Ms Elizabeth Passey Co-opted Member (Convener of Court), Ms Lauren McDougall SRC President, Mr Gavin Stewart Co-opted Member, Dr Ken Sutherland Co-opted Member Ms Lesley Sutherland General Council Assessor, Dr Bethan Wood Senate Assessor

#### **In attendance:**

Dr David Duncan (Chief Operating Officer [COO] & University Secretary), Mr Robert Fraser (Director of Finance), Professor Neal Juster (Senior Vice-Principal and Deputy Vice-Chancellor), Ms Deborah Maddern (Administrative Officer), Professor Jill Morrison (Vice-Principal & Clerk of Senate), Ms Christine Barr (Director of HR), Professor Frank Coton (Vice-Principal Academic and Educational Innovation) (for items 1-5 & 7.14), Mr Chris Green (Chief Transformation Officer CTO)

#### **Apologies:**

**Members:** Mr Graeme Bissett Co-opted Member, Ms Margaret Anne McParland Employee Representative, Ms Elspeth Orcharton Co-opted Member

#### **CRT/2018/1 Announcements**

Lauren McDougall, SRC President, and Professor Jill Morrison, VP and Clerk of Senate, were welcomed to their first meeting. Professor Carl Goodyear was welcomed back as a Senate Assessor, having been re-elected to Court over the summer. Ms Christine Barr, Director of HR, Professor Frank Coton, VP Academic & Educational Innovation, and Chris Green, CTO, were welcomed as attenders for the present meeting.

Elliot Napier was attending his final meeting. Court thanked him for his contributions to Court business and wished him well.

There was the following declaration of interest in relation to business to be conducted at the meeting: Professor Sir Anton Muscatelli as a Trustee of USS, as an ongoing declaration, given the updates on the triennial valuation of the scheme.

It was recorded that Professor Dame Anna Dominiczak, V-P/ Head of College of MVLS, had briefed Court at the pre-lunch briefing session. It was also recorded that Court's annual strategy day had taken place on 28 September; members who had attended, and the organisers, were thanked.

Court was reminded that papers and business were confidential.

#### **CRT/2018/2. Minutes of the meetings held on Wednesday 20 June 2018**

The minutes were approved.

### **CRT/2018/3. Matters Arising**

There were no matters arising.

### **CRT/2018/4. Learning and Teaching Strategy**

Professor Frank Coton updated Court on the Learning and Teaching Strategy, including performance against Key Performance Indicators, which were noted by Court.

Court received details of the recent NSS outcomes, including an analysis of the effect of industrial action on NSS overall satisfaction rates. Court heard that the approach to NSS outcomes had been refined, with Colleges now planning on a three-year rolling basis so as to respond to NSS trends rather than potential one-off effects. The introduction of the Student Experience Committee and improved Business Intelligence were also contributing to improving outcomes.

With regard to Assessment and Feedback, a key area for action arising from NSS scores, Court noted that an Assessment and Feedback Toolkit was now being developed further, to make it easier to use. A Student Feedback Partnership Model had also been deployed and there had been follow-up on use of feedback calendars, with a focus on timeliness. An Assessment and Feedback Transformation (World Changing Glasgow) Project was underway, to support academic staff in carrying out best-in-class assessment and feedback more efficiently and effectively, improving the student experience. There was also an Enrolment Transformation Project under development, given that advice on course selection was a significant negative area in the NSS feedback, particularly in some academic areas. Organisational aspects related to class sizing and timetabling were also being looked at in this context.

With regard to progression, continuation and completion, Court heard that over the last eight years, a number of interventions had been made to support improved continuation and completion, including: mathematics support, writing support, targeted support for Multiple Deprivation (MD) students and the establishment of a Retention and Success Working group and Transitions working group. The data warehouse offered new levels of insight, for example by enabling detailed analysis of student cohorts' progression rates, to optimise support and curriculum development.

In terms of initiatives on the physical estate, Court heard that the University was continuing to evolve and roll out (more widely across the campus) teaching room designs aligned to the Learning and Teaching Hub model. The Academic Steering Group was developing a teaching spaces refurbishment (5-year) plan. A Virtual Desktop Infrastructure (VDI) laptop loan scheme in Library had been highly successful.

Court was updated on the Blended and Online Learning Development Project (BOLD), whereby the SMG had invested in an online learning initiative to develop Masters-level programmes with high market potential, aligned to the University's strengths; and on online, on-campus courses to help create a more flexible learning environment. Between 2014 and 2017 there had been a 100% increase in online distance learners, with the BOLD programmes accounting for around two thirds of current enrolments. Phase 2 of the initiative involved the University entering into a non-exclusive partnership with an educational services provider to help scale up the online provision and the establishment of a central Digital Education Team to support the activity.

In parallel with the BOLD investment, SMG had made a smaller investment in the development of Massive Open Online Courses (MOOCs). There was now a portfolio of around 14 active MOOCs, with another seven under development. Since 2013, more than 300,000 learners had studied on University of Glasgow MOOCs, which were now contributing to almost every aspect of academic life including student recruitment, research and impact, Undergraduate teaching, CPD and public

outreach.

Areas of focus for the coming year included a review of the curriculum to look at the benefits of flexibility; work in the area of graduate attributes and employability, given the importance nationally of the skills agenda; and further development and roll out of active learning facilities and methodologies.

In discussion, Court heard that the refinements to cohort analysis would include linking outcomes to course choices and also to entry tariff, to reduce course combinations that were not successful for students. The key driver was to provide skills that would enable graduates to thrive in employment. There was a balance to be struck between providing support where metrics showed progression problems, and allowing flexibility of choice, while ensuring that combinations of courses that did not work well for students did not continue. Business intelligence and data were helping the University to understand the issues and take appropriate action. Court also heard that the World Changing Glasgow enrolment project under development would look at many aspects of these areas, including the role that configuration of existing IT systems had in affecting student choices, and how the ability to segment intakes at an early stage might help students avoid hitting progression problems later in their courses.

Court thanked Professor Coton for the briefing.

#### **CRT/2018/5. Annual Report for the Scottish Funding Council – Institution Review of Quality Academic Year 2017-18**

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 2017-18. The contents were specified by the SFC. The statement summarised activity undertaken by the University in reviewing its provision for students, including: Periodic Subject Review; annual monitoring, course evaluation and Graduate School review; professional, statutory and regulatory body (PSRB) activity; the University's strategic review of student-related services; and reflective overview, including the University's use of contextual information such as performance data and data from student surveys, both external and internal.

Having noted details of how the University assured the effectiveness of arrangements for maintaining academic standards and quality, Court agreed that the Convener of Court could sign off the required statement of assurance.

#### **CRT/2018/6. Report from the Principal**

With great sadness, the Principal reported to Court the passing of Sir William Kerr Fraser, who had died on 13 September 2018. The following tribute was recorded:

*Sir William was a tremendous servant of this University. A student, an SRC President, a graduate, Sir William was appointed Vice Chancellor and Principal of the University of Glasgow in 1988, serving in that capacity with distinction until 1995.*

*Over the seven years in office, he steered the University through a period of change and challenge which included reductions in government funding and calls for Universities to show greater accountability for their teaching and research. Many of the issues that define HE institutions today were taking shape then, and under Sir William's leadership the University more than rose to meet the challenges of the ways universities were expected to be run and perform.*

*Sir William became Chancellor of the University in 1996, a role he held with his customary grace and modesty until 2006. Both as Principal and Chancellor, he would gain great strength and support from his wife, companion and co-worker, Lady Marion Fraser, KT, who died on 25 December 2016. Together they forged a fantastic partnership that was fuelled by a genuine love of the University, and*

*which enabled them to create a sense that we belonged to a University family.*

*A man of immense integrity, sense of duty, and commitment to public service, he was trusted and commanded respect across the University community and far beyond.*

*In mourning his loss, I would wish Court to record and acknowledge the great debt we owe to Sir William, one of this University's most distinguished and beloved servants.*

Court paid tribute to Sir William and expressed its gratitude for his life and contributions. Court also paid tribute to Lady Marion Fraser.

#### *CRT/2018/6.1 Transformation (World Changing Glasgow) Programme*

Following the appointment of the Chief Transformation Officer earlier in the year and recruitment of the team to develop and drive the programme, Court now received a briefing paper and draft strategy for the programme. The CTO Chris Green attended the Court meeting to present key points and to invite Court's input.

The ambition for the World Changing Glasgow programme was to be the catalyst for pioneering change and enabling excellence across the University. The programme would identify, innovate and deliver initiatives that shaped the future needs of the people and the environment, preparing the University community, systems and processes to meet those needs. Court received details of progress on current projects, the first two of which related to HR Recruitment Review and Assessment and Feedback. These two projects were under way, with good progress being made. Three further projects – covering Learning and Teaching Hub, Professional Services and the End-to-End Student Journey – were being set up. The early stages involved scoping the outcomes, benefits and resources required to deliver the projects.

A high-level timeline, the major risks and challenges to delivery, budget details and a current delivery 'health status' summary were noted. Court also noted that good communication and engagement were critical, with programme awareness work being undertaken across the institution. Making sure there was continual feedback from the audience so that communication and engagement were genuinely two-way, was an essential element of the approach.

In discussion, suggestions were noted as follows: that the document wording might be reviewed to ensure that references to operational staff and communications with staff were fully covered, and that statutory responsibilities in the widest sense, including equality and diversity matters, were included. In response to questions, Court heard that:

- improved staff and student experiences would be a measure of success for projects;
- consultation and engagement would be part of projects, with consistency across projects an important factor for this element;
- the programme's governance board would review progress on the early projects and prioritise future ones subject to team capacity;
- while the strategy kept descriptors of projects at a relatively high level, each would have a more detailed business case including a cost-benefit analysis;
- the team were mindful of the critical nature of good communications and engagement, and the need to sustain these; and
- best practice including new ways of working were being looked at carefully and implemented where these would benefit the programme – this included participating in external networks to gain insight into optimal practices.

Mr Green was thanked for the briefing.

#### *CRT/2018/6. 2 Student Admissions including RUK*

Court noted details of admissions to the University for 2018/19, for Undergraduate and Postgraduate (PGT), RUK and International students.

Court noted that with regard to MD20/40 intake, a Commission on Widening Access (CoWA) target for full time MD20 students had been introduced in 2018. The University's expected numbers were predicted to be close to the target. With an increase to the CoWA MD20 target in 2019 but no corresponding rise in MD20 applicant numbers expected, the University would have to consider alternative strategies. Court noted that the sector was pursuing a more collaborative approach, including dialogue with the government about approaches.

With regard to RUK intake, because some applicants had not met offer conditions and because of a highly competitive Clearing period, the University had not met its target in this area. With a decreasing 18 year-old population in England and English universities being uncapped, recruitment activities were being examined to try to mitigate the impact of these factors on future RUK entrant numbers.

Court heard that international recruitment was becoming increasingly competitive and that while the University was in a strong position, it was a priority area which required constant monitoring.

### *CRT/2018/6.3 Universities Superannuation Scheme USS/Pensions update*

In June, Court had heard that the Joint Expert Panel (JEP) had been formed, with three members from each of UCU and UUK and an independent expert chair. The JEP's role was to examine the valuation of the USS, including providing an assessment of the methodology, assumptions and process underpinning the valuation. It was tasked with agreeing key principles associated with the future approach of the UCU and UUK to the USS valuation. It had explored the scope for possible adjustments to the methodology, which would allow the valuation to be concluded.

The JEP had gathered evidence over the summer. Its first report had been published in September. The Panel had recommended a number of areas where adjustments to the 2017 valuation should be considered by USS as Trustee. These included a re-evaluation of the employers' attitude to risk, maintaining a higher reliance on the employer covenant, and a greater consistency of approach between the 2014 and 2017 valuations, which would affect the scale and timing of deficit recovery contributions. The JEP had also referred to recent market improvements and data on mortality.

Meanwhile, the statutory employer consultation by USS on proposed changes to employee and employer contributions was under way, inviting input from members potentially affected by them. Those affected were being invited to respond on the proposed cost sharing provisions, the proposed schedule of phasing in of higher contributions and the removal of the employer match from 1 April 2019.

The publication of the JEP report had set the scene for a complex series of consultations with both UUK members and within UCU. Much would also depend on the response by the Trustee, and the situation would evolve quickly in the coming weeks. UUK had initiated a consultation with USS's participating employers, on the JEP recommendations. Court noted details of the University's response.

Court would be kept updated at future meetings.

### *CRT/2018/6.4 Higher Education Developments*

#### *Brexit*

In June, Court had heard that there were ongoing discussions with the UK Government about the future of the UK's participation in the European Research and Innovation Area. The European Commission had at that time presented its proposals for Horizon Europe (FP9), which set out the rules

on third-country association, giving the UK the option to negotiate association to Horizon Europe. However, this was subject to the Brexit negotiations. Since then, there had been a Russell Group delegation visit to Brussels to discuss the sector's prospects for participation in Horizon Europe. This was clearly very dependent on the overall Brexit withdrawal agreement negotiations and on other contingencies, therefore detailed planning by the sector was currently very difficult.

Court would continue to be kept updated. It was agreed that the Finance Committee should maintain a watching brief on European project funding.

Court noted that EU staff affected by Brexit were being assisted as much as possible by University services, for example with regard to residency.

#### *Post-18 Funding Review in England*

At previous meetings, Court had heard about the current funding review in England. The Department for Education had confirmed it would not report back until a ruling from the Office for National Statistics (ONS) had been issued on how student loans should be treated in the national figures on deficit and debt. This could potentially re-write the public cost of student finance. ONS was now expected to publish in December. The review into fees would take into account the findings and report back to the government in the new year. This would delay a decision on policy.

#### *Migration Advisory Committee's Reports*

The UK Government's Migration Advisory Committee reports on EEA Migration and International Students had been issued in September. The reports had been disappointing reading for the sector, but it would continue to lobby the government on the issues. The Russell Group was lobbying for a liberal regime of a European Skills Permit in the event of a Brexit which did not allow freedom of movement.

#### *CRT/2018/6.5 League Table Rankings and NSS*

At the June Court meeting, members had noted details from three League Tables: the UK's Complete University Guide (in which the University had moved up to 24th from 27th); the Guardian league table (down one place to 24th); and the QS table (down to 69th from 65<sup>th</sup>). Since then, the University had been placed 93rd in the THE World Rankings, compared to 80th in 2017 and 88th in 2016. The reason for the fall in rank position was largely due to the Teaching pillar, driven by number of Doctorates awarded.

In The Times and Sunday Times Good University Guide 2019, the University had risen three places to 17th in the UK rankings. The University had also remained in second place in the Scottish rankings and moved up two places from 14th to 12th in the Russell Group. At the Court Strategy Day, Court had received a full analysis of League Table performance and how it related to KPIs.

At the end of July, the National Student Survey (NSS) outcome had been published. The University had achieved excellent results: overall, the University had been rated joint first in the Russell Group and joint second in Scotland. USS scores for Assessment and Feedback had risen from 68.6% last year to 69.3%, with improvements in the areas of "criteria used in marking being clear" and "marking and assessment being fair". Assessment and Feedback was one of the priority workstreams for the World Changing Glasgow programme.

#### *CRT 2018/6.6 Key Activities*

Court noted a summary 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/2018/7. Report from the University Secretary**

### *CRT 2018/7.1 Review of Court Effectiveness*

Over the spring and summer, Liz Winders had facilitated a review of Court. Ms Winders had attended Committee and Court meetings, reviewed paperwork, analysing questionnaire responses from a form circulated to Court members and attenders, and met individually with some members of Court. The draft report had been considered and approved by the Court Governance Group, chaired by the Convener of Court.

Court approved the report, subject to the addition of a timescale for implementation of the recommendations and to risk appetite discussions being taken forward initially by SMG, rather than by the Audit & Risk Committee as had originally been suggested in the report.

Court would be kept updated on progress in implementing the recommendations. The Annual Schedule of Court business would also be reviewed to ensure reflected the contents of the report.

At the request of Professor Hill, Dr Duncan agreed to review how Court was sighted on the work of the Information Policy & Strategy Committee.

### *CRT 2018/7.2 HE Governance (Scotland) Act 2016*

A Court-Senate working group had been set up to look at options for the various staff memberships of Court, including members from Senate, the Trade Unions and the wider staff body. The intention as expressed by Court in the past had been to keep as close to current arrangements as possible, with 11 'internal' members and a total of 25 members, at the same time as being compliant with the 2016 Act.

In order to provide for two Trade Union nominees (one academic and one 'support staff' in the nomenclature of the Act), a proposal would be made that the number of academic staff elected members (currently titled Senate Assessors) reduce from 6 to 5 and that one member of professional services staff be elected, rather than two Employee Representatives as at present. This arrangement maintained the current balance and, moreover, ensured that there would always be two members of professional services ('support') staff on Court.

The Trade Unions had been in favour of electing two professional services staff members (in addition to the two Trade Union-nominated members), thereby increasing the membership of Court by one; the working group had not been supportive of this proposal. Consultation was being finalised with the Trade Unions. Dr Duncan advised that Margaret Anne McParland, who was not able to be at the present meeting, remained supportive of increasing professional services representation on Court from current levels. A comment was noted that such an approach might help to increase diversity on Court, if any increase to Court membership were restricted to certain grades of staff e.g. grades 1-6.

The proposals regarding academic staff members had been agreed by the Council of Senate, together with a modernising of the nomenclature to 'Elected Academic Staff'.

A full paper would be brought to the December Court meeting. It was hoped that the changes could be implemented with effect from August 2019. Ahead of this, and in the absence of David Anderson who left the room for the decision, Court approved the terms of office of the two Employee Representatives on Court, David Anderson and Margaret Anne McParland, being extended to 31 July 2019 to allow a smooth transition to the new arrangements.

*CRT 2018/7.3 Mental Health*

At previous meetings, Court had been updated on developments in the University's provision in this area, including the setting up of the Mental Health Working Group, its action plan, and progress covering both staff and students. The main areas of progress had been: specialist provision; training of non-professionals across the institution; and general awareness-raising. There had been recruitment of additional posts in Counselling and Psychological Services and training of additional mental health first aiders across the institution.

As noted at the Court Strategy Day, for the first time in several years, the academic session had begun with no waiting list for student counselling appointments. A back-up telephone and online counselling service had also been introduced. More information about staff mental health was hoped to be obtained from the staff survey.

*CRT 2018/7.4 Gender Based Violence*

Dr Duncan reported that an online tool was now in place for reporting of any Gender Based Violence or harassment and bullying allegations; the facility allowed for anonymous reporting.

*CRT 2018/7.5 Pay dispute*

Ballots were underway for possible industrial action over pay. UNISON (aggregated ballot) and UCU (disaggregated ballot) were currently consulting their members. The employers had indicated that 2% or £2,425 (whichever was greater) was their final offer.

*CRT 2018/7.6 Road Safety*

At the June Court meeting, members had heard that the University had been in discussion with Glasgow City Council about how improvements might be made to road safety in the vicinity of the campus. At that time, road safety arrangements were being reviewed at the junction of University Avenue and Kelvin Way. The Health, Safety and Wellbeing Committee report for the present meeting indicated that University Avenue had had road markings refreshed and new signage put in place. There were also plans to widen pavements, introduce a 20mph speed limit and alter the junction at the University's main gatehouse on University Avenue.

*CRT 2018/7.7 Court Strategy Day 28 September*

Court's annual strategy day had taken place on 28 September. The event had provided an opportunity for Court to contribute to development of the new strategic plan and other areas of key strategic importance, including public engagement activity, reputational matters, and work around league tables. Court had also received a briefing on the Institute of Health & Wellbeing, ahead of the business case for the Institute's new building going through the Capex application process; a session from expert externals, relating to research and innovation; and brief overviews on the work of the Student Experience Committee and first impressions from the new VP Corporate Engagement and Innovation.

Messages from the day would be collated and taken forward via SMG and through other governance structures. Court members would receive a summary of the day's outputs.

*CRT 2018/7.8 Remuneration Committee business*

The Convener had asked the SRC President and the chair of the Remuneration and HR Committees if they thought that members of senior management should leave the room for this item. The response had been that this was unnecessary, given the nature of the item and that individuals' remuneration details were not being discussed.

Remuneration Committee would conduct the annual review of the salaries of SMG members later in the year. In line with established practice, it would submit minutes of that meeting to Court, summarising the decisions it has made and setting out the underpinning rationale. Following the revision to membership agreed by Court to include student and staff representation, an SRC and a staff representative had been appointed to the Committee. In line with discussion at the March meeting of the Committee, there had been dialogue with union representatives to raise awareness of the presence of a staff representative on the Committee, and a subgroup of the JCCN was being consulted with regard to obtaining staff input to the process.

Ahead of the review, Court was invited to approve the approach to be adopted by the Remuneration Committee. The principles set out had remained constant over recent years and had also been reviewed in the context of the new Code of Good HE Governance. Remuneration Committee had confirmed its ongoing agreement to, and support of, these principles at its last meeting.

Court approved the approach, subject to it being made more explicit that a median salary multiplier would be used; Ms Barr confirmed for the sake of clarity that this approach was already the one used.

It was agreed that Remuneration Committee should keep under review the salary differential between the highest and lowest paid Professorial staff, particularly in the context of the gender pay gap. Court already received details of the Professorial and senior staff salary ranges as part of the annual review information. It was agreed that the differential and distribution referred to, and gender pay gap data, should be captured within this information and provided to Court.

#### *CRT 2018/7.9 Nominations Committee business*

##### *Remuneration Committee*

Court approved a recommendation from the Nominations Committee that Ms Kerry Christie be appointed to the Remuneration Committee, to serve for 4 years from 11 October 2018.

##### *Audit & Risk Committee*

Court approved a recommendation from the Nominations Committee that Mr David Watt serve a further 4 years on the Audit & Risk Committee, from 1 February 2019.

##### *Investment Advisory Committee IAC*

Following a recommendation from the Nominations Committee to Court, approved between meetings, Graeme Johnston had been appointed to the IAC for 4 years from 1 October 2018.

##### *Other Committee business*

Ronnie Mercer had been appointed as Vice-chair of the Remuneration Committee. The Vice-chair appointments were agreed within the relevant committees.

#### *CRT 2018/7.10 Summary of Convener's Business*

Court noted a summary of activities undertaken by the Convener since the last Court meeting. The Convener highlighted the reference to the Board Vacancies Portal Steering Group, and the role of the (now live) portal in promoting equality and diversity and allowing greater visibility of vacancies for lay members of governing bodies. She encouraged members to promote the facility, which was available at <https://www.universitychairs.ac.uk/vacancies/>

#### *CRT 2018/7.11 UoG Sport*

At the last meeting, it had been noted that there would be a review of the new arrangements within UoG Sport. The review would involve the unions. Court noted an update to the effect that a

“lessons learned” exercise had been conducted, with consideration now being given to further interventions to create a warmer, more collegial atmosphere in Sport.

*CRT 2018/7.12 Court Business 2018/19*

Court received the Schedule of Court Business for the coming year, together with the Statement of Primary Responsibilities of Court and a list of remits/memberships of Court Committees for the session. As discussed earlier in the meeting, the Schedule would be reviewed to include any relevant points from the effectiveness review. Reference to the Remuneration Committee report on senior pay review would be added to the December list of business. Consideration would be given as to which Court meeting would be best placed to review the Risk Register and details of risk appetite discussions, given the timing of these matters being considered at SMG.

The attendance lists for meetings of Court and its Committees for 2017/18 had been reviewed; there were no issues for action in connection with this.

*CRT 2018/7.13 Senate Assessor on Court*

Professor Carl Goodyear had been reappointed as Senate Assessor on Court for 4 years from 1 August 2018.

*CRT 2018/7.14 Enhancement-led Institutional Review (ELIR)*

This item was dealt with immediately after item 5, with Professor Frank Coton introducing the topic.

The Quality Assurance Agency (QAA), which was the UK body that monitored and advised on standards and quality in UK HE, undertook a rolling 5-year programme of Enhancement-led Institutional Review (ELIR) of all HEIs in Scotland. The main focus of ELIR was to review an institution's approach to improving the student learning experience. It also examined the institution's ability to secure the academic standards of its awards and to manage the quality of the learning opportunities provided for students.

The University had undergone its last ELIR review in 2013/14. Another review would take place during academic year 2018/19. In preparation for the exercise, the University was required to submit a 'Reflective Analysis', which was a self-evaluation setting out the strategy for enhancing and managing the student learning experience. In 2013, Court had been given the opportunity to comment on this document. Members would be offered a similar opportunity for the present review and would shortly be sent a link (provided by the Senate Office) to the draft Reflective Analysis, on which members' comments would be welcomed.

*CRT 2018/7.15 Director of Research Institute / Head of School Appointments*

College of MVLS

*Institute of Cancer Sciences*

Professor Owen Sansom had been appointed as Director of the Institute of Cancer Sciences, for 5 years from 1 August 2018. College of Science and Engineering

*School of Geographical & Earth Sciences*

Professor Martin Lee had been reappointed as Head of the School of Geographical & Earth Sciences for 2 years from 1 August 2019.

**CRT/2018/8. Report from the Rector**

The Rector advised that he wished to raise four matters.

The first related to the suicide of a student. The Rector had met the student's family the previous day. The Rector noted that the University was continuing to support the family, including through hosting a public meeting to launch a campaign related to her case. Dr Duncan expressed his gratitude to the Rector for his support of the family and advised that the University would also continue to provide support.

The second matter related to the Rector's previously expressed concerns about cases of alleged racial and sexual harassment. The Rector had spoken in confidence to Court and subsequently in more detail to the Principal and University Secretary, about an individual case. He expressed concerns that some references had been made to the matter in the press. Court noted comments from the Rector relating to progress in respect of the case. Dr Duncan updated Court on actions to date in relation to the case.

The third matter related to a complaint that the Rector had received from a group of students about academic provision and facilities. During the discussion, the Principal and Clerk of Senate left the meeting, given the possibility of their involvement at some stages of any subsequent complaint. The Rector's concerns relating to this matter were noted by management.

The fourth matter related to the Rector's references, at earlier Court meetings, to sexual harassment and abuse allegations. He was aware of a complaint made to a student union and had concerns about the processes involved, requesting that the University review the student bodies' policies and procedures. Dr Duncan advised that such a review had been started.

Court noted a summary of the University's student complaints process, from the Clerk of Senate. Court would receive complaints statistics as part of the regular annual report on this area, at its December meeting. Court noted that in terms of raising awareness of the processes available to students, and to optimise consistency of approach in terms of advice about processes, an information card had been created for distribution to staff. Other methods of awareness-raising would also be looked at, including provision of information online.

## **CRT/2018/9. Reports of Court Committees**

### *CRT/2018/9.1 Finance Committee*

#### *CRT/2016/9.1.1 Finance Committee remit*

Court approved a change to the Finance Committee remit, which would now include reference to the Committee's role in relation to surplus cash funds and to the long-term financial position of the University. The remit would also now include details of the number of meetings per year and the quorum. It was agreed that reference to the quorum (one third of members) should also include a proviso that at least one lay member be present. The Standing Orders that applied to all committees would be similarly amended to include reference to at least one lay member being present at meetings.

#### *CRT/2016/9.1.2 Campus development*

The Committee had received a report providing an overview of progress on the campus development. The most significant issue related to fire safety requirements potentially changing, with possible impact on both the programme and budget. The contractor was in discussion with the City Council regarding the Learning and Teaching Hub in this context. Court heard that all buildings underwent regular inspection in respect of fire safety.

#### *CRT/2016/9.1.3 Capital Plan*

The Committee had noted that capital expenditure for 2018 was significantly under budget, with actual spend of £42m against budget of £115m. The difference primarily related to reprofiling of planned expenditure into later years. The aggregate programme expenditure for Phase 1a and 1b was currently

retained at the June 2018 Capital Plan level of £531m, subject to proposed additional expenditure of £7m on the Institute of Health & Wellbeing building, which would be subject to business case scrutiny in the coming two months.

The Committee had considered the long-term impact of rising USS pension costs, with a particular focus on the cumulative impact on University cash flow of potential increased contribution rates and consequential effects on the affordability of the Capital Plan. The Committee had requested that a schedule be prepared, mapping known or anticipated decision points on USS matters against the decision points on major components of the Capital Plan over the next 12 months. This should enable the University to take account of USS cash flows in assessing affordability as part of the approval process for major capital investments.

#### *CRT/2018/9.1.4 CapEx Applications*

The Committee had considered and approved two CapEx applications: Western/New Building/Engineering - Fees Only £3m; Two Thermal Ionisation Spectrometers (ERC-ADV Grant) £2.9m. Finance Committee had noted that the application for equipment spend would only proceed if the external grant application was successful.

#### *CRT/2018/9.1.4 Investment Committees*

The Committee had noted a report on performance of endowment investments and cash investments.

It had been agreed that current governance arrangements for investment funds should be maintained, with two sub-committees. The Investment Advisory Committee (IAC) would continue in its present role with respect to endowment investments and the Investments Sub-Committee would continue to monitor the performance of cash investments together with the movement of funds from the investment portfolio into operational cash accounts. There would however be a request that the IAC reviews and offers advice on the cash investment performance which would require increased reporting to the IAC.

#### *CRT/2018/9.1.5 Financial reports*

The Committee had noted a report showing the Overview of Performance as at 31 July 2018.

The Finance Committee report was noted, including the Executive Summary of agenda items and key financial metrics.

#### *CRT/2018/9.2 Estates Committee*

The Committee had approved Capex applications relating to: EC/2018/5.2.1 Western/New Build/Engineering £3m for design team fees (Stages 2 and 3); EC/2018/5.3.1 Two Thermal Ionization Spectrometers £1.2m in preparation for an ERC advanced grant application.

The Estates Committee report was noted.

#### *CRT/201/9.3 Human Resources Committee*

The Committee had received an update from Chris Green regarding the World Changing Glasgow (Transformation) Programme, prompting a detailed discussion regarding the cultural aspects of this and the importance of actively engaging staff in the development and delivery of the programme. There had been further presentations and discussions regarding the Technician Commitment and the Glasgow Professional Behavioural Framework. The Strategic Report from the HR Director had covered a range of topics including the latest developments with regard to the USS pension scheme,

pay negotiations and Brexit, as well as the launch of the bi-annual staff survey.

The HR Committee report was noted.

*CRT/2018/9.4 Audit & Risk Committee*

The Committee had received internal audit reports on reviews of: Capital Procurement Review; IT Disposal and Data Cleansing; Student Support Services – Mental Health; Treasury; Graduate Teaching Assistants GTA & Demonstrators Onboarding Process; and Programme Management Office PMO. The Committee had approved the finalised Internal Audit Risk Assessment and Plan 2018/19. The Committee had agreed KPIs in relation to the conduct of internal audits. The Committee had received the updated University Risk Register, noting that its format would be further revised for the next meeting. The Committee had received an update on implementation of outstanding recommendations from prior internal audits. The Committee had noted the annually-provided reports on corporate structure and compliance with the Concordat to Support Research Integrity.

The Audit & Risk Committee report was noted.

*CRT/2018/9.5 Student Experience Committee*

Court noted a report of the second meeting of the Student Experience Committee. The Committee's discussions had included the SEC Action Plan; a report from the Transitions Working Group; Student Mental Health Support; and Gender Based Violence. The Committee was considering having an away-day to explore more fundamental initiatives which could have a transformative impact on the student experience.

In discussion, it was clarified that the remit of the Committee did cover access matters for students who lived at home, under the 'at risk' category, but it was agreed that this would be made more explicit. With regard to the Committee's links with the World Changing Glasgow (Transformation) programme, it was commented that appropriate links would be made between the programme and the Committee in due course, where appropriate. It was noted that the Dumfries campus was referred to specifically in the Committee's action plan. Court noted a comment from Ken Sutherland about the importance of branding in embedding the work of the Committee and a comment from David Finlayson that capturing 'transformative' references and messages earlier in the meeting might assist with this.

*CRT/2018/9.7 Health, Safety & Wellbeing Committee*

The Committee had received: updates on the launch of the travel safety protocol, on road safety matters, on the review of the Stress Management policy and on an HSE visit; details about meetings and interactions with contractors; information about the training of Mental Health First Aiders; and a progress report on Business Continuity matters. The Committee had covered its regular range of business in reviewing reports on Occupational Health activities, audit updates, accident reporting and employee counselling. The committee would shortly be reviewing the HSW Policy.

The report from the Health, Safety & Wellbeing Committee was noted.

**CRT/2018/10. Communications from Meeting of Council of Senate 4 October**

Council of Senate had observed a minute's silence as a mark of respect for Sir William Kerr Fraser.

Council of Senate had: received details of the process and timing relating to an Ordinance to bring the composition of Senate into alignment with the requirements of the Higher Education Governance (Scotland) Act 2016; received updates on the University's Online and Distance Learning (ODL) Project and on Enhancement Led Institutional Review (ELIR) 2018-19; an overview of the proposed

Interim Code of Practice for the Selection of Outputs, which had been developed by the Research Policy & Strategy Committee in preparation for the 2021 Research Excellence Framework; and an update on USS/Pensions dispute. Council of Senate had also heard that the University had recently published a comprehensive report into the institution's historical links with racial slavery. The report had acknowledged that, while the University had played a key role in the abolitionist movement, it had also received significant financial support from individuals whose wealth derived from slavery in the 18th and 19th centuries. Following publication of the report, the University had agreed a proactive programme of reparative justice.

Council of Senate had received a report from the Honorary Degrees Committee concerning recommendations for the conferment of honorary Degrees in 2019. 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 Professor Jill Morrison advised Court of the 2019 nominations, on a confidential basis. Members of Court could contact the Clerk of Senate should they have observations to make, by 25 October. Court would be advised when the finalised details could be made public.

The communications from Council of Senate were noted.

**CRT/2018/11. Any Other Business**

There was no other business.

**CRT/2018/12. Date of Next Meeting**

The next meeting of Court will be held on Wednesday 12 December 2018 at 1.45pm in the Senate Room.

## Court Context Card - Finance Committee Report 12 December 2018

Speaker	Graeme Bissett
Speaker role	Finance Committee Convener
Paper Description	Finance Committee Report to Court
<i>Topic last discussed at Court</i>	Oct-18
<i>Topic discussed at Committee</i>	Nov-18
<i>Committee members present</i>	Court members present at last meeting: G Bissett, N Hill, S Kennedy, R Mercer, Principal, E Orcharton, E Passey, 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
<i>Paper Type</i>	
<i>Paper Summary</i>	Draft University financial statements 2017/18 (including commentary and letter of representation)
<i>FC/2018/27</i>	- Executive Summary
<i>FC/2018/32</i>	- Update on the Capital Programme
<i>FC/2018/34</i>	- Two Capex applications
<i>FC/2018/38</i>	- Overview of Performance as at 30 September 2018
<i>FC/2018/39</i>	- University long term cash flow forecast
<i>Topics to be discussed</i>	Draft University financial statements & accounts of subsidiaries & University Trust; Progress of Capital Programme ; Overview of Performance as at 30 September 2018 ; Long term cash flow forecast
<i>Action from Court</i>	To <b>approve</b> draft University financial statements and accounts of subsidiaries and University Trust. Other items <b>for noting</b> . The Audit & Risk Committee has received the financial statements and subsidiary accounts (A&RC meeting 7 November 2018)
<i>Recommendation to Court</i>	Finance Committee RECOMMENDS draft financial statements/subsidiary accounts to Court
<i>Relevant Strategic Plan workstream</i>	Agility, Focus
<i>Most relevant Primary KPI it will help the university to achieve</i>	Cash generation
<i>Most relevant Secondary KPI it will help the university to achieve</i>	
<i>Risk register - university level</i>	5. Financial Resource
<i>Risk register - college level</i>	
<i>Demographics</i>	
<i>% of University</i>	100% undergraduates 100% postgraduates 100% home students 100% overseas students 100% staff
<i>Operating stats</i>	
<i>% of</i>	100% revenues 100% of costs 100% of profits 100% real estate - land 100% real estate - buildings 100% of total assets 100% of total liabilities
<i>Campus</i>	All
<i>External bodies</i>	
<i>Conflict areas</i>	
<i>Other universities that have done something similar</i>	
<i>Other universities that will do something similar</i>	
<i>Relevant Legislation</i>	
<i>Equality Impact Assessment</i>	
<i>Suggested next steps</i>	
<i>Any other observations</i>	

**University of Glasgow**  
**Finance Committee**  
**Minute of Meeting held on Monday 19 November 2018**  
**Melville Room**

**Present:**

Mr Graeme Bissett (Convener), Mr Robert Fraser, Prof Nick Hill, Prof Neal Juster, Dr Simon Kennedy, Prof Sir Anton Muscatelli, Ms Elspeth Orcharton, Ms Elizabeth Passey (via teleconference), Mr Gavin Stewart (via teleconference), Mr Iain Stewart

**In attendance:**

Mr David Ross (for Item 26), Mrs Ann Allen, Mr Gregor Caldow, Dr David Duncan, Mr Ronnie Mercer, Ms Fiona Quinn

**Apologies:**

Ms Heather Cousins, Ms Lauren McDougall

**FC/2018/23. Summary of main points**

- The Committee welcomed the Convenor of the Investment Advisory Committee (IAC) to the meeting and noted a report providing a view of investment performance against targets. The purpose of this discussion was to provide an opportunity for the Committee to discuss overall Endowment Fund performance with the Convenor. It was also confirmed that henceforth the IAC would provide time to time advice on the performance of the Money Market Funds, as had been agreed at the last Committee meeting.
- Performance of the Money Market Funds was £0.9m behind benchmark and would continue to be monitored. A review had taken place with Insight fund managers. Endowment performance was overall within acceptable tolerances.
- 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 a surplus after tax for 2017/18 of £31.8m (2017 - £56.6m), and total comprehensive income for the year of £66.1m which had increased from £31.8m mainly due to actuarial gains in the UGPS scheme. Capital spend was £41.9m in the year, £73m below budget.
- At year end, cash deposits totalled £207.4m, a decrease of £24.4m in the year. However, in addition to cash balances the University held £212.5m in Money Market Funds at the end of the year, which included a further transfer of £35m of cash deposits during the year. Total available liquid funds were therefore £419.9m, an increase of £12.7m on last year.
- A report providing an overview of progress on the campus development was noted, and the Committee noted confirmation that fire suppression was required in the James McCune Smith Learning Hub. This would have a potential cost consequence for the Learning Hub, and possibly also for other buildings in the programme, with delays to programme a further concern. It was noted that the Institute of Health & Wellbeing Business Case had been deferred until

January 2019 and that further work was being performed on the Business School costing. As a consequence of these variables, a revised development programme and cost profile was in preparation which would also be available in early Spring.

- Two Capex applications were considered and approved, with aggregate capital spend of £3.56m and both of which were within the approved Capital Plan.
- The Committee noted the overview of performance which incorporates a view on short- and long-term cashflow. The results for Period 2 showed a projected surplus at full year of £28.9m, £5.5m ahead of budget. The variables which could influence medium- / long-term cash flow which were discussed at the last meeting and reported to Court in October remain live considerations.

#### **FC/2018/24. Declarations of Interest**

The Principal declared his membership of the Universities Superannuation Scheme (USS) Board.

#### **FC/2018/25. Minutes of the meeting held on Monday 17 September 2018**

The minutes of Finance Committee held on 17 September 2018 were approved.

#### **FC/2018/26. Investment Performance (papers 5.1 & 5.2)**

The Convenor of Finance Committee welcomed the Convenor of the Investment Advisory Committee (IAC) to the meeting. The Convenor of IAC outlined the Committee's membership, including future appointments, and gave an overview of the Committee's approach to monitoring endowment fund performance.

Looking at cash investments, Finance Committee noted that performance continued to be behind benchmark by £0.9m, however total returns since inception were still higher than the best term deposit rates. Members noted that a fund performance review was held with Insight on 12 November – Insight were comfortable that Libor+ performance will achieve target over the next three years. It was noted that the IAC would have the opportunity to comment on fund performance but would not have input into management or deployment of these funds. The oversight of this function would continue to be carried out by the Investment Fund Sub Committee.

Turning to endowment performance and looking at the Schroders annual income target, Finance Committee noted that the margin to benchmark was reduced, with UBS remaining relatively consistent. The total return YTD showed a loss of £0.2m however the Committee noted that endowments have had significant returns in each of the past two years.

The Committee thanked the Convenor of IAC for his attendance.

#### **FC/2018/27. Executive Summary (paper 6)**

Finance Committee noted the Executive Summary.

**FC/2018/28. Draft University Financial Statements at 31 July 2018 (paper 7.1)**

Finance Committee received the Draft University Financial Statements for the year to 31 July 2018. The Committee noted that revenue had increased to £631m (from £608m) primarily due to international student growth and an increase in underlying research income (£11m) offset by a corresponding reduction in capital grants.

The surplus after tax had reduced to £31.8m from £56.6m due to FRS102 movements (£14.5m, largely reduced capital grants and donation income); demolition costs (£10.9m); and reduced gains on sale (£3.4m).

Total comprehensive income for the year increased to £66.1m from £31.8m due to actuarial gains in 2018 in the UGPS scheme. Capital expenditure in the year was £41.9m which was an increase of £3.9m compared to 2017 but £73m below budget.

Cash and deposit balance as at 31 July 2018 was £207.4m, which was a decrease of £24.4m in the year.

There were comments from members of the Committee on the wording of some sections of the accounts:

- The Committee recommended that the wording of the final bullet point on page 4 regarding endowment and investment income should be adjusted
- There was a discussion around reversing the order of pages 7 and 8 (Campus Development and Future Developments) or adjusting some of the language of these two pages to tie the two sections together
- It was suggested that a brief explanation of the naming of the James McCune Smith Learning Hub be included
- The Committee agreed that a reference to the Tax Strategy (see Item 36) be added to page 9, University Policies

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

**FC/2018/29. Draft Accounts for the subsidiary companies and University Trust as at 31 July 2018 (paper 7.2)**

Finance Committee received draft annual accounts for GU Holdings Limited, GU Heritage Retail Ltd, Kelvin Nanotechnology Ltd, UoG Utilities Supply Company Ltd, UGlasgow Singapore Pte Limited, and the University of Glasgow Trust to 31 July 2018. Summary sheets were also included which were welcomed by Committee members. The performance of all subsidiaries improved over the year with the exception of GU Holdings, whose profits reduced from £3.1m to £1.5m due to significant gains from the Cara Therapeutics sale in 2017.

The Committee noted that the University of Glasgow Trust disbursed a total of £6.58m in 2017/18. This included £6.43m from restricted income and £156k from unrestricted income. This represented a decrease from disbursements of £8.75m in 2016/17.

Finance Committee agreed to recommend the subsidiary accounts to Court.

**FC/2018/30. Draft US GAAP Accounts and UK to US GAAP reconciliation (paper 7.3)**

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.

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, were required to provide a signed audit opinion.

Finance Committee noted the US GAAP accounts.

**FC/2018/31. Going Concern Review (paper 7.4)**

Finance Committee noted a brief report of the going concern review carried out for year ended 31 July 2018.

**FC/2018/32. Capital Programme Update, Campus Redevelopment Spend and Contingency (papers 8.1, 8.2 & 8.3)**

Finance Committee received an update on current capital projects and a summary of progress of the capital plan.

Fire Safety

It had been confirmed that fire suppression system was required in the James McCune Smith Learning Hub and discussions around the impact of this were progressing with Multiplex. Any impact on the Research Hub and infrastructure work was being considered. A comprehensive and useful discussion had taken place at Estates Committee.

Delays to programme were a further concern. Further work was being performed on the Business School costing. As a consequence of these variables, a revised development programme and cost profile was under development which would also be available in early Spring.

Institute of Health and Wellbeing

It was noted that the full business case for this project would now come to Finance Committee in January. The process of confirming the cost envelope was still ongoing and it was felt that it would be beneficial for Committee (and Court members in due course) to scrutinise the project at a point when there was greater certainty around cost.

The Committee noted that the situation with the campus development was evolving quickly and was impacted by many dynamic external factors. There was a discussion around the best way to inform Court of progress – one of the challenges being that formal papers, if restricted to the papers provided to Estates and Finance Committees, received by Court would be out of date by the time the Court meeting took place. It was agreed that it would be helpful to prepare a brief 1-2 page update for Court that could be tabled or circulated shortly before the meeting.

Risk Register

The Committee noted that the Risk Register provided to it had not been updated following the discussion at the September meeting but that a more detailed and up to date version of the document was reviewed monthly at various University capital governance boards. In addition the most recent formal quarterly review had taken place in mid-October. Finance Committee would receive an updated Risk Register at its meeting in January.

The Committee noted the reports.

**FC/2018/33. Status of Capital Grant Funding (paper 8.4)**

Finance Committee noted the report on capital grant funding. As previously noted, equipment purchases would not go ahead unless grant applications were successful. There was one application from September for which the outcome was still awaited.

**FC/2018/34. Capex Application Summaries (paper 8.5)**

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

<b>Project</b>	<b>Purpose</b>	<b>Total projected cost</b>	<b>Provision in capital plan</b>	<b>Other funding source</b>	<b>Value of funding sought under this application</b>
Gilmorehill / Kelvin Building / Essential Works	Full Business Case	£3.7m	Yes (£3.7m)	Nil	£3.279m
Gilmorehill / Davidson / West Medical Refurbishment	Supplementary Fees	£4.256m	Yes (£3.88m)	Nil	£282,573

Finance Committee approved the Capex applications.

**FC/2018/35. Bank administration**

The Committee was asked to sign off the annual review of the University's HSBC account, confirming an agreed overdraft of £25m and limits for foreign cheques and bank guarantee limits (£500k and £150k respectively).

The limits were approved.

**FC/2018/36. Tax Strategy (paper 9.2)**

Finance Committee received a paper setting the University's tax strategy including the approach to managing tax risk, tax planning and dealings with HMRC. HMRC have introduced a mandatory requirement that all UK companies with a turnover greater than £200m or a balance sheet exceeding £2bn publish their tax strategy online.

Finance Committee approved the strategy paper for publication and agreed to review it annually.

**FC/2018/37. TRAC Benchmarking Update (paper 9.3)**

The Committee noted TRAC benchmarking data. With cash generation higher than the target surplus, the University has no sustainability gap for 2016/17 and is placed significantly higher than the Russell Group average.

**FC/2018/38. Overview of Performance as at 30 September 2018 (paper 10.1)**

The Group Financial Controller presented the overview of performance for Period 2.

The full year outlook was £28.9m, £5.5m higher than budget, due to increased tuition fee income particularly in the College of Science and Engineering and the College of Social Sciences. The Committee noted that tuition fees were £10.1m ahead of budget, and salaries were £2m higher than budgeted. Consumables have increased by £2.9m.

Looking at the full year outlook vs prior year, it was noted that donation income was forecast to be £6m higher than 2017/18.

**FC/2018/39. Long Term cash flow update (paper 10.2)**

The Committee received an update on the possible impact of pension contribution increases on long term cash flow.

At the previous meeting the Committee had requested a schedule mapping known or anticipated decision points on USS matters against the decision points on major components of the Capital Plan over the next 12 months. This would be provided for the next meeting.

**FC/2018/40. Debtors Reports as at 31 October 2018 (paper 10.2)**

Finance Committee received an update on debtors as at 31 October 2018. Members noted that overall debt stood £12m higher than this time last year (at £138.43m in comparison to £126.18m) and £4m higher than last month as a result of increased sales.

The Small Animal Hospital continued to be the main watch point and actions were being put in place to improve processes.

**FC/2018/41. Table of Actions**

<b>Action</b>	<b>Date Due</b>	<b>Notes</b>
Prepare brief update on Campus Development for Court members, providing latest information just ahead of the Court meeting	For December Court meeting	Director of Estates
Review updated Risk Register	January meeting	Director of Estates
Prepare schedule which maps decision points on USS matters against the decision points on major components of the Capital Plan over the next 12 months	January meeting	Director of Finance / Group Financial Controller / Director of Estates
Revised campus development programme and costings	January meeting	Director of Finance / Group Financial Controller / Director of Estates

**FC/2018/42. Date of next meeting**

23 January 2019, 10.00am, location tbc.

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



University  
of Glasgow

# REPORTS & FINANCIAL STATEMENTS

FOR THE YEAR TO 31 JULY 2018

**WORLD  
CHANGING  
GLASGOW**

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Charity number: SC004401

# OPERATING AND FINANCIAL REVIEW

**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 2018 (2017-18).**

## 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. Finding community within diversity, the University attracts students from more than 150 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. As at 31 July 2018 the University had met 7 of its primary KPIs and was behind on 2.

## Recruitment

The University met all of its recruitment targets for 2017-18 whilst maintaining the high average qualification tariff for new students that the University has held for the last five years.

The University's entry tariff ranking within the Russell Group maintained its competitive placing of 5<sup>th</sup>. The University has also had significant success in recruitment to taught postgraduate programmes with numbers rising by 18% in 2017-18.

## 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. In response, the SFC implemented Outcome Agreements with each university. Each agreement contains targets that will enable the SFC to detail and report improvements back to the Scottish Government.

The current Outcome Agreement focusses 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.

## Teaching

The University of Glasgow is a founding member of Universitas 21, an international grouping of universities dedicated to setting worldwide standards for higher education.

## 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).

# OPERATING AND FINANCIAL REVIEW (continued)

The University's overall average satisfaction score dipped slightly to 88% in 2017-18. Despite this, the University improved its ranking to 2<sup>nd</sup> in Scotland and 1<sup>st</sup> in the Russell Group for student satisfaction. 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 in the Top 100, although we have fallen in 2017-18; four places to 69<sup>th</sup> in the QS World University Rankings (2017: 65<sup>th</sup>) and falling 13 places from last year's THES World University Rankings to 93<sup>rd</sup> (2017: 80<sup>th</sup>). The University's ranking in the Shanghai Jiao Tong is within the 151-200 band. The University's performance in domestic league tables improved for the Times/Sunday Times and the Complete University Guide with rank positions as follows; 17<sup>th</sup> for the Times/Sunday Times (2017: 20<sup>th</sup>), 24<sup>th</sup> for the Complete University Guide (2017: 27<sup>th</sup>), however there was a slight decrease for the Guardian at 24<sup>th</sup> (2017: 23<sup>rd</sup>).

## Student Employability

According to the latest data available from the Higher Education Statistics Agency (2016-17 cohort) for UK-domiciled students, one year after graduation 95.9% of our graduates who obtained a full-time first degree undergraduate qualification are in employment or further study.

## Internationalisation

The University continued to see a steady year-on-year increase in entrants from students outside the EU, with sustained growth for the ninth consecutive year. International student numbers grew by 11% on the previous year and growth was seen at all levels of study. 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 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 2017-18, and for the first time in the ten-year relationship, new entrants to the University from GIC are expected to exceed 850 in session 2018-19.

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 2017-18, with 2,199 students: 119 on degrees with Nankai, 1,237 on degrees with UESTC, and 837 undergraduate and 6 PhD students with SIT. Further growth is anticipated in 2018-19 as full student cohorts are recruited.

On 19 June 2018 the University of Glasgow signed a partnership agreement with Leuphana University of Lüneburg.

## 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 continued to have strong engagement with school pupils in 2017-18, over 20,000 Primary 7 – Secondary 6 pupils, up from just over 4,000 Secondary 4 - Secondary 6 pupils five years ago.

## Research

The University's focused investment in recruiting and nurturing research leadership has led to substantial grant income and has led to increased underlying income growth. The University has six research beacons which are cross-disciplinary areas of research excellence which have attracted major financial and intellectual investment. They bring together inspiring researchers from across the University who are working with other institutions, funders, practitioners, policy makers and charities to address grand challenges that have impact on both a national and international scale. The research beacons are:

- Precision Medicine & Chronic Diseases
- Cultural & Creative Economies
- Future Life
- One Health
- Addressing Inequalities
- The Nano & Quantum World

Glasgow is in 5th place in the Russell Group for research income per FTE, and the University has had notable

successes in attracting multi-million pound awards of an increasingly collaborative and interdisciplinary nature to tackle worldwide problems. This has led Glasgow to be the top University in Scotland for attracting funding from the Global Challenges Research Fund.

## Research Excellence Framework

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 12<sup>th</sup> in the UK and 2<sup>nd</sup> 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.

# OPERATING AND FINANCIAL REVIEW (continued)

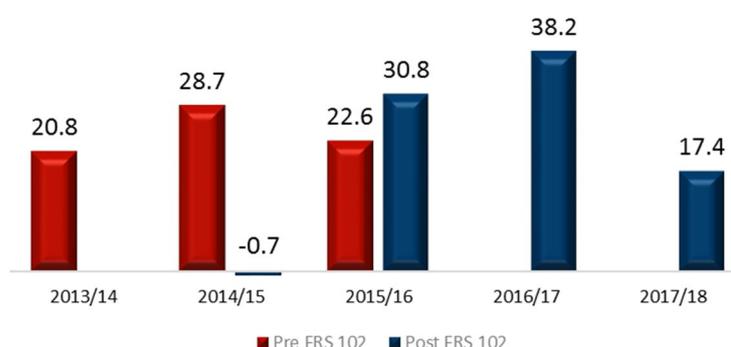
## Income and expenditure

The University enjoyed another successful year financially.

The graph on the right 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.

The table below includes some of the financial highlights for the year.

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



## Financial highlights for the year

	2018 £m	2017 £m
<b>Consolidated income</b>	<b>630.6</b>	607.8
<b>Consolidated expenditure</b>	<b>(613.2)</b>	(569.6)
<b>Surplus before other gains</b>	<b>17.4</b>	38.2
<b>Income from overseas students</b>	<b>120.0</b>	99.8
<b>Cash and cash equivalents at year end</b>	<b>207.4</b>	231.8
<b>Investment funds</b>	<b>212.5</b>	175.4
<b>Available funds</b>	<b>419.9</b>	407.2
<b>Capital purchases</b>	<b>41.9</b>	38.0
<b>Campus masterplan spend to date</b>	<b>61.9</b>	25.3

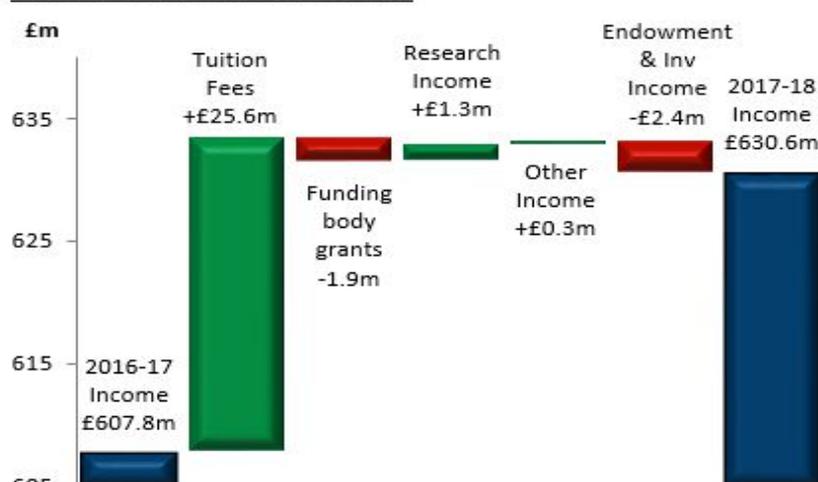
## Income

Total income increased by £22.8m or 3.8% from 2016-17 to 2017-18.

The main movements are as follows:

- Income from tuition fees and education contracts grew by £25.6m or 14.3% to £204.0m (2016-17: £178.4m). The largest movement was in overseas students, with income growing by 20.2% (2016-17: 14.3%) due to increased student numbers and average fees;
- Income from funding body grants decreased by £1.9m or 1.2% in 2017-18 (2016-17 increase 1.1%), primarily driven by decreased infrastructure grants, partially offset by an increase in the main teaching and research grants;
- Underlying research income (research income excluding movements in capital grants) has increased by £10.6m during the year. This is offset by a reduction in

**Income - Year on Year movement**



capital grant income of £9.3m. This resulted in a net increase in income from research grants and contracts before exceptional items of £1.3m or 0.7% in (2016-17 increase £4.3m or 2.5%);

- Other income increased by £0.3m; and
- Endowment and investment income reduced by £2.4m due to larger income receipts in 2016-17 as a result of a change in fund manager.

# OPERATING AND FINANCIAL REVIEW (continued)

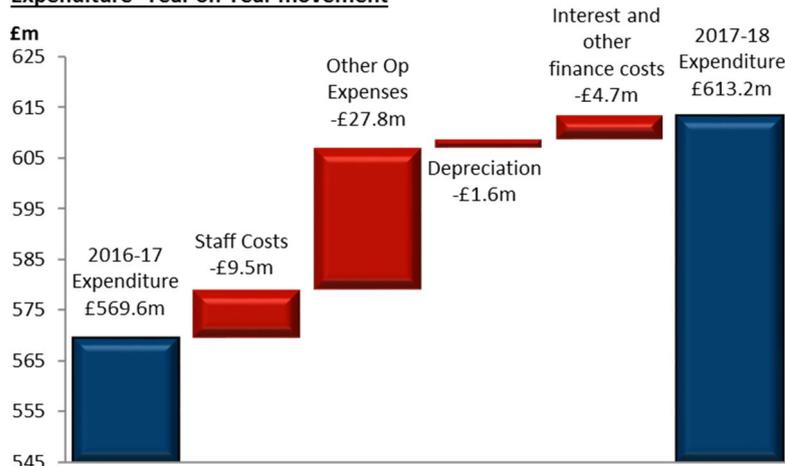
## Expenditure

Total expenditure increased by £43.6m or 7.7%.

The main movements are as follows:

- Total staff costs increased by £9.5m or 2.9% in 2017-18 (2016-17 increase of £28.4m or 9.6%). Underlying staff costs increased by £14.8m or 4.4% due to increased staff numbers of 1.5%, annual salary increases, and increased 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 a decrease in expenditure of £5.3m primarily as a result of the unwinding of the USS deficit reduction provision;
- Other operating expenses increased by £27.8m or 13.3%. The largest increases were demolition costs of £10.9m in relation to the campus development plan and £8.5m in academic departments, mainly driven by increased student numbers; and
- Interest and other finance costs increased by £4.7m due to a full year of interest charges on the 2017 private placement funding in 2017-18.

## Expenditure- Year on Year movement



## Available funds and cash flow

Available funds increased by £12.7m or 3.1% from 31 July 2017. This was due to a positive return of £2.1m on the investment funds and £10.6m of net cash inflow due primarily to the strong surplus, offset by capital spend.

Cash and cash equivalents decreased in the year by £24.4m to a closing balance of £207.4m at 31 July 2018 primarily as a result of transferring £35.0m into investment funds. Excluding this transfer cash and cash equivalents increased by £10.6m noted above. Investment funds

increased by £37.1m, £2.1m due to investment returns and £35.0m transferred from cash and cash equivalents. The five year funds history is shown below, with the 2016-17 balance increasing as a result of borrowing £175m for the campus redevelopment programme.

The main cash inflow shown in the cash flow statement in 2017-18 was from operating activities +£42.0m offset by investing activities of -£59.9m and financing activities of -£6.5m. The net inflow from operating activities represents the operating surplus of £31.8m and an increase of £24.5m related to a rise in non-cash adjustments, primarily due to depreciation.

The main cash outflows were capital expenditure of £41.9m and the transfer of £35.0m into investment funds. Financing activities of £6.5m predominantly represents the interest paid on the private placement funding.

Capital commitments increased by £75.3m in the year to £278.5m at the balance sheet date, primarily related to

the Research Hub associated with the campus development programme.

## Investment performance

In the past financial year, the value of global stock markets has risen. The value of endowment asset investments increased from £183.9m to £200.6m with new endowment bequests received during the year increasing from £1.2m to £1.4m.

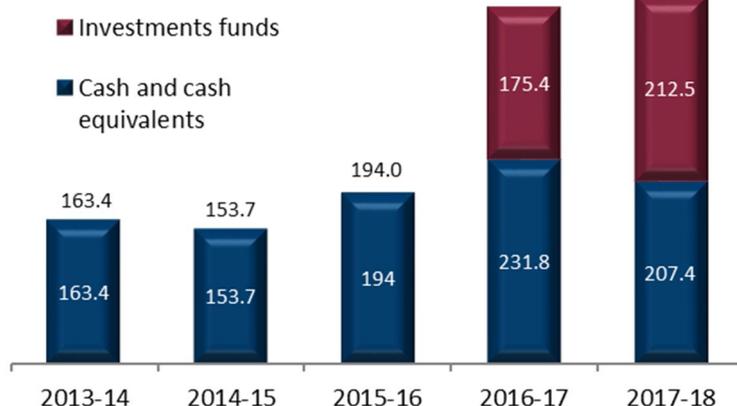
The increase in the market value of the endowment funds was £10.9m in the year compared with £13.0m in 2016-17. The performance of the fund managers continues to be monitored by the Investment Advisory Committee against targets set by the committee. These targets are reviewed regularly.

The University increased its holdings in investment funds by £35.0m and this along with a return of £2.1m results in final position of £212.5m at year end (2016-17: £175.5m). These funds will be drawn down when required for the campus development programme.

The performance of these funds and amount invested is monitored by an investment committee with regular reporting to Finance Committee.

## £m - Available funds

### Five Year History



## Pension liability

The FRS 102 pension liability for the University of Glasgow Pension Scheme (UGPS) and the Strathclyde Pension Fund (SPF) has decreased in the year from £62.1m to £34.2m. The liability decreased primarily due to an increase in the discount rate assumption which resulted in lower liabilities and an actuarial gain recorded in other comprehensive income of £34.3m. 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 decreased from £54.8m to £52.3m.

# OPERATING AND FINANCIAL REVIEW (continued)

## Summary

The University has made good progress in recent years towards the achievement of its strategic ambitions. The campus development is a major area of focus and this will continue in future years. The University has built cash reserves and holdings in investment funds to fund the development which will start to reduce as the level of building work increases.

The University saw a decrease in funding body grants in the year related to the infrastructure grant but there was a significant increase in overseas student income which led to another year of strong operating performance. There was a significant decrease in the UGPS pension deficit due to increases in the discount rate assumptions which significantly increased total comprehensive income for the year. The external environment, the uncertainties surrounding the Universities Superannuation Scheme 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 2017-18.

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.

# CAMPUS DEVELOPMENT

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 a third and create a visionary and inspiring campus for future generations.

## Overview

The Western Site will be the core focus of a £530m building programme as part of the campus development 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 yet to launch. The University has borrowed funds at low interest rates in order to have funds available to meet the needs of the campus development.

The development will expand the Gilmorehill campus by 14 acres, developing an open accessible campus that will provide quality learning, research and community spaces. The capital plan was approved by Court in December 2016, the Campus Masterplan and Learning and Teaching Hub (now named James McCune Smith Hub) was granted planning permission in February 2017.

Since December 2016, Court has approved in excess of £333m of business cases and projects in respect of the delivery of the major campus development.

## The Research Hub



The Research Hub will be the second building to be constructed, and the first new permanent building to be built on the former Western Infirmary site – the Western campus.

## James McCune Smith Hub



The James McCune Smith Hub will be the first major project in the University's development plan and will increase teaching capacity and student study space, while 24 hour access to the building enhances learning experience.

The new building is named after James McCune Smith - the first African American to be awarded a medical degree, receiving an MD from the University of Glasgow in 1837.

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 development of the campus is being planned, investment is maintained in order to ensure that current business can continue.

Multiplex, 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 £90m Learning and Teaching Hub, called the James McCune Smith Hub. The building is expected to have a phased opening during the academic year 2019-2020. The University is seizing the opportunity to not only build new facilities but also develop a new service model for student and facilities services.

The University also has campus space at Garscube, in the north of Glasgow, and Dumfries, and facilities at the Queen Elizabeth Hospital, in particular the recently completed Imaging Centre of Excellence which supports innovation in precision medicine.

## Progress

The structure of the James McCune Smith Hub is progressing, all concrete cores are completed and the steel frame is under construction. The demolition of the large buildings on the Western Infirmary site has been completed and clearing of the site has commenced

## Plans for 2018-19

Looking forward to 2018-19 the focus will continue to be on the completion of the James McCune Smith Hub, the conclusion of enabling works on the Western Infirmary site and the commencement of construction of the Research Hub.

## Innovation District

The investment the University is making into the west end of Glasgow has been recognised as delivering more than just new buildings. During 2016-17 the University worked with the City Council and Scottish Enterprise to develop proposals for the West End and Waterfront Innovation District and signed a memorandum of understanding in relation to this development. The district will build on the investment at the Queen Elizabeth University Hospital, the Scottish Events Campus and the cultural quarter. This will enable the University to develop a thriving ecosystem supporting innovation, enterprise and economic growth. The University intends to invest directly into the development of an Innovation Zone on Church Street as part of the campus development.

## Projects to date

- James McCune Smith Hub which will provide new teaching and learning facilities
- The Research Hub
- Institute of Health and Wellbeing
- Adam Smith Business School and new investment in PGT space
- Cultural and Creative Arts
- Improvements to fabric and services in the Boyd Orr
- Data Centre
- Improvements to existing teaching space
- Improvements in the research environment
- Investment in new innovation space for student enterprise
- Joseph Black structural improvements
- Continued investment in the existing estate

## Projects in the future

- Engineering teaching and research
- Chronic Diseases
- Innovation Zone on Church Street
- Quantic and James Watt Nano fabrication
- Ongoing investment in the existing estate for teaching, research and innovation
- Support student scholarships

# FUTURE DEVELOPMENTS AND PRINCIPAL RISKS AND UNCERTAINTIES

## International student growth

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 11% in 2017-18, a significant rise that puts the University on course to hit its 2020 KPI target earlier than anticipated.

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 shows further strong international growth in 2018-19.

## Brexit

Brexit adds uncertainty to the University's operations with respect to the impact on our ability to recruit talented international staff, and the UK Higher Education 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.

## Research risks

In 2016, the UK Government published an independent report proposing alterations to the REF – the Stern review. The review made a number of recommendations to alter the original REF operational model, which would have a 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.

## Pay and pensions

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.

On 26 October 2018, the High Court released its judgement in relation to a case concerning the equalisation of Guaranteed Minimum Pension (GMP). It is still uncertain what impact this judgement will have on the University.

In accordance with the requirements of the SORP, the University currently recognises a provision for its obligation to fund past deficits arising within the Universities Superannuation Scheme (USS). The recovery plan in the 2014 actuarial valuation requires employers to contribute 2.1% of salaries towards repairing the deficit over a period of 17 years, of which 14 years remain. Details of this provision, which has been discounted at a rate of 2.21% as at 31 July 2018, are included in note 24 to the financial statements.

As the 2017 valuation has not been formally completed, and there remains various stages of consultation around the key factors specifically relating to the funding of the past deficit, including the level of contributions required, the period of the recovery plan and the level of asset performance over the period, it remains appropriate to continue to account for the past deficit obligation in accordance with the plan agreed after the 2014 actuarial valuation.

However, there is a significant risk that the year-end provision as calculated will not reflect the position following the final outcome of negotiations, potentially by a very significant amount depending upon what is finally agreed as regards future deficit contributions and their duration. The University expects to have greater clarity in this respect during the next financial year.

Based on the inputs to the model used to calculate the USS provision, the following sensitivity analysis outlines the potential impact on the existing University liability of £52m (assuming the same discount rate of 2.21%):

- The impact of a 1% increase in the deficit contribution rate to 3.1% would increase the University's USS liability to £77m, this assumes a duration of 13 years;
- The impact of an increase of 3.9% in the deficit contribution rate to 6% would increase the University's USS liability to £149m, this assumes a duration of 13 years;
- The impact of an increase of 3.9% to 6% and a duration of 14 years for the deficit repayment would

increase the University's USS liability to £162m;

- The impact of an increase of 3.9% to 6% and a duration of 17 years for the deficit repayment would increase the University's USS liability to £201m; and
- The impact of an increase of 3.9% to 6% and a duration of 20 years for the deficit repayment would increase the University's USS liability to £242m.

## Campus development

While the campus redevelopment offers an unprecedented opportunity to expand and develop the University estate it also requires careful management to ensure timely delivery and that costs remain within budget. There are risks that projects are delayed and construction costs increase due to inflation and/or due to changes in the scope or specification of buildings. The University has an established governance structure which oversees the programme and monitors these risks.

# UNIVERSITY POLICIES

## 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 2018 the University's outstanding payments represented approximately 8 days' purchases. This is a decrease from 9 days in 2017. 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.

The University invests in funds to diversify its risk and the level of investment in these funds and fund performance is overseen by a separate investment 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 0.1% of the total income of the University in 2017-18.

## Accounting policies

The University's financial statements have been prepared in accordance with the Statement of Principal Accounting Policies as set out on pages 18 to 20.

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 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 disinvestment strategy was 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.

## Tax strategy

The University is committed to transparent reporting and has recently published its tax strategy for 2018-19 on the University's website. The document addresses the University's approach to risk management and governance, the University's attitude towards tax planning and the University's approach towards its dealings with HM Revenue & Customs (HMRC). For further information relating to the University's tax strategy, see website [www.gla.ac.uk](http://www.gla.ac.uk).

**Professor Anton Muscatelli**  
Principal

**Graeme Bissett**  
Convener of Finance Committee

**Robert Fraser**  
Director of Finance

# CORPORATE GOVERNANCE STATEMENT

**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.**

**A revised Scottish Code of Good Higher Education Governance was published in 2017 replacing the 2013 Scottish Code of Good Higher Education Governance. Academic year 2017-18 is considered a transitional year for compliance with the 2017 Code.**

**In the opinion of the Governing Body, the University complies with the 2013 Scottish Code of Good Higher Education Governance and with the large majority of recommendations in the 2017 Code. Areas of the 2017 Code where there remains non-compliance are:**

- The Institution is expected to publish rules and procedures for the election of Senior Lay members on its website, along with the membership of the committee managing this process;
- Each governing body must set out the agreement on the Rectors role clearly in a protocol, the content of which should be published and made clear to candidates for the posts of Rector and Senior Lay Member and reflected in the job descriptions for these posts; and
- The membership of the nominations committee should have a lay member majority.

The University is taking action to address these and expects to be fully compliant in the timeframe required by the Act, with the exception of the lay member majority on the nominations committee. The Court believes the current composition meets the University's needs with regard to the role of the Committee.

## 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 to account 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 [https://www.gla.ac.uk/media/media\\_572263\\_en.pdf](https://www.gla.ac.uk/media/media_572263_en.pdf).

Court has 25 members and, in the financial year 2017-18, 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 2017-18 the Convener of Court was Elizabeth Passey, who was appointed for four years from 2016, following public advertisement. Also during 2017-18, Court made a decision to remunerate the role of Convener of Court, as permitted by the Higher Education (Scotland) Governance Act of 2016. All members of Court are entitled to claim expenses incurred in the course of their duties.

The current size of Court and its composition, as described in the

Membership of Court, maintains a coherent and effectively functioning governing body, including an appropriate range of skills and experience. With regard to statutory requirements relating to membership, the Court currently complies with its existing Ordinance on membership, but during 2018-19 it will be amending membership to align with the requirements of The Higher Education Governance (Scotland) Act 2016, within the timeframes required in the Act.

Court conducts much of its business through eight 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). Court meets five times per year.

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. During the year to 31 July 2018, the Committee was chaired by Graeme Bissett, an independent member of Court. The Vice-Chair was Elspeth Orcharton, an independent member of Court. 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. Heather Cousins, an independent member of Court, chaired the Committee in the year to 31 July 2018. The Vice-Chair was Simon Bishop, an external independent member who is not a member of Court.

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. 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.

# CORPORATE GOVERNANCE STATEMENT

## (continued)

The Committee was chaired by Elizabeth Passey, the Convener of Court, and the Vice-Chair, appointed during 2017-18, was Lesley Sutherland, a General Council Assessor on Court. The committee normally meets one or two times a year.

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, who is not a member of the Committee but attends for items relating to senior management remuneration other than his own. The Committee's remit also covers the remuneration of the Convener of Court. The Convener of Court is also a member of the Remuneration Committee and also leaves the meeting while Convener remuneration is discussed. Details of the remuneration of senior post-holders for the year ended 31 July 2018 are set out in note 7 to the financial statements. During the year to 31 July 2018, the Committee was chaired by June Milligan, an independent member of Court. Ronnie Mercer, the Chancellor's Assessor, is the Vice-Chair. The Committee meets at least once a year.

As the University's Chief Executive Officer, the Principal has formal and wide-ranging responsibilities for the strategic leadership and direction of the University. The Principal is a member of Court and Convener of Senate. The Principal leads the Senior Management Group, which also includes the Senior Vice Principal & Deputy Vice Chancellor, Vice-Principals (9 in total), Chief Operating Officer & University Secretary, the Director of Finance and the Director of HR.

The remuneration and terms and conditions of the Principal & Vice Chancellor are determined by members of the Remuneration Committee. The Principal is not a member of the Committee but attends for items relating to senior management remuneration other than his own.

The Remuneration Committee's review of the Principal's salary is informed by:

- the annual P&DR discussion conducted by the Convener of Court, reflecting feedback from staff, students, members of Court and the senior executive and informed by a 360° appraisal process;
- individual and collective SMG performance in advancing the University's strategic objectives; and
- the need to provide tangible reward for excellent performance and a

competitive remuneration package that is consistent with robust benchmark data and reflective of equivalent positions within comparable Russell Group/major UK universities.

The remit of the Remuneration Committee also includes responsibility to determine the salaries of the Principal and other members of Senior Management Group, having regard to:

- their performance in advancing the University's strategic objectives;
- the need to offer salaries that are competitive with those of other major UK universities, as reflected in robust comparative data; and
- the budget approved by Court.

There is also an annual evaluation process of the performance of the Convener of Court. This is led by the Chancellor's Assessor.

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 2017-18, the Committee was chaired by an independent member of Court, June Milligan. The Vice-Chair was Rob Goward, an external independent member who is not a member of Court. The Committee normally meets five 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 the Chancellor's Assessor, Ronnie Mercer. The Vice-Chair 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 Chief Operating Officer and University Secretary, David Duncan. The Vice-Chair was Richard Claughton, Deputy Director of Human Resources. The Committee normally meets four times a year.

The **Student Experience Committee**, a joint committee of Court and Senate, was created during 2017-18. It was co-chaired by the Chief Operating Officer and University Secretary, and the President of the SRC. Its remit includes: agreeing and overseeing implementation of a common strategy, plans and policies for non-academic aspects of student life; ensuring that every student has the opportunity to enjoy and derive value from their university experience; ensuring that the University's provision for the student experience reflects the diversity of needs within the student population; and reviewing and monitoring the effectiveness of services and determining their priorities. The Committee meets at least 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.

# CORPORATE GOVERNANCE STATEMENT (continued)

## **The General Council**

The General Council comprises the graduates of the University. It 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 Senior Vice-Principal 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. On an annual basis, the Court also reviews 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 2018 and up to the date of approval of the annual reports and financial statements.

## **General data protection regulation**

The University put in place actions to ensure compliance with the General Data Protection Regulation, which was introduced in May 2018.

## **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](http://www.gla.ac.uk).

## **Going concern**

The University's principal operations, together with the factors likely to affect its future development and its financial position are noted in the Operating and Financial Review, Campus Development, Future Developments and Principal Risks and Uncertainties and University Policies sections. 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: 12 December 2018**

# STATEMENT OF 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; and
- 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 2018 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.

The members of Court who hold office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the University auditor is unaware; and each member of Court has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the University's auditors are aware of that information.

**David Duncan**  
**Chief Operating Officer and**  
**University Secretary**

**On behalf of Court**  
**Date: 12 December 2018**

# MEMBERSHIP OF COURT

Members of Court who served during the year to 31 July 2018 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	Attendance at court meetings during the financial year
<b>The Rector</b>				
Mr Aamer Anwar	Mar 2020			4/5
<b>The Principal and Vice-Chancellor</b>				
Professor Sir Anton Muscatelli	Sep 2024	(FC) (HRC) (EC) (NC)		5/5
<b>The Chancellor's Assessor</b>				
Mr Murdoch MacLennan	Dec 2017	(NC)	*	1/2
Mr Ronnie Mercer (from Jan 2018)	Oct 2019	(EC) (RC) (NC)		3/3
<b>Assessor of City of Glasgow Council</b>				
Councillor Susan Aitken	May 2020		*	3/5
<b>General Council Assessors</b>				
Dr Morag Macdonald Simpson	Jul 2022	(HRC) (SEC)	*	4/5
Ms Lesley Sutherland	Jul 2022	(ARC) (NC)	*	5/5
<b>Senate Assessors</b>				
Professor Lindsay Farmer	Jul 2019	(EC) (ARC) (SEC)		5/5
Professor Carl Goodyear	Jul 2022	(HRC) (NC)		5/5
Professor Nick Hill	Jul 2019	(FC)		4/5
Dr Simon Kennedy	Jul 2021	(FC)		3/5
Professor Kirsteen McCue	Jul 2021	(HRC)		5/5
Dr Bethan Wood (from Sep 2017)	Jul 2021	(EC)		5/5
<b>Employee Representatives</b>				
Mr David Anderson	Jul 2019	(RC)		4/5
Ms Margaret Anne McParland	Jul 2019	(HRC) (NC)		4/5
<b>Co-opted Members of Court</b>				
Mr Graeme Bissett	Dec 2021	(FC)	*	5/5
Ms Heather Cousins	Mar 2022	(ARC) (NC)	*	5/5
Mr David Finlayson (from Oct 2017)	Oct 2021	(SEC)	*	4/5
Mr Ronnie Mercer (to Dec 2017 then Chancellor's Assessor)	Oct 2019	(EC) (RC)	*	2/2
Dr June Milligan	Oct 2019	(HRC) (RC)	*	5/5
Mr David Milloy	Dec 2021	(EC)	*	4/5
Ms Elspeth Orcharton	Oct 2020	(FC)	*	5/5
Ms Elizabeth Passey**	Jul 2020**	(FC) (RC) (NC)	*	5/5
Mr Gavin Stewart	Mar 2021	(FC)	*	5/5
Dr Ken Sutherland (from Dec 2017)	Dec 2021		*	2/3
<b>President of the Students' Representative Council</b>				
Ms Kate Powell	Jun 2018	(FC) (EC) (NC) (SEC)		5/5
Ms Lauren McDougall (from Jul 2018)	Jun 2019	(FC) (EC) (NC) (SEC)		0/0

# MEMBERSHIP OF COURT (continued)

	Expiry date	Committee membership	Independent member	Attendance at court meetings during the financial year
<b>Assessor of the Students' Representative Council</b>				
Ms Lauren McDougall	Oct 2017			1/1
Mr Elliot Napier (from Oct 2017)	Oct 2019			3/4
<b>University Secretary</b>				
Dr David Duncan***		(EC) (HRC) (NC) (HSWC) (SEC)		5/5

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) and Student Experience Committee (SEC).

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

\*\*\* Dr David Duncan is not a member of Court but attends in his capacity as University Secretary.

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

## Opinion

We have audited the financial statements of The University of Glasgow ('the parent institution') and its subsidiaries (the 'group') for the year ended 31 July 2018 which comprise 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 Sheets, the Consolidated Cash Flow Statement and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the group's and of the parent institution's state of affairs as at 31 July 2018 and of the group and parent institution's income and expenditure, recognised gains and losses, and statement of cash flow for the year for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, and relevant legislation; 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 group and parent institution 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 has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent institution'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 2-15, 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:

- the requirements of the Scottish Funding Council's accounts direction have been met;
- 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 Scottish Funding Council have been applied in accordance with the requirements of the Scottish Funding Council 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, Campus Development, Future Developments and Principal Risks and Uncertainties and University Policies is inconsistent in any material respect with the financial statements; or
- proper accounting records have not been kept; or
- the parent institution 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.

# INDEPENDENT AUDITOR'S REPORT TO THE UNIVERSITY COURT OF THE UNIVERSITY OF GLASGOW (continued)

## Responsibilities of the University Court

As explained more fully in the Statement of Responsibilities of Court set out on page 13, 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.

In preparing the financial statements, the University Court is responsible for assessing the group's and the parent institution'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 group or the parent institution 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.

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.

## Use of our report

This report is made solely to the University Court of the University of Glasgow, as a body, in accordance with 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.

**Ernst & Young LLP**  
**Statutory auditor**  
**Glasgow**

**Date: 13 December 2018**

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 2018.

## 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 2018. 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.

## 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.

## 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 12.

## 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.

# STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

## 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.

## 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 22 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 18 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.

## 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 period that relevant employees provide services to the University. 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

# STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

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.

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 that are AA rated. Certain categories of bonds are removed from this universe e.g. where the bonds are considered to be sovereign backed. Based on the remaining dataset, a yield curve is constructed and applied to a set of sample cashflows which correspond to the expected duration of the defined benefit obligations to produce a single, cash-flow weighted discount rate assumption.

The mortality rate is based on scheme-specific mortality tables constructed using analysis of the membership of the University of Glasgow Pension Scheme. Future salary increases and pension increases are based on expected future inflation rates for the respective country. Further details are given in note 24.

# CONSOLIDATED AND UNIVERSITY STATEMENTS OF COMPREHENSIVE INCOME AND EXPENDITURE

for the year ended 31 July 2018

	Note	Consolidated		University	
		2018 £000	2017 £000	2018 £000	2017 £000
<b>Income</b>					
Tuition fees and education contracts	1	203,956	178,399	199,690	174,676
Funding body grants	2	158,427	160,362	158,427	160,362
Research grants and contracts	3	180,818	179,497	180,818	179,803
Other income	4	79,494	79,214	79,624	82,286
Investment income	5	6,571	9,206	6,539	9,182
New endowment income	6	1,372	1,165	1,372	1,165
<b>Total income</b>		<b>630,638</b>	<b>607,843</b>	<b>626,470</b>	<b>607,474</b>
<b>Expenditure</b>					
Staff costs	7	332,909	323,460	330,451	321,008
Other operating expenses	9	236,309	208,492	236,200	207,790
Depreciation	11	35,084	33,453	34,534	32,886
Interest and other finance costs	8	8,937	4,177	8,933	4,173
<b>Total expenditure</b>		<b>613,239</b>	<b>569,582</b>	<b>610,118</b>	<b>565,857</b>
<b>Surplus before other gains</b>		<b>17,399</b>	<b>38,261</b>	<b>16,352</b>	<b>41,617</b>
Gain on disposal of non-current assets		1,054	4,478	119	2,150
Gain on investments	13	13,468	13,779	12,906	12,950
<b>Surplus before tax</b>		<b>31,921</b>	<b>56,518</b>	<b>29,377</b>	<b>56,717</b>
Corporation taxation	10	(152)	35	(40)	77
<b>Surplus after tax</b>		<b>31,769</b>	<b>56,553</b>	<b>29,337</b>	<b>56,794</b>
Exchange differences on translation of subsidiary undertakings		(2)	(37)	-	-
Actuarial gain/(loss) recognised on defined benefit pension schemes	24	34,307	(23,878)	34,307	(23,878)
<b>Total other comprehensive income/(loss)</b>		<b>34,305</b>	<b>(23,915)</b>	<b>34,307</b>	<b>(23,878)</b>
<b>Total comprehensive income for the year</b>		<b>66,074</b>	<b>32,638</b>	<b>63,644</b>	<b>32,916</b>
<b>Represented by</b>					
Endowment comprehensive income for the year		12,211	17,439	12,211	17,439
Restricted comprehensive income/ (expenditure) for the year		4,129	(3,229)	4,129	(3,229)
Unrestricted comprehensive income for the year		49,734	18,428	47,304	18,706
		<b>66,074</b>	<b>32,638</b>	<b>63,644</b>	<b>32,916</b>

# CONSOLIDATED AND UNIVERSITY STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 July 2018

Consolidated	Income and expenditure account			Total £000
	Endowment £000	Restricted £000	Unrestricted £000	
<b>Balance at 1 August 2016</b>	170,947	5,078	586,088	762,113
Surplus/(deficit) 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	17,439	(3,229)	18,428	32,638
<b>Balance at 1 August 2017</b>	<b>188,386</b>	<b>1,849</b>	<b>604,516</b>	<b>794,751</b>
Surplus from the statement of comprehensive income and expenditure	12,211	4,129	15,429	31,769
Other comprehensive income	-	-	34,305	34,305
Total comprehensive income for the year	12,211	4,129	49,734	66,074
<b>Balance at 31 July 2018</b>	<b>200,597</b>	<b>5,978</b>	<b>654,250</b>	<b>860,825</b>
<b>University</b>	<b>Income and expenditure account</b>			<b>Total</b>
	<b>Endowment £000</b>	<b>Restricted £000</b>	<b>Unrestricted £000</b>	<b>£000</b>
<b>Balance at 1 August 2016</b>	170,947	5,078	582,230	758,255
Surplus/(deficit) 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	17,439	(3,229)	18,706	32,916
<b>Balance at 1 August 2017</b>	<b>188,386</b>	<b>1,849</b>	<b>600,936</b>	<b>791,171</b>
Surplus from the statement of comprehensive income and expenditure	12,211	4,129	12,997	29,337
Other comprehensive income	-	-	34,307	34,307
Total comprehensive income for the year	12,211	4,129	47,304	63,644
<b>Balance at 31 July 2018</b>	<b>200,597</b>	<b>5,978</b>	<b>648,240</b>	<b>854,815</b>

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

The endowment reserve represents the value of donations by individuals in the form of a gift which is to be invested. The income earned on that gift may be spent for a specific purpose and in certain circumstances the capital may be spent for that same 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 2018

	Note	Consolidated		University	
		2018 £000	2017 £000	2018 £000	2017 £000
<b>Non-current assets</b>					
Property, plant & equipment	11	727,951	721,146	712,002	704,653
Investments	13	418,316	363,609	435,765	382,042
		<b>1,146,267</b>	1,084,755	<b>1,147,767</b>	1,086,695
<b>Current assets</b>					
Stock		854	829	600	602
Trade and other receivables	14	71,911	81,708	71,787	87,730
Cash and cash equivalents		207,399	231,784	199,594	219,871
		<b>280,164</b>	314,321	<b>271,981</b>	308,203
Creditors: amounts falling due within one year	15	(229,598)	(237,729)	(229,136)	(237,355)
<b>Net current assets</b>		<b>50,566</b>	76,592	<b>42,845</b>	70,848
<b>Total assets less current liabilities</b>		<b>1,196,833</b>	1,161,347	<b>1,190,612</b>	1,157,543
<b>Creditors: amounts falling due after more than one year</b>	16	<b>(245,000)</b>	(245,000)	<b>(245,000)</b>	(245,000)
<b>Provisions</b>					
Pension provisions	24	(86,514)	(116,910)	(86,303)	(116,686)
Other provisions	17	(4,494)	(4,686)	(4,494)	(4,686)
<b>Total net assets</b>		<b>860,825</b>	794,751	<b>854,815</b>	791,171
<b>Restricted reserves</b>					
Income and expenditure reserve					
Endowment reserve	18	200,597	188,386	200,597	188,386
Restricted reserve	19	5,978	1,849	5,978	1,849
<b>Unrestricted reserves</b>					
Income and expenditure reserve					
Unrestricted reserve		654,250	604,516	648,240	600,936
<b>Total reserves</b>		<b>860,825</b>	794,751	<b>854,815</b>	791,171

The financial statements on pages 18 to 45 were approved by the University Court of the University of Glasgow on 12 December 2018 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

as at 31 July 2018

	Note	2018 £000	2017 £000
<b>Cash flow from operating activities</b>			
Surplus before tax and exceptional items		31,921	56,518
Corporation taxation		(152)	35
<b>Surplus for the year</b>		<b>31,769</b>	<b>56,553</b>
<b>Adjustment for non-cash items</b>			
Depreciation	11	35,084	33,453
Increase in stock		(25)	(3)
Decrease in debtors		9,797	5,287
(Decrease)/increase in creditors falling due within one year		(8,131)	8,231
Pension costs less contributions payable		1,447	(14,315)
(Decrease)/increase in other provisions		(192)	196
Changes in values of endowment assets and other investments		(13,468)	(13,779)
<b>Adjustment for investing or financing activities</b>			
New endowment income	6	(1,372)	(1,165)
Investment income	5	(6,571)	(9,206)
Gain on disposal of non-current assets		(1,054)	(4,478)
Gain on disposal of non-current assets - proceeds accrued		623	26
Interest payable	8	8,937	4,177
Capital grant income		(14,888)	(30,841)
<b>Net cash inflow from operating activities</b>		<b>41,956</b>	<b>34,136</b>
<b>Cash flow from investing activities</b>			
Endowment assets acquired		(5,792)	(1,975)
Payments to acquire other investments		(35,247)	(175,843)
Receipts from the sale of other investments		111	3,069
Payments to acquire property, plant and equipment	11	(41,920)	(37,993)
Proceeds from sale of property, plant and equipment		150	2,328
New endowment income	6	1,372	1,165
Investment income	5	6,571	9,206
Capital grant receipts		14,888	30,841
<b>Net cash outflow from investing activities</b>		<b>(59,867)</b>	<b>(169,202)</b>
<b>Cash flows from financing activities</b>			
Increase in creditors falling due after more than one year		-	175,000
Interest paid		(6,472)	(2,095)
<b>Net cash outflow from financing activities</b>		<b>(6,472)</b>	<b>172,905</b>
<b>Currency translation</b>		<b>(2)</b>	<b>(37)</b>
<b>(Decrease)/increase in cash and cash equivalents in the year</b>		<b>(24,385)</b>	<b>37,802</b>
Cash and cash equivalents at beginning of the year		231,784	193,982
Cash and cash equivalents at end of the year		207,399	231,784
<b>(Decrease)/increase in cash and cash equivalents in the year</b>		<b>(24,385)</b>	<b>37,802</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2018

1	Tuition fees and education contracts	Consolidated		University	
		2018	2017	2018	2017
		£000	£000	£000	£000
	Home and EU students	40,758	37,570	40,758	37,570
	Rest of the UK students	21,520	20,785	21,520	20,785
	Overseas students	120,032	99,843	115,766	96,120
	Short courses	6,035	5,412	6,035	5,412
	Other fees	2,518	1,736	2,518	1,736
	Research support grants	13,093	13,053	13,093	13,053
		<b>203,956</b>	178,399	<b>199,690</b>	174,676
2	Funding body grants	Consolidated		University	
		2018	2017	2018	2017
		£000	£000	£000	£000
	Main teaching grant	82,872	82,223	82,872	82,223
	Main quality research grant	45,935	45,335	45,935	45,335
	Research postgraduate grant	7,344	7,407	7,344	7,407
	Knowledge transfer grant	1,409	1,409	1,409	1,409
	Infrastructure grants	9,365	13,613	9,365	13,613
	Other funding council grants	11,502	10,375	11,502	10,375
		<b>158,427</b>	160,362	<b>158,427</b>	160,362
3	Research grants and contracts	Consolidated		University	
		2018	2017	2018	2017
		£000	£000	£000	£000
	Research Councils	62,690	61,284	62,690	61,284
	UK Charities	53,535	47,812	53,535	47,812
	UK Government including RDEC	23,898	23,463	23,898	23,463
	European Union (EU)	18,205	18,710	18,205	18,710
	UK industry	7,726	5,966	7,726	5,966
	Overseas	8,129	6,328	8,129	6,328
	Other sources	1,112	806	1,112	1,112
	Capital grant income	5,523	15,128	5,523	15,128
		<b>180,818</b>	179,497	<b>180,818</b>	179,803
4	Other income	Consolidated		University	
		2018	2017	2018	2017
		£000	£000	£000	£000
	Residences and hospitality services	29,197	22,175	29,197	22,175
	Other services rendered	28,309	26,566	26,094	24,655
	Health authorities	4,790	4,377	4,790	4,377
	Other income	17,198	23,996	19,543	28,979
	Capital grant income	-	2,100	-	2,100
		<b>79,494</b>	79,214	<b>79,624</b>	82,286

# NOTES TO THE FINANCIAL STATEMENTS

## (continued)

for the year ended 31 July 2018

5	Investment income	Consolidated		University	
		2018	2017	2018	2017
		£000	£000	£000	£000
	Income from expendable endowments	875	1,300	875	1,300
	Income from permanent endowments	4,754	7,054	4,754	7,054
	Income from short-term investments	942	852	910	828
		<b>6,571</b>	9,206	<b>6,539</b>	9,182

6	New endowment income	Consolidated		University	
		2018	2017	2018	2017
		£000	£000	£000	£000
	New endowments	1,372	1,165	1,372	1,165
		<b>1,372</b>	1,165	<b>1,372</b>	1,165

7	Staff costs	Consolidated		University	
		2018	2017	2018	2017
		£000	£000	£000	£000
	By expense type:				
	Salaries	246,811	237,526	244,965	235,768
	Social security costs	25,498	23,794	25,002	23,428
	Movement on USS provision	(3,508)	1,847	(3,491)	1,627
	Other pension costs (note 24)	64,108	60,293	63,975	60,185
		<b>332,909</b>	323,460	<b>330,451</b>	321,008

	Consolidated		University		
	2018	2017	2018	2017	
	£000	£000	£000	£000	
	By staff category:				
	Academic departments	143,208	135,959	142,283	135,134
	Academic services	15,262	15,949	15,262	15,949
	Research grants and contracts	66,434	64,280	66,434	64,280
	Residences and hospitality services	2,898	2,936	2,898	2,936
	Premises	12,818	12,004	12,818	12,004
	Administration and other central services	22,418	21,446	22,054	21,271
	Other income generating	9,271	8,746	8,218	7,622
	Movement on USS provision	(3,508)	1,847	(3,491)	1,627
	Other pension costs (note 24)	64,108	60,293	63,975	60,185
		<b>332,909</b>	323,460	<b>330,451</b>	321,008

Remuneration of the Principal:		
Professor Anton Muscatelli	288	279
Contribution in respect of pensions:		
Professor Anton Muscatelli	52	50
Total remuneration of the Principal	<b>340</b>	329

Ratio of remuneration of the Principal to the median salary of a University staff member	<b>8.35:1</b>	7.98:1
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The Principal did not receive a bonus or any benefit in kind during the year to 31 July 2018. In October 2017, Court decided that the role of Convener of Court should be remunerated at a rate of £500 a day up to a maximum of 50 days a year. The remuneration earned up to 31 July 2018 was £14k.

# NOTES TO THE FINANCIAL STATEMENTS

## (continued)

for the year ended 31 July 2018

### 7 Staff costs (continued)

	2018 Number	2017 Number
Average full time equivalent staff members by major category:		
Academic departments	2,624	2,579
Academic services	407	417
Research grants and contracts	1,421	1,386
Residences and hospitality services	101	110
Premises	501	500
Administration and other central services	549	537
Other income generating	174	164
	5,777	5,693

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 £2,670,518 (2017: £2,447,996).

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.

	2018			2017		
	Non clinical	Clinical	Key management personnel	Non clinical	Clinical	Key management personnel
£100,001 - £110,000	31	9	-	32	9	-
£110,001 - £120,000	19	10	2	18	6	2
£120,001 - £130,000	14	7	2	10	9	4
£130,001 - £140,000	5	15	1	8	13	2
£140,001 - £150,000	5	6	3	2	10	1
£150,001 - £160,000	1	3	1	1	8	1
£160,001 - £170,000	1	5	-	1	4	-
£170,001 - £180,000	3	5	1	1	7	-
£180,001 - £190,000	-	5	1	2	5	1
£190,001 - £200,000	2	2	-	1	4	-
£200,001 - £210,000	-	4	-	-	2	-
£210,001 - £220,000	-	2	1	-	-	-
£220,001 - £230,000	-	1	-	-	-	-
£230,001 - £240,000	1	-	-	1	-	-
£240,001 - £250,000	-	-	-	-	-	-
£250,001 - £260,000	-	-	-	-	-	-
£260,001 - £270,000	-	-	-	-	-	-
£270,001 - £280,000	-	-	1	-	-	2
£280,001 - £290,000	-	-	1	-	-	-

#### Facility time publication requirements

The Trade Union (Facility Time Publication Requirements) Regulations 2017 implement Section 13 of the Trade Union Act 2016 (inserted in TULRCA 1992) which requires relevant public sector employers to report annually on paid time off provided to relevant trade union officials\* for trade union duties and activities. The regulations came into force on 1 April 2017 with the first reporting requirement to contain information up to 31 March 2018.

\*Relevant union official refers to trade union officials, learning representatives or safety representatives.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 July 2018

## 7 Staff costs (continued)

	31 March 2018
<b>Table 1 - Relevant union officials</b>	
Number of employees who were relevant union officials during the relevant period	27
Full-time equivalent employee number	26.6

	Number of employees
<b>Table 2 - Percentage of time spent on facility time</b>	
<b>Percentage of time</b>	
0%	5
1%-50%	22
51%-99%	-
100%	-
	<b>27</b>

	31 March 2018 £000
<b>Table 3 - Percentage of pay bill spent on facility time</b>	
<b>Percentage of pay bill</b>	
Total cost of facility time	62
Total pay bill	314,096
Percentage of the total pay bill spent on facility time (calculated as total cost of facility time / total pay bill * 100)	0.02%

	31 March 2018
<b>Table 4 - Paid trade union activities</b>	
Time spent on paid trade union activities as a percentage of total paid facility time hours (calculated as total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours x 100)	1%

8 Interest and other finance costs	Consolidated		University	
	2018 £000	2017 £000	2018 £000	2017 £000
Net charge on pension schemes (note 24)	2,465	1,946	2,461	1,942
Interest on private placement bond	6,472	2,231	6,472	2,231
	<b>8,937</b>	<b>4,177</b>	<b>8,933</b>	<b>4,173</b>

# NOTES TO THE FINANCIAL STATEMENTS

## (continued)

for the year ended 31 July 2018

9 Other operating expenses	Consolidated		University	
	2018	2017	2018	2017
	£000	£000	£000	£000
Academic departments	71,695	63,148	71,695	63,148
Academic services	10,822	11,632	10,822	11,632
Research grants and contracts	70,708	70,112	70,708	70,112
Residences and hospitality services	19,946	12,415	19,946	12,415
Premises	40,546	29,122	40,546	29,122
Administration and other central services	12,115	13,481	14,717	14,876
Agency staff	2,038	1,919	2,038	1,919
Other income generating	8,439	6,663	5,728	4,566
	<b>236,309</b>	208,492	<b>236,200</b>	207,790

	Consolidated	
	2018	2017
	£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	91	90
External auditors' remuneration in respect of non-audit services	28	27
Internal auditors' remuneration in respect of audit services	226	247
Internal auditors' remuneration in respect of non-audit services	25	121
Operating lease rentals		
Land and buildings	14,726	2,414

10 Taxation	Consolidated	
	2018	2017
	£000	£000
UK corporation tax	40	(77)
Singapore corporation tax at 17% on the profits of UGlasgow Singapore Pte Ltd (2017: 17%)	112	42
	<b>152</b>	<b>(35)</b>
<b>Reconciliation of current corporation tax charge</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Surplus before tax	31,921	56,518
Surplus on ordinary activities multiplied by the average standard rate of corporation tax in the UK of 19% (2017: 19.67%)	6,065	11,117
Surplus falling within charitable exemption	(5,875)	(11,110)
Adjustment in respect of prior year	5	(10)
Effect of tax rates in foreign jurisdiction	(43)	(32)
	<b>152</b>	<b>(35)</b>

# NOTES TO THE FINANCIAL STATEMENTS

## (continued)

for the year ended 31 July 2018

11	Property, plant & equipment Consolidated:	Freehold land and buildings £000	Equipment £000	Plant and machinery £000	Assets under construction £000	Total £000
	<b>Cost:</b>					
	As at 1 August 2017	777,697	120,819	11,608	27,004	937,128
	Additions	2	6,768	4	35,146	41,920
	Disposals	(6,176)	(50)	-	-	(6,226)
	Transfers	15,226	-	-	(15,226)	-
	<b>As at 31 July 2018</b>	<b>786,749</b>	<b>127,537</b>	<b>11,612</b>	<b>46,924</b>	<b>972,822</b>

### Depreciation:

As at 1 August 2017	126,125	89,289	568	-	215,982
Charge for the year	25,047	9,607	430	-	35,084
Eliminated on disposal	(6,165)	(30)	-	-	(6,195)
<b>As at 31 July 2018</b>	<b>145,007</b>	<b>98,866</b>	<b>998</b>	<b>-</b>	<b>244,871</b>

### Net Book Value:

<b>As at 31 July 2018</b>	<b>641,742</b>	<b>28,671</b>	<b>10,614</b>	<b>46,924</b>	<b>727,951</b>
As at 31 July 2017	651,572	31,530	11,040	27,004	721,146

### University:

	Freehold land and buildings £000	Equipment £000	Plant and machinery £000	Assets under construction £000	Total £000
<b>Cost:</b>					
As at 1 August 2017	772,084	120,819	-	27,004	919,907
Additions	-	6,768	-	35,146	41,914
Disposals	(6,176)	(50)	-	-	(6,226)
Transfers	15,226	-	-	(15,226)	-
<b>As at 31 July 2018</b>	<b>781,134</b>	<b>127,537</b>	<b>-</b>	<b>46,924</b>	<b>955,595</b>

### Depreciation:

As at 1 August 2017	125,965	89,289	-	-	215,254
Charge for the year	24,927	9,607	-	-	34,534
Eliminated on disposal	(6,165)	(30)	-	-	(6,195)
<b>As at 31 July 2018</b>	<b>144,727</b>	<b>98,866</b>	<b>-</b>	<b>-</b>	<b>243,593</b>

### Net Book Value:

<b>As at 31 July 2018</b>	<b>636,407</b>	<b>28,671</b>	<b>-</b>	<b>46,924</b>	<b>712,002</b>
As at 31 July 2017	646,119	31,530	-	27,004	704,653

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 (2017: £94.7m) which is not depreciated and £46.9m (2017: £27.0m) of assets that are under construction and have not yet received a charge for depreciation.

# NOTES TO THE FINANCIAL STATEMENTS

## (continued)

for the year ended 31 July 2018

### 12 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, and is only the third Scottish museum and gallery to have approved for Immunity From Seizure cover from the Scottish Government. The museum is home to over 1.5 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 approximately 55% of the collection has been relocated to the new facilities, the remaining collections will move over the course of the next few years.

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](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. During the financial year, Special Collections was open to the public Monday to Thursday 9am to 5pm (6pm during term time) and Friday 10am to 5pm. From 1 August 2018, Special Collections is open to the public Monday to Thursday 9.30am to 5pm and Friday 10am to 5pm. Special Collections is closed during public holidays. Information about Special Collections policy for the acquisition, preservation and management and disposal of heritage assets can be found at: [www.gla.ac.uk/services/specialcollections/aboutus/developmentpolicy/](http://www.gla.ac.uk/services/specialcollections/aboutus/developmentpolicy/) and [http://www.gla.ac.uk/media/media\\_514812\\_en.pdf](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 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](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)

for the year ended 31 July 2018

### 12 Heritage assets (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 2018 do not meet the definition of a heritage asset and therefore are not recognised on the balance sheet.

### 13 Investments

	Consolidated						Total £000
	Treasury stock at market value £000	Unlisted investments at cost £000	Listed investments at market value £000	Endowment assets £000	Investment funds £000		
	<b>At 1 August 2017</b>	2,025	1,131	1,070	183,938	175,445	
Additions	-	247	327	5,792	35,000	41,366	
Disposals	-	-	(127)	-	-	(127)	
Transfers	-	-	-	-	-	-	
Increase in market value	(30)	-	562	10,867	2,069	13,468	
<b>At 31 July 2018</b>	<b>1,995</b>	<b>1,378</b>	<b>1,832</b>	<b>200,597</b>	<b>212,514</b>	<b>418,316</b>	

	University						Total £000
	Treasury stock at market value £000	Unlisted investments at cost £000	Listed investments at market value £000	Endowment assets £000	Investment funds £000		
	<b>At 1 August 2017</b>	2,025	20,634	-	183,938	175,445	
Additions	-	25	-	5,792	35,000	40,817	
Disposals	-	-	-	-	-	-	
Transfers	-	-	-	-	-	-	
Increase in market value	(30)	-	-	10,867	2,069	12,906	
<b>At 31 July 2018</b>	<b>1,995</b>	<b>20,659</b>	<b>-</b>	<b>200,597</b>	<b>212,514</b>	<b>435,765</b>	

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 £25,000 into GU Holdings Limited. In addition to this, the University invested £35m in investment funds to further diversify holdings until required for the campus development programme.

#### Endowment assets

	Consolidated		University	
	2018 £000	2017 £000	2018 £000	2017 £000
Equities	194,425	181,688	194,425	181,688
Cash on deposit held by the investment managers	6,172	2,250	6,172	2,250
	<b>200,597</b>	183,938	<b>200,597</b>	183,938

# NOTES TO THE FINANCIAL STATEMENTS

## (continued)

for the year ended 31 July 2018

### 14 Trade and other receivables

	Consolidated		University	
	2018 £000	2017 £000	2018 £000	2017 £000
<b>Amounts falling due within one year:</b>				
Research grants and contracts	40,614	55,968	40,614	55,968
Prepayments and other sundry debtors	22,389	19,889	20,988	18,918
Salaries recoverable externally	2,070	1,850	2,070	1,850
Courses, consultancies and contracts	6,838	4,001	6,838	4,001
Amounts due from subsidiaries	-	-	1,277	6,993
	<b>71,911</b>	<b>81,708</b>	<b>71,787</b>	<b>87,730</b>

### 15 Creditors: amounts falling due within one year

	Consolidated		University	
	2018 £000	2017 £000	2018 £000	2017 £000
Research grants and contracts	92,293	112,304	92,293	112,304
Sundry creditors	31,905	29,213	31,335	28,882
Accruals and sundry provisions	65,633	61,200	65,246	60,734
Courses, consultancies and contracts	20,199	17,669	20,199	17,669
Employment cost liabilities	19,568	17,343	19,568	17,343
Amounts due to subsidiaries	-	-	495	423
	<b>229,598</b>	<b>237,729</b>	<b>229,136</b>	<b>237,355</b>

#### Deferred income with performance conditions

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	
	2018 £000	2017 £000	2018 £000	2017 £000
Research grants - included within research grants and contracts	76,770	94,147	76,770	94,147
Grant income - included within accruals and sundry provisions	-	-	-	-
Other income - included within courses, consultancies and contracts	8,133	6,601	8,133	6,601
	<b>84,903</b>	<b>100,748</b>	<b>84,903</b>	<b>100,748</b>

# NOTES TO THE FINANCIAL STATEMENTS

## (continued)

for the year ended 31 July 2018

### 16 Creditors: amounts falling due after more than one year

	Consolidated		University	
	2018 £000	2017 £000	2018 £000	2017 £000
<b>Analysis of unsecured private placement bonds</b>				
Due in five years or more	<b>245,000</b>	245,000	<b>245,000</b>	245,000
	<b>245,000</b>	245,000	<b>245,000</b>	245,000

<b>Analysis of unsecured private placement bonds</b>	<b>Amount borrowed £000</b>	<b>Coupon rate</b>	<b>Term</b>	<b>Bonds maturity year</b>
2016 unsecured private placement bonds – Series A	<b>30,000</b>	2.97%	30 year term	2046
2016 unsecured private placement bonds – Series B	<b>40,000</b>	3.01%	35 year term	2051
2017 unsecured private placement bonds – Series A	<b>92,000</b>	2.49%	25 year term	2042
2017 unsecured private placement bonds – Series B	<b>40,000</b>	2.55%	30 year term	2047
2017 unsecured private placement bonds – Series C	<b>43,000</b>	2.48%	40 year term	2057
	<b>245,000</b>			

There are no capital payments to be made over the term.

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:

- 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 FRS 102).
- 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.
- The covenants in the agreement shall be tested by reference to the annual financial statements delivered pursuant to the agreement.

### 17 Provisions for liabilities (Consolidated and University)

	<b>Funded pension liability: St Andrew's College £000</b>	<b>Unfunded pension liability: St Andrew's College &amp; LGPS £000</b>	<b>Ex-gratia pension liability £000</b>	<b>Total £000</b>
<b>As at 1 August 2017</b>	2,993	1,689	4	4,686
Income	44	-	-	44
Transfer from Statement of Comprehensive Income and Expenditure	(11)	82	-	71
Utilised in year	(159)	(148)	-	(307)
<b>As at 31 July 2018</b>	<b>2,867</b>	<b>1,623</b>	<b>4</b>	<b>4,494</b>

A valuation of the above pension liabilities at 31 July 2018 was carried out by the University's appointed independent actuary, PricewaterhouseCoopers LLP.

# NOTES TO THE FINANCIAL STATEMENTS

## (continued)

for the year ended 31 July 2018

18 Endowment funds (Consolidated and University)	Unrestricted	Restricted	Total	Restricted	2018	2017
	Permanent	Permanent	Permanent	Expendable	Total	Total
	£000	£000	£000	£000	£000	£000
<b>As at 1 August</b>						
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
	<b>2,016</b>	<b>156,982</b>	<b>158,998</b>	<b>29,388</b>	<b>188,386</b>	<b>170,947</b>
Reclassification of categories	-	63	63	(63)	-	-
New endowments	1	1,014	1,015	357	1,372	1,165
Investment income	61	4,693	4,754	875	5,629	8,354
Expenditure	(40)	(3,976)	(4,016)	(1,641)	(5,657)	(5,071)
Increase in market value of investments	116	9,059	9,175	1,692	10,867	12,991
<b>As at 31 July</b>	<b>2,154</b>	<b>167,835</b>	<b>169,989</b>	<b>30,608</b>	<b>200,597</b>	<b>188,386</b>
<b>Represented by:</b>						
Capital value	1,775	142,481	144,256	26,917	171,173	160,619
Accumulated income	379	25,354	25,733	3,691	29,424	27,767
<b>As at 31 July</b>	<b>2,154</b>	<b>167,835</b>	<b>169,989</b>	<b>30,608</b>	<b>200,597</b>	<b>188,386</b>
<b>Analysis by type of purpose:</b>						
Lectureships	2,154	71,217	73,371	19,413	92,784	87,792
Scholarships and bursaries	-	83,919	83,919	11,076	94,995	88,572
Prize funds	-	7,113	7,113	119	7,232	6,759
General	-	5,586	5,586	-	5,586	5,263
<b>As at 31 July</b>	<b>2,154</b>	<b>167,835</b>	<b>169,989</b>	<b>30,608</b>	<b>200,597</b>	<b>188,386</b>

19 Restricted reserves (Consolidated and University)	Capital grants			Total	Total
	unspent	Donations	Total		
	2018	2018	2018	2017	
	£000	£000	£000	£000	
<b>Income and expenditure reserve</b>					
As at 1 August	-	1,849	1,849	5,078	
New donations	-	7,045	7,045	-	
Expenditure	-	(2,916)	(2,916)	(1,085)	
Capital grant income	14,888	-	14,888	-	
Capital grants utilised	(14,888)	-	(14,888)	(2,144)	
<b>As at 31 July</b>	<b>-</b>	<b>5,978</b>	<b>5,978</b>	<b>1,849</b>	

# NOTES TO THE FINANCIAL STATEMENTS

## (continued)

for the year ended 31 July 2018

20	Commitments and contingencies	Consolidated		University	
		2018	2017	2018	2017
	Capital commitments	£000	£000	£000	£000
	Commitments contracted at 31 July	205,306	94,588	205,306	94,588
	Authorised but not contracted at 31 July	73,192	108,604	73,192	108,604
		<b>278,498</b>	203,192	<b>278,498</b>	203,192

### 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	
	2018	2017
	£000	£000
- Within one year	14,727	13,938
- In two to five years	17,811	15,630
- After more than five years	6,870	3,933
	<b>39,408</b>	33,501

### 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	
	2018	2017
	£000	£000
- Within one year	7,700	7,700
- In two to five years	7,700	7,700
- After more than five years	-	-
	<b>15,400</b>	15,400

## 21 Events after the reporting period

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

22	Amounts disbursed as agent (Consolidated and University)	HE Childcare	HE	2018	2017
		Fund	Discretionary Fund	Total	Total
		£000	£000	£000	£000
	As at 1 August	-	-	-	-
	Funds received in year	256	1,214	1,470	1,500
	Expenditure	(329)	(1,142)	(1,471)	(1,501)
	Virements	73	(73)	-	-
	Interest	-	1	1	1
	<b>As at 31 July</b>	-	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## (continued)

for the year ended 31 July 2018

### 23 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 2017 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.

### 24 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' Superannuation Scheme (STSS);
- e) The NHS Superannuation Scheme (Scotland) (NHSSS);
- f) The Medical Research Council Pension Scheme (MRCPS);
- g) The National Employment Savings Trust (NEST);
  - i) NEST Autoenrol; and ii) NEST Contractual.

The total pension costs for the University were as follows:

	Consolidated		University	
	2018 £000	2017 £000	2018 £000	2017 £000
USS - contributions paid	47,223	44,620	47,105	44,526
UGPS - charge to income statement	14,306	13,352	14,306	13,352
SPF - charge to income statement	182	146	182	146
Other schemes - contributions paid	2,397	2,175	2,382	2,161
<b>Total pension costs at 31 July</b>	<b>64,108</b>	<b>60,293</b>	<b>63,975</b>	<b>60,185</b>

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	
	2018 £000	2017 £000	2018 £000	2017 £000
UGPS net deficit in the scheme	(34,631)	(61,384)	(34,631)	(61,384)
SPF net surplus/(deficit) in the scheme	418	(763)	418	(763)
USS deficit reduction plan provision	(52,301)	(54,763)	(52,090)	(54,539)
<b>Total pension provisions at 31 July</b>	<b>(86,514)</b>	<b>(116,910)</b>	<b>(86,303)</b>	<b>(116,686)</b>

# NOTES TO THE FINANCIAL STATEMENTS

## (continued)

for the year ended 31 July 2018

### 24 Pension schemes (continued)

#### a) UGPS (continued)

Amount recognised in the Statement of Comprehensive Income and Expenditure:

Actuarial gains/(losses) recognised on defined benefit pension schemes

	Consolidated		University	
	2018	2017	2018	2017
	£000	£000	£000	£000
UGPS	33,295	(23,572)	33,295	(23,572)
SPF	1,012	(306)	1,012	(306)
<b>Total gains/(losses) for the year</b>	<b>34,307</b>	<b>(23,878)</b>	<b>34,307</b>	<b>(23,878)</b>

Interest and other finance costs

	Consolidated		University	
	2018	2017	2018	2017
	£000	£000	£000	£000
UGPS	(1,405)	(1,003)	(1,405)	(1,003)
SPF	(14)	(14)	(14)	(14)
USS	(1,046)	(929)	(1,042)	(925)
<b>Total net finance cost</b>	<b>(2,465)</b>	<b>(1,946)</b>	<b>(2,461)</b>	<b>(1,942)</b>

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:

	2018	2017	2016
Discount rate	2.75%	2.50%	2.50%
Retail price inflation	3.40%	3.40%	2.70%
Rate of increase in salaries	3.15%	3.15%	2.70%
Rate of increase to pensions in payment	2.65%	2.65%	1.80%
Consumer price inflation	2.65%	2.65%	1.70%

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

	2018	2018	2017	2017
	Male	Female	Male	Female
Member age 65 (current life expectancy)	23.0	25.8	22.9	25.7
Member age 45 (life expectancy at age 65)	25.1	28.3	25.0	28.2

# NOTES TO THE FINANCIAL STATEMENTS

## (continued)

for the year ended 31 July 2018

### 24 Pension schemes (continued)

#### a) UGPS (continued)

The assets in the scheme were:

	Value at 31 July 2018 £000	Value at 31 July 2017 £000	Value at 31 July 2016 £000
UK equities	-	28,888	52,774
Global equities	48,288	62,014	128,287
Corporate bonds	37,049	95,556	41,884
Government bonds	80,427	70,563	76,877
Diversified growth fund	116,909	134,308	73,412
Long lease property	41,628	-	-
Diversified credit	58,727	-	-
Direct lending	41,707	-	-
Cash/net current assets	1,132	21,375	5,364
<b>Total</b>	<b>425,867</b>	<b>412,704</b>	<b>378,598</b>

The following amounts at 31 July were measured in accordance with the requirements of FRS 102:

	Value at 31 July 2018 £000	Value at 31 July 2017 £000	Value at 31 July 2016 £000
Total market value of assets	425,867	412,704	378,598
Present value of liabilities	(460,498)	(474,088)	(431,233)
<b>Deficit in the scheme</b>	<b>(34,631)</b>	<b>(61,384)</b>	<b>(52,635)</b>

The University has contributed 22.5% of pensionable salaries over the period to 31 July 2018. The University has entered into a recovery plan for the pension scheme from 1 July 2017 to 1 April 2034. 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.

	2018 £000	2017 £000
<b>Amount charged to operating surplus:</b>		
<b>Staff costs:</b>		
Current service cost	(13,082)	(11,802)
Administration costs	(1,224)	(1,550)
<b>Total operating charge</b>	<b>(14,306)</b>	<b>(13,352)</b>
<b>Interest and other finance costs:</b>		
Expected return on scheme assets	10,296	9,675
Interest on scheme liabilities	(11,701)	(10,678)
<b>Total net return</b>	<b>(1,405)</b>	<b>(1,003)</b>
<b>Total UGPS pension cost recognised in the income and expenditure account</b>	<b>(15,711)</b>	<b>(14,355)</b>
	2018 £000	2017 £000
<b>Other Comprehensive Income (OCI):</b>		
Actual return on assets excluding amounts included in net interest	7,088	7,662
Actuarial gain/(loss) on scheme obligations	26,207	(31,234)
<b>Actuarial gain/(loss) recognised in the OCI for UGPS</b>	<b>33,295</b>	<b>(23,572)</b>

The cumulative loss recognised in the Other Comprehensive Income to date is £9.2m (2017: £42.5m loss).

# NOTES TO THE FINANCIAL STATEMENTS

## (continued)

for the year ended 31 July 2018

### 24 Pension schemes (continued)

#### a) UGPS (continued)

	2018	2017
	£000	£000
<b>Movements in present value of scheme assets during the year:</b>		
Assets at beginning of the year	412,704	378,598
Movement in year:		
Interest income	10,296	9,675
Actual return on assets excluding amounts included in net interest	7,088	7,662
Contributions by the employer	9,169	29,178
Benefits paid	(13,390)	(12,409)
<b>Assets at the end of the year</b>	<b>425,867</b>	<b>412,704</b>

	2018	2017
	£000	£000
<b>Movements in present value of scheme liabilities during the year:</b>		
Liabilities at beginning of the year	474,088	431,233
Movement in year:		
Current service cost	13,082	11,802
Administration costs	1,224	1,550
Interest cost	11,701	10,678
Actuarial (gain)/loss	(26,207)	31,234
Benefits paid	(13,390)	(12,409)
<b>Liabilities at the end of the year</b>	<b>460,498</b>	<b>474,088</b>

<b>Details of the experience gains and losses for the years to 31 July:</b>	2018	2017	2016	2015	2014
	£000	£000	£000	£000	£000
Fair value of scheme assets	425,867	412,704	378,598	337,388	299,616
Present value of scheme liabilities	(460,498)	(474,088)	(431,233)	(385,697)	(334,489)
<b>Deficit in the scheme</b>	<b>(34,631)</b>	<b>(61,384)</b>	<b>(52,635)</b>	<b>(48,309)</b>	<b>(34,873)</b>

#### 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 2017 valuation results, rolled forward onto the assumptions used below at 31 July 2018.

#### The major assumptions used at 31 July are shown below:

	2018	2017	2016
Discount rate	2.75%	2.50%	2.50%
Retail price inflation	3.40%	3.40%	2.70%
Rate of increase in salaries	3.15%	3.15%	2.70%
Rate of increase to pensions in payment	2.65%	2.65%	1.80%
Consumer price inflation	2.65%	2.65%	1.70%

# NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 July 2018

## 24 Pension schemes (continued)

### b) SPF (continued)

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

	2018	2018	2017	2017
	Male	Female	Male	Female
Member age 65 (current life expectancy)	21.6	23.9	22.9	25.7
Member age 45 (life expectancy at age 65)	23.5	25.9	25.0	28.2

The assets in the scheme were:

	Value at 31 July 2018	Value at 31 July 2017	Value at 31 July 2016
	£000	£000	£000
Equities	11,308	11,968	10,890
Bonds	3,198	2,360	2,269
Property	1,984	1,854	1,966
Cash	753	674	-
<b>Total</b>	<b>17,243</b>	<b>16,856</b>	<b>15,125</b>

The following amounts at 31 July were measured in accordance with the requirements of FRS 102:

	Value at 31 July 2018	Value at 31 July 2017	Value at 31 July 2016
	£000	£000	£000
Total market value of assets	17,243	16,856	15,125
Present value of liabilities	(16,825)	(17,619)	(15,768)
<b>Surplus/(deficit) in the scheme</b>	<b>418</b>	<b>(763)</b>	<b>(643)</b>

The University paid contributions to the fund at 24.5% of pensionable salaries to 31 March 2018. From 1 April 2018 the University paid contributions to the fund at 36.2% of pensionable salaries and expects to make similar contributions over the next year.

Additionally the University has paid £250k of deficit contributions between 1 August 2017 and 31 July 2018 (2017: £243k).

	2018	2017
	£000	£000
<b>Amount charged to operating surplus:</b>		
<b>Staff costs:</b>		
Current service cost	(182)	(146)
<b>Total operating charge</b>	<b>(182)</b>	<b>(146)</b>
<b>Interest and other finance costs:</b>		
Expected return on scheme assets	419	374
Interest on scheme liabilities	(433)	(388)
<b>Total net return</b>	<b>(14)</b>	<b>(14)</b>
<b>Total SPF pension cost recognised in the income and expenditure account</b>	<b>(196)</b>	<b>(160)</b>
	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
<b>Other Comprehensive Income (OCI):</b>		
Actual return on assets excluding amounts included in net interest	175	1,657
Actuarial gain/(loss) on scheme obligations	837	(1,963)
<b>Actuarial gain/(loss) recognised in the OCI for SPF</b>	<b>1,012</b>	<b>(306)</b>

The cumulative gain recognised in the Other Comprehensive Income to date is £0.2m (2017: £0.8m loss).

# NOTES TO THE FINANCIAL STATEMENTS

## (continued)

for the year ended 31 July 2018

### 24 Pension schemes (continued)

#### b) SPF (continued)

	2018	2017
	£000	£000
<b>Movements in present value of scheme assets during the year:</b>		
Assets at beginning of the year	16,856	15,125
Movement in year:		
Interest income	419	374
Actual return on assets excluding amounts included in net interest	175	1,657
Contributions by the employer	365	346
Contributions by the scheme participants	27	27
Benefits paid	(599)	(673)
<b>Assets at the end of the year</b>	<b>17,243</b>	<b>16,856</b>

	2018	2017
	£000	£000
<b>Movements in present value of scheme liabilities during the year:</b>		
Liabilities at beginning of the year	17,619	15,768
Movement in year:		
Current service cost	182	146
Interest cost	433	388
Actuarial (gain)/loss	(837)	1,963
Contributions by the scheme participants	27	27
Benefits paid	(599)	(673)
<b>Liabilities at the end of the year</b>	<b>16,825</b>	<b>17,619</b>

<b>Details of the experience gains and losses for the years to 31 July:</b>	2018	2017	2016	2015	2014
	£000	£000	£000	£000	£000
Fair value of scheme assets	17,243	16,856	15,125	13,578	13,311
Present value of scheme liabilities	(16,825)	(17,619)	(15,768)	(15,062)	(16,159)
<b>Surplus/(deficit) in the scheme</b>	<b>418</b>	<b>(763)</b>	<b>(643)</b>	<b>(1,484)</b>	<b>(2,848)</b>

c) USS	Consolidated		University	
	2018	2017	2018	2018
	£000	£000	£000	£000
<b>USS deficit reduction plan provision</b>				
At beginning of the year	(54,763)	(51,987)	(54,539)	(51,987)
Utilised in the year	3,709	3,664	3,695	3,652
Revaluation/additions in the period	(201)	(5,511)	(204)	(5,279)
Unwinding of the discount rate	(1,046)	(929)	(1,042)	(925)
<b>USS deficit reduction plan provision at 31 July</b>	<b>(52,301)</b>	<b>(54,763)</b>	<b>(52,090)</b>	<b>(54,539)</b>

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)

for the year ended 31 July 2018

### 24 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 2.21% in 2018 (2017: 1.91%). 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% (2017: 18%). The total USS pension cost for the University was £47.1m (2017: £44.5m). This includes £4.1m (2017: £3.9m) 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.

The University's subsidiary Kelvin Nanotechnology Limited recognised its provision for the present value of the deficit reduction plan for the USS scheme in its individual financial statements and this provision is included in the University consolidated position.

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.

As noted in more detail in the principal risks and uncertainties section the 2017 actuarial valuation of USS has been undertaken but this has not yet been formerly completed. The 2017 valuation has set out the challenges currently facing the scheme and the likelihood of significant increases in contributions being required to address these challenges.

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

	2018	2017
Discount rate	2.64%	2.57%
Pensionable salary growth	n/a	n/a
Price inflation (CPI)	2.02%	2.41%

The main demographic assumption used relates to the mortality assumptions. These assumptions have been updated for the 31 March 2018 accounting position, based on updated analysis of the Scheme's experience carried out as part of the 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2018	2017
Mortality base table	<u>Pre-retirement:</u> 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females.	98% of SAPS S1NA "light" YOB unadjusted for males.
Mortality base table	<u>Post-retirement:</u> 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females.	99% of SAPS S1NA "light" YOB with a -1 year adjustment for females.
Future improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females.	CMI_2014 with a long term rate of 1.5% p.a.

# NOTES TO THE FINANCIAL STATEMENTS

## (continued)

for the year ended 31 July 2018

### 24 Pension schemes (continued)

#### c) USS (continued)

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:

	2018	2017
Males currently aged 65 (years)	24.5	24.4
Females currently aged 65 (years)	26.0	26.6
Males currently aged 45 (years)	26.5	26.5
Females currently aged 45 (years)	27.8	29.0

Existing benefits	2018	2017
Scheme assets	£63.6bn	£60.0bn
Total scheme liabilities	£72.0bn	£77.5bn
FRS 102 total scheme deficit	£8.4bn	£17.5bn
FRS 102 total funding level	88%	77%

#### d) STSS

Former members of the academic staff of St Andrew's College of Education are covered by the Scottish Teachers Superannuation Scheme (STSS). STSS 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 STSS 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. 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 £64k (2017: £69k). This includes £5k (2017: £6k) of outstanding contributions at the balance sheet date. Employees' regular contributions were £41k (2017: £44k) and £9k (2017: £8k) in respect of additional voluntary contributions.

#### e) NHSSS

NHS Superannuation Scheme (Scotland) (NHSSS) 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 £767k (2017: £724k). This includes £66k (2017: £65k) of outstanding contributions at the balance sheet date. Employees' regular contributions were £563k (2017: £535k) and £7k (2017: £8k) in respect of additional voluntary contributions.

# NOTES TO THE FINANCIAL STATEMENTS

## (continued)

for the year ended 31 July 2018

### 24 Pension schemes (continued)

#### f) MRCPS (continued)

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 University section of the MRCPS was at 31 December 2016 at which showed a surplus of £21m and the market value of the assets of the MRCPS was £66.9m, an ongoing funding level of 146% under the statutory funding objective. The actuarial value of the assets was sufficient to cover 146% 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 MRCPS Trustees seek to maintain sufficient assets in the scheme to avoid section 75 debts arising in the future and therefore use an additional funding objective. Liabilities are assessed on a buy-out basis and compared to existing assets. Under the additional funding objective at 31 December 2016 the University section showed a surplus of £1.3m, an ongoing funding level of 102%, so the objective was met at the valuation date.

From 1 August 2017 to 31 March 2018 the MRCPS employers' contribution rate was 14.9%. From 1 April 2018 the rate increased to 15.9%.

The table below shows the main financial assumptions adopted for the valuation as at 31 December 2016.

<b>Main financial assumptions</b>	<b>Statutory funding objective</b>	<b>Additional funding objective</b>
Investment return/discount rate	2.6%	1.9%
Earnings increases (long term) + promotional scale	4.1%	5.0%
RPI	3.5%	3.5%
CPI	2.6%	3.0%
Pension increases	2.6%	3.0%
Discount rate net earnings increase	-1.5%	-3.1%
Discount rate net pension increases	0.0%	-1.1%

The total pension cost for the University was £335k (2017: £376k). This includes £28k (2017: £31k) of outstanding contributions at the balance sheet date. Employees' regular contributions were £148k (2017: £174k) and £22k (2017: £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 total pension cost for the University was £1.2m (2017: £992k). This includes £113k (2017: £91k) of outstanding contributions at the balance sheet date. Employees' regular contributions were £508k (2017: £408k).

## Court Context Card 12 December 2018 - Principal's Report

Speaker	Professor Sir Anton Muscatelli	
Speaker role	Principal	
Paper Description	For information	
Topic last discussed at Court	Last report to Court was October 2018	
Topic discussed at Committee	NA	
Committee members present	NA	
Cost of proposed plan		
Major benefit of proposed plan		
Revenue from proposed plan		
Urgency	NA	
Timing	Various	
Red-Amber-Green Rating	Various	
Paper Type	For information / discussion	
Paper Summary	<p>Updates on areas listed in the paper as follows:</p> <ol style="list-style-type: none"> <li>1. Higher Education Developments <ul style="list-style-type: none"> <li>Brexit</li> <li>Post-18 Funding review in England</li> </ul> </li> <li>2. Universities Superannuation Scheme USS/Pensions update</li> <li>3. Research Hub / Themes</li> <li>4. Grant Capture</li> <li>5. Transnational Education TNE</li> <li>6. Key activities</li> <li>7. Senior Management Group Business</li> </ol>	
Topics to be discussed	In line with paper's headings	
Action from Court	To note/discuss if wishes	
Recommendation to Court		
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	<ul style="list-style-type: none"> <li>Risk 2a Government Policy (UK): Item 1</li> <li>Risk 1a Finance: Item 2</li> <li>Risk 7b Research &amp; 9 Estates: Item 3</li> <li>Risk 7b Research &amp; Risk 5 Reputation: Item 4</li> <li>Risk 4 Student &amp; Risk 6 Market: Item 5</li> <li>Risk 3a &amp; b HR &amp; Risk 5 Reputation: Item 6</li> </ul>	
Risk register - college level		
Demographics		
% of University	Items mainly relate to the University as a whole	
Operating stats		
% of		
Campus	All locations	
External bodies	UK Government; Scottish Government; SFC; USS	
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		



University  
of Glasgow

**Court - Wednesday 12 December 2018**

## **Principal's Report**

### **Items A: For Discussion**

#### **1. Higher Education Developments**

##### **Brexit**

In the summer, Court was updated on the ongoing discussions with the UK Government about the future of the UK's participation in the European Research and Innovation Area. In October, Court heard that there was subsequently a Russell Group delegation visit to Brussels to discuss the sector's prospects for participation in Horizon Europe.

Court also noted that EU staff affected by Brexit were being assisted as much as possible by University services, for example with regard to residency.

At the time of writing, the UK government has very recently agreed a draft Political Declaration (PD) on the future relationship with the EU, alongside the negotiated Withdrawal Agreement (WA) which sets out the terms of the UK departure from the EU. In the PD, the parties confirmed that they will discuss participation by Britain in the EU programmes including a potential science and innovation pact, education, and space, subject to "a fair and appropriate financial contribution" from the UK. There will also be discussion on the UK's participation in the EU-funded research facilities (European Research Infrastructure Consortia, or ERICs). The document records the UK's intention to stop free movement of EU citizens into the country, but it says the parties will "consider conditions for entry and stay for purposes such as research, study, training and youth exchanges". It is not clear what this means, in terms of researchers and students potentially having special migration rules when moving between the EU and the UK. As advised at the October meeting of Court, the Russell Group has lobbied for a liberal regime of a European Skills Permit if Brexit does not allow freedom of movement. The White Paper on immigration has been delayed however, until after the meaningful vote on the Brexit Deal planned for the 11<sup>th</sup> December.

On 22 November, the University hosted a Scottish Government Brexit Summit for Further and Higher Education. This coincided with the announcement of a joint statement signed by colleges, universities, trade unions and the Scottish Government, agreeing a united approach to protect Scottish tertiary education from the worst effects of Brexit. The statement (which I have included in an **Annex** to this report) sets out how all the parties will press the UK Government to reintroduce

a Post-Study Work Visa in Scotland, continue research collaboration and safeguard education relationships within Europe.

We have over 950 non-UK EU staff at the University, which is 13.2% of the total workforce and 21% of the University's academic research staff. There are also over 3,000 EU students at the University. Although not all Scottish HEIs will have such significant numbers, several will, and these figures give an indication of the scale of the matter as it affects both individuals and institutions.

I will update Court further at the meeting.

### **Post-18 Funding Review in England**

At the October meeting, in the context of the funding review in England, Court heard that the Department for Education has confirmed it will not report back until a ruling from the Office for National Statistics (ONS) has been issued on how student loans should be treated in the national figures on deficit and debt. This public cost of student finance could require to be rewritten in this context. ONS is expected to publish in December. A number of details from the Review have found their way into the press during November, and through the Russell Group we have been engaging with the UK Government and other stakeholders.

I will update Court at the meeting should there be details available. As Court has previously heard, the review into fees will take into account the ONS findings and report back to the government in the new year.

### **2. Universities Superannuation Scheme USS/Pensions update**

At the last meeting, Court heard that the Joint Expert Panel (JEP) gathered evidence over the summer of 2018, with its first report published in September. The Panel recommended a number of areas where adjustments to the 2017 valuation should be considered by USS as Trustee, including a re-evaluation of the employers' attitude to risk and greater consistency of approach between the 2014 and 2017 valuations, which would impact on the scale and timing of deficit recovery contributions. The JEP also referred to recent market improvements and data on mortality. The panel's proposals would require employers to take on greater risk, and both members and employers to pay higher contributions.

The report led to a series of consultations with both UUK members and within UCU. Court members were provided with a copy of the University's response to the UUK-initiated consultation with USS's participating employers on the JEP recommendations. UUK subsequently announced that employers were willing to support these, subject to USS providing more information on the additional financial risks involved – and if and how they could be managed and mitigated.

There was also a statutory employer consultation by USS on proposed changes to employee and employer contributions on the conclusion of the 2017 valuation by the Trustee under rule 76.4, inviting input from members on the proposed cost sharing provisions, the proposed schedule of phasing in of higher contributions and the removal of the employer match from 1 April 2019. USS has recently issued the outcome of its consideration of members' responses to the statutory employer consultation. It has advised that USS does not propose to make any changes to the cost-

sharing arrangements and will now consult with UUK (on behalf of the employers) before the arrangements are finalised. A summary of the consultation responses will be shared by USS with the scheme's formal stakeholders, through the Joint Negotiating Committee. This will conclude the 2017 valuation.

USS is now carrying out a new valuation of the scheme's funding position, as at 31 March 2018, in order to respond to the JEP's report and the UUK announcement of its support of the JEP conclusions, referred to above. Areas such as market data, forecasted investment returns and life expectancy will be updated, and use will be made of actual investment experience since the date of the last valuation (31 March 2017). There will be formal consultation with UUK (on behalf of employers) on the updated funding assumptions during December and January. After this, USS assess the proposals put forward by the stakeholders' panel and consider the scale of the additional financial risks involved, and the ways and means by which employers are willing and able to fund the risks that the Trustee could contemplate taking.

USS plans to finalise the updated contribution rates based on this new valuation in early February 2019 and the Joint Negotiating Committee will then consider how to address the outcome.

As member and employer representatives on the Joint Negotiating Committee could not agree on an alternative outcome to the 2017 valuation, default cost-sharing rules were triggered and member and employer contributions into the scheme will be increasing from 1 April 2019, with further increases planned in October 2019 and April 2020. Given the timescales, the April 2019 contribution increase cannot be avoided, but USS has indicated that it hopes an alternative way forward will be agreed before the significantly higher cost-sharing increases are planned to come into effect from October 2019.

## **Items B: For Information**

### **3. Research Hub / Themes**

In October 2017, Court approved the Full Business Case for the Research Hub.

In mid-October of this year, we received planning consent from Glasgow City Council to begin construction on the Hub, which will be the first building on the site of the former Western Infirmary. Work has now started on £113 million project, with completion expected in 2021.

We have also announced that research in the Hub will be initially focused around five thematic areas:

*Creative Economies and Cultural Transformation* – bringing together academics from disciplines such as creative and cultural policy, law, digital humanities and immersive technologies.

*Digital Chemistry* – enabling molecules, compounds and materials to be autonomously discovered, synthesised and manufactured from code. This thematic area will bring together expertise from chemistry, computing science and engineering and has the potential to be huge for transforming the production of pharmaceuticals.

*International Development* – natural scientists, vets, medics, engineers, educators, social scientists will come together to engage in poverty reduction in the global south.

*Quantum and Nanotechnology* – this thematic area will bring together researchers from engineering and science and collaborate with the health, energy and security sectors, for research into quantum imaging and sensors.

*Technology Touching Life* – bringing together medicine, engineering and chemistry to focus on health care innovations such as drug discovery, regenerative medicines and stem cell technologies.

The decision about the thematic areas followed a review of research across the four Colleges to identify large-scale research themes to form the initial occupancy for the Hub. The aim was to identify broad, large-scale themes which would enable us to showcase Glasgow's research strengths at scale, with a critical mass of researchers around themes which will open up new opportunities to compete for funding.

We also hope that the themes will help us attract international scholars and thereby raise the global profile and reputation of the University.

Still on the theme of research, the University was delighted to receive a donation of £5 million from the Pears Foundation for the construction of a new building to house our Institute of Health and Wellbeing. It will be named after Clarice Pears, who was born and raised in Glasgow. The Clarice Pears Building will help researchers tackle health inequalities by enhancing research collaborations across the Institute and its partners, and supporting engagement at a local, national and global level.

#### **4. Grant Capture**

In a recent THE survey reviewing UK HEI's performance in 2017-18 in terms of total cash awarded for open-call grants, the University performed extremely well. We moved from 14<sup>th</sup> to 9<sup>th</sup> and stand as the top University in Scotland with over £41m secured from 57 successful applications. This success is a tribute to the talent and determination of our academic colleagues, including the fellows and senior professors recruited through our Lord Kelvin Adam Smith programme. It is also an indication that our decision to reconfigure our professional support structure for grants by investing in resource, systems, and, crucially, embedding research support staff in local units, has paid off.

#### **5. Transnational Education TNE**

On the 19 October, the University of Glasgow Singapore (UGS) celebrated its largest ever graduation ceremony, with 368 graduates receiving degrees in a range of programmes delivered in partnership with the Singapore Institute of Technology (SIT). As part of this, the first cohort of graduates was awarded the new Bachelor of Science with Honours in Nursing, a joint degree delivered in partnership by the School of Nursing & Health Care and SIT. This programme was launched in 2016 as an addition to our suite of programmes in Engineering and Computing Science.

In October, Yahoo Finance Singapore ranked three UGS programmes at the top of their list of Singapore-based programmes with the highest Return on Investment (ROI) for graduates. The new Bachelor of Science in Nursing was ranked first, followed by the Bachelor of Science in Computing Science and the Bachelor of Engineering in Mechatronics.

A new collaboration agreement has also been signed with SIT, merging all previous collaboration agreements with SIT in order to deliver five joint undergraduate degree programmes, leading to a jointly awarded degree from academic year 2019/20 onwards. The degrees are BEng (Hons) in Aerospace Engineering; BEng (Hons) in Civil Engineering; BSc (Hons) in Computing Science; BEng (Hons) in Mechanical Engineering and BSc (Hons) in Nursing. As I said at the ceremony, this event marks an important milestone in the development of our long-standing partnership with SIT.

## **6. 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. I have, in the main, provided brief headings and can expand on any items of interest to Court.

### **Academic Development and Strategy**

5 November: Welcomed members to the first Strength in Places Fund (SIPF) and Govan development Project Board Meeting.

5 November: Hosted the Glasgow Health Sciences Partnership Oversight Board.

14 November: Took part in an MOU signing with the National Library of Scotland, in Kelvin Hall which outlines areas of joint activity for further development.

14 November: Attended and spoke at the launch of the University's Gaelic Plan which covers both academic and operational dimensions.

19 November: Colleagues and I met with Sir Iain MacLeod, Legal Adviser, Foreign & Commonwealth Office. He was on campus to deliver a lecture that evening following a one-day conference which our School of Law was hosting with the British International Studies Association on "International Law Under Pressure".

19 November: Welcomed and introduced Lord Kerslake who was giving a lecture, one in our Policy Scotland series, entitled: *The Role of the Civic University*.

20 November: Met with Sir Trevor Pears of the Pears Foundation and gave him a tour of our new campus development and the Western site. The Pears Foundation has donated £5 million to the University of Glasgow for the construction of a new building to house our Institute of Health and Wellbeing.

10 December: Attended the Beatson Board of Governors meeting.

11 December: Participated in a panel session on Brexit arranged by Stevenson Trust for Citizenship.

12 December: Welcomed and introduced the Royal Society of Edinburgh Young Academy of Scotland, Winter Plenary.

### **Internationalisation Activities**

11 October: Signed a new Collaboration Agreement with Singapore Institute of Technology (SIT) then hosted a dinner in the Lodging.

5 November: Welcomed and met with Sir Hilary Beckles, Vice Chancellor of the University of the West Indies.

14 November: Met with Professor Tom Kariuki, the Director of Programmes at the African Academy of Sciences.

16 November: Welcomed to the University and met with Zach Harkenrider, Counselor for Political Affairs U.S. Embassy London and Ellen Wong Principal Officer of the U.S. Consulate General Edinburgh.

28 November: Signed an MoU at the University with the University of Leuphana.

### **Lobbying/Policy Influencing and Promoting the University**

11 October: Via video conference, attended the SFC Research and Knowledge Exchange Committee and then an SFC Finance Committee Meeting.

11 October: Filmed an interview with BBC Eorpa European Affairs series on the University's position on Brexit and migration.

12 October: Welcomed, introduced and took part in a Q&A session with a Russell Group Planners Meeting that was hosted by the University.

12 October: Provided a piece to camera for a documentary on Adam Smith.

17 October: As Convener of the Russell Group, I and the CEO of the RG met with the Home Secretary.

18-19 October: Visited Rettore dell'Università di Torino and took part in discussions around the theme *European cities and strategic planning: 30 years later*. I had the opportunity to meet with Prof. Ajani, Rector; Prof. Lorenza, Vice-Rector for Didactics and Internationalization; Prof. Federico Bussolino, Vice Rector for Scientific Research; Prof. Giovanni Semi and Prof. Irene Bono, Department of Cultures, Politics and Society, University of Turin.

22-23 October: Attended and chaired the CASE Europe Board Meeting, Brussels and on 31 October participated in a teleconference CASE Governance Steering Committee meeting.

24-25 October: Participated in a number of Russell Group activities in my capacity as Convener of the Russell Group. On 24<sup>th</sup>, I met with Damian Hinds MP, Secretary of State for Education and in the evening, I met with Russell Group Registrars. The following day, I and representatives of the RG met with representatives of The African Research Universities Alliance (ARUA). This was followed by a RG Board meeting and then a meeting and discussion with John McDonnell MP, Shadow Chancellor. The day concluded with a RG dinner, and an opportunity for open

discussion. On 31 October, I chaired a Russell Group Chairs of Working Groups Face to Face Meeting.

26 October: I attended and spoke at the 40th Anniversary of the Italian Chamber of Commerce & Industry for UK Annual Conference, which was also attended by Greg Clark Secretary of State at BEIS. The theme I was asked to speak on was: *Innovation & Human Values: A Way Forward*.

28 October: I attended and participated in a panel session at a European Movement Scotland event providing a 10 minute address on the theme: "*Brexit Crisis: What Happens Next*".

29 October: I delivered the Engineering Scotland Autumn Lecture. My theme was *Engineering for Success* which focussed on our campus development plans.

1 November: I had a meeting with Martin Fairbairn, Chief Operating Officer and Secretary to the SFC Board.

2 November: I participated in a conference call with David Jones CEO Kaplan International and Linda Cowan Managing Director, and on 6 November, along with other Kaplan partners, attended a Board meeting of Graham Holdings, Kaplan's parent company, and then a dinner thereafter at which Lord Karan Billimoria, independent cross bench peer, gave the address.

6 November: In relation to USS, attended the Investment Committee Meeting, in London.

8-9 November: Attended the Scottish Funding Council Board Strategy days.

13 November: Travelled to Edinburgh for a meeting with Derek McKay MSP, Finance Secretary of Scotland.

15 November: Hosted a Russell Group lunch for the Director General of CBI Carolyn Fairbairn.

19 November: I gave an interview with Camilla Turner, Education Editor, The Daily Telegraph & The Sunday Telegraph.

21 November: Attended a USSL Trustee Board meeting.

22 November: I attended and spoke at a Ministerial Summit on Brexit, led by Richard Lochhead MSP, Minister for Further Education, Higher Education and Science. The University provided the venue for the Summit.

22 November: Met Councilor Susan Aitken, Leader of GCC at the City Chambers.

22 November: With colleagues, attended The Herald Scottish Politician of the Year Awards 2018 in Edinburgh.

25-26 November: Attended the USS Investment Committee Away Day, in Surrey.

5 December: Travelled to Hamburg as part of a ministerial visit by Ivan McKee, Minister for Trade, Investment and Innovation in association with the Hamburg Chamber of Commerce and Scottish Government Innovation and Investment Hub in Germany. Following a keynote from Mr McKee, I took part in a panel session on “Scotland’s Future Relations with Europe”.

4 December: Meeting with Philip Augar, for the Russell Group.

6 December: Attended a USS Institutions Meeting in London.

6 November: Hosted a Russell Group Small Dinner. Professor Sir Mark Walport was the speaker.

### **Internal activities and Communications and Alumni events**

15 October: Regular monthly meeting with SRC sabbatical officers and again on 1 November and 11 December.

15 October: Hosted a private dinner in the Lodging to mark Professor John Briggs’ contribution to the University in his role as Clerk of Senate.

30 October: Attended, gave the welcome and chaired Q&A for the Honorary Degree award to Mark Beaumont, who gave a lecture following the degree ceremony entitled: *Around the world and back to Glasgow*.

1 November: Met with Professor Rona Mackie who was handing over a portrait of her husband, the Nobel Laureate, Professor Sir James Black in advance of the renaming of the West Medical Building, to the Sir James Black building which took place on 23 November.

2 November: Travelled to Edinburgh for a breakfast meeting with Mike Russell, Cabinet Secretary for Government Business and Constitutional Relations.

9 November: Attended the Adam Smith Club Dinner. The speaker was Paul Johnson, Director of the Institute of Fiscal studies.

11 November: Attended and gave the address at this year’s Remembrance Service.

12 November: I gave the welcome and introduction to the EU Project Platform Workshop on Financial Literacy, financial technology and their interactions which was part of the EU-project PROFIT, which was meeting in Glasgow over two days.

12 November: Hosted a lunch for Dr Adam Posen who was later to deliver a lecture in one of our Policy Scotland series which I introduced. Dr Posen is President of the Peterson Institute for International Economics.

21 November: Attended a dinner for invited guests in the Caledonian club and hosted by Brian McBride.

24 November: Attended and participated in the thanksgiving service held in the University chapel for Sir William Kerr Fraser, former Principal and Chancellor of the University.

27 November: Met with Prof Biswas, one of the world's most distinguished experts on the issue of managing water resources and conferred the honorary degree of Doctor of Engineering on him the next day at our winter Graduations.

28 & 29 November: Presided at our Winter graduations and as a pilot, linked up with some of our online distance students around the world to graduate them 'on line'.

9 November: Attended the service of Nine Lessons & Carols, and gave the final reading.

11 December: Held a Principal's Surgery.

## **7. Senior Management Group business**

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

### ***SMG Meeting of 8 October***

- Review of Research Advances
- Procurement Brexit Review
- EU Domiciled Students
- Capital Programme Update
- PDR 2017–18 Analysis/Pay for Performance
- REF2021: Interim Code of Practice for the Selection of Outputs
- Terms of Reference – Campus Names Group

### ***SMG Meeting of 16 October***

- Brexit
  - HR issues
  - Interest Free Immigration Fee Loan Scheme
  - Research issues
  - Student (fee) and exchange issues
  - Finance & Procurement
- Renewal of the Lord Kelvin Adam Smith (LKAS) PhD Scholarship Scheme
- Joint PhD Programme with the University of Edinburgh
- League Table Action Group: HESA Category Review
- PG Deposits
- Ref Reviews:
  - UoA 16 Urban Studies
  - UoA 20 Law

### ***SMG Meeting of 22 October***

- Renewal of the Lord Kelvin Adam Smith (LKAS) PhD Scholarship Scheme: Updated 22 October 2018
- SFC Outcome Agreement: Self-Evaluation October 2018

### ***SMG Meeting of 29 October***

- Research Advances: Update
- SFC Outcome Agreement: Statement on Use of REG to Support Research Excellence
- Visit of the Vice Principal (Research) to Schools and Research Institutes

### ***SMG Meeting of 5 November***

- Post-18 Review

### ***SMG Meeting of 12 November***

- ELIR
- Staff Survey
- University Leadership Programme: call for projects
- Queen's Anniversary Prize proposals
- LKAS Readerships Scheme: proposal for advertising

### ***SMG Meeting of 20 November***

- SMG Capital Programme Update – November 2018
- Brexit
  - HR issues
  - Research issues
  - Student (fee) and exchange issues
  - Finance & Procurement
  - Travel Disruption
- Risk Management Policy
- Risk List
  - Risk 7a & 7b - Corporate Risk Register: Research and Appendix
  - Research Beacons
  - TRM (7b)
  - Strategic Alignment of major research investment
- Academic Promotions Criteria
- Strategic alignment

### ***SMG Meeting of 3 December***

- Nankai Joint Graduate School
- Draft Outcome Agreement
- ELIR
- Interim Research Reviews
  - UoA 28B, Celtic and Gaelic
  - UoA 33, Theology and Religious Studies
  - UoA 35, Music
  - UoA 36B, Information Studies

## **Annex**

*Joint statement by Scottish Government, Colleges Scotland, Universities Scotland, National Union of Students Scotland, UNISON, Educational Institute of Scotland, University and College Union and Royal Society of Edinburgh.*

Scotland's story, and especially that of our universities, has been shaped by our close relationship with Europe. The UK's expected departure from the European Union (EU) raises major issues and risks for our colleges and universities as well as for their staff and students. We will work together to do everything we can to safeguard and continue to strengthen Scotland's relationship with the rest of Europe.

We are proud that, to date, Scotland has been a destination of choice for staff and students from around the globe. EU nationals - whether students, researchers, lecturers or other staff – continue to be welcome at our universities and colleges. EU nationals add to the diversity of our communities, enrich the learning experience, promote international collaboration and networks, boost the quality of our research, support knowledge exchange, and contribute to local businesses and jobs.

We welcome opportunities for Scottish-based students to study abroad and for international students to study in Scotland, particularly through Erasmus+ which is particularly important to students and others who would not otherwise be able to access such opportunities. We recognise that student mobility improves academic attainment, enhances the learning experience and increases employability, as well as promotes Scotland as a learning nation globally. We seek clarity from the UK Government on their detailed plans for implementing the guarantee in respect of Erasmus+ in the event of No Deal, and on their commitment on future participation.

We want EU nationals living, working and studying in Scotland to feel settled and secure. We will therefore continue to encourage the UK Government to provide an early guarantee of the rights of EU nationals already working and studying in Scotland or entering the UK in future to do so. We also call on the UK Government to introduce a post study work route in Scotland to enable our universities and colleges to continue to attract and retain talent from across the world.

Scotland's research is widely recognised as amongst the best in the world and is underpinned by collaborations which have helped secure significant funding from European research programmes. We will work together to support Scottish universities in building on their existing relationships to continue to collaborate with a wide range of European partners. We call on the UK Government to make clear how the guarantee in the event of No Deal will be implemented for Horizon 2020 in practice and seek clarity on how the UK Government will enable the UK to fully participate in Horizon Europe.

Through the full use of its devolved powers, the Scottish Government will do all it can to address the risks of Brexit, supporting the sustainability and competitiveness of Scotland's tertiary system. This will include the attraction of students from the EU, enriching the experience of all students, and supporting our economy, public services and culture.

We will work together using our collective influence in Europe and beyond to ensure it is widely understood that Scotland's universities and colleges remain open and welcoming to EU staff and students, and will do our utmost to continue to collaborate with our European partners.



**Court – Wednesday 12 December 2018**

**Report from the University Secretary**

## **SECTION A - ITEMS FOR DISCUSSION / DECISION**

### *A.1 HE Governance (Scotland) Act 2016*

As Court was reminded at the last meeting, a Court-Senate working group was set up to look at options for the various staff memberships of Court, including members from Senate, the Trade Unions and the wider staff body. The intention as expressed by Court has been to keep as close to current arrangements as possible, retaining 11 ‘internal’ members and a total of 25 members, while at the same time ensuring compliance with the HE Governance (Scotland) Act 2016.

Court was advised that a full paper would be brought to the present meeting – that paper is now attached at **Annex**. It contains recommendations **which Court is invited to approve**.

Alongside the paper are two draft Ordinances, which reflect the working group discussions and also the proposals that appear in the Council of Senate Communications with regard to the future composition of the University’s academic body.

**Court is invited to approve the draft Ordinances.**

Subject to Court’s approval, it is hoped that the changes can be implemented with effect from August 2019.

### *A.2 Brexit – EU Staff and Students*

The Principal will also cover Brexit matters in his paper to Court.

As Court is aware from the Principal’s regular reports, the University and the sector have been informing the UK and Scottish governments of our views on the importance of HE in the Brexit negotiations and in particular on the rights of non-UK EU colleagues. This has included seeking clarity on the Settlement Scheme process proposed for EU citizens in the UK, including how this would operate in the event of a no-deal.

HR and Student Services colleagues have been providing guidance and support to staff and students since the EU referendum took place. Court members may wish to look at details at <https://www.gla.ac.uk/explore/euinformation/> There are dedicated email addresses for affected staff and students to contact the University. The website contains information that has been regularly updated; it also includes FAQs.

On 14 November, we advised affected staff that the Home Office has confirmed they can now register to take part in the EU Settlement Scheme pilot. The pilot applies only to people working in the Higher Education sector and covers EU citizens or Non-EU family members of EU citizens. The individuals are able to make an early application for new UK immigration status so they can continue to live and work in the UK after the end of the planned implementation period on 31 December 2020. We had already advised that if there

are colleagues who wish to consider applying for settled status in the UK, the University will reimburse the cost of making an application.

There are also dedicated sources of information for current students and prospective students/applicants from the EU, and students who are planning an Erasmus+ exchange to or from Glasgow. This includes information on tuition fee status. <https://www.gla.ac.uk/study/eu/>

### A.3 *Safeguarding Policy*

As Court heard earlier in 2018, the University has long-standing arrangements relating to the protection of vulnerable groups to ensure that, where relevant, applicants, employees and students are members of the Protection of Vulnerable Groups Scheme, which was introduced by the Protection of Vulnerable Groups (Scotland) Act 2007.

In the light of Court discussion about wider safeguarding matters, including the possibility of guidance and/or regulations for members of the University who might be engaged in activities with vulnerable individuals overseas, a more wide-ranging policy was developed to provide guidance on the University's responsibilities in relation to safeguarding children, young people and vulnerable adults.

The draft policy was approved by the Equality & Diversity Strategy Committee in the late spring, and this fact was reported to Court via my report in June 2018, with the document annexed at that time. Since then, there has been extensive consultation with feedback received from a number of areas including: Student Experience Committee, Education, Policy & Strategy Committee, Chief Advisers of Studies Committee, the Gender Based Violence Workstream 3 and the University's Crisis Team. There has also been an Internal Audit on Safeguarding which found the draft policy fit for purpose. Finally, a few minor changes have been made in response to requirements set by external funding bodies.

#### **Court is invited to approve the final version of the policy.**

Once it is approved, the policy will be launched; this will be taken forward by the Senate Office in dialogue with the Communications Office. Implementation of the policy including training will be co-ordinated through the Lead Safeguarding Officer.

## **SECTION B – ITEMS FOR INFORMATION / ROUTINE ITEMS FOR APPROVAL**

### B.1 *IPSC visibility for Court*

At the last meeting, I was asked to review how Court is sighted on the work of the Information Policy & Strategy Committee.

As IPSC reports into Senate, information coming to Court has been quite limited in recent years. Given the increasing importance of IT/information to all aspects of University life, I have discussed the matter with the chair of the IPSC, Vice-Principal Professor Frank Coton, and subsequently with the Convener of Court. We have agreed that the work of the Committee should be given greater prominence. Frank and senior colleagues will give an annual presentation to members, normally at the February meeting, although in 2019 it will be in April, because of diary clashes at what is relatively short notice. The minutes of IPSC meetings will also be shared with SMG and key items highlighted as appropriate.

## B.2 *Court Strategy Day 28 September – Summary report*

As referred to in October, headline outputs from the Strategy Day are being provided to Court.

## B.3 *Student Experience Committee – awayday*

The SEC held an awayday on 15 November. There were sessions around an overarching theme of exploring initiatives that could have a transformative impact on the student experience. A set of questions about student wellbeing, communicating with students, the physical environment and residences was used to capture views from members. A summary of the main points discussed is attached at **Annex**.

## B.4 *Correspondence addressed to Court members*

Court members have recently received (by email) a copy of a letter relating to an ongoing case involving a member of staff; my reply was also included.

**Court members are invited to agree a protocol for dealing with any similar correspondence**, where a member of the University community of the public asks the Court Office to forward their correspondence to the entire governing body.

It is suggested that on receipt of any such correspondence, an initial discussion takes place between the University Secretary and the Convener of Court, to agree the most appropriate course of action. Where the subject matter of the correspondence relates to matters for which University procedures exist, possible outcomes might include: forwarding the correspondence to be dealt with under the appropriate University procedure e.g. complaints or relevant HR procedure(s); or forwarding the correspondence to the Audit & Risk Committee where the subject matter comes within areas covered by its remit.

Members are reminded that the University already has a Whistleblowing procedure <https://www.gla.ac.uk/myglasgow/humanresources/mgrs-admin/employee/whistleblowing/> , with a process to be followed if that procedure is invoked.

## B.5 *Media Report*

At the February and June meetings, Court received a digest of recent media coverage and summary details of social media interaction with the University. Court agreed that such information should be provided from time to time during the year.

## B.6 *Summary of Convener's Business*

During the last session it was agreed that a summary of activities undertaken by the Convener would be provided to Court meetings. The details are at **Annex**.

## B.7 *Nominations Committee business*

### *Investment Advisory Committee IAC*

The Committee is augmenting its membership by one.

The Nominations Committee recommends to Court that Ms Susan Anderson be appointed to the Investment Advisory Committee, to serve for 4 years with immediate effect. Ms Anderson is a recently retired senior investment strategist with 37 years' experience in

asset management. She has experience which includes portfolio management and pensions fund management.

**Court is invited to approve this recommendation.**

*Human Resources Committee HRC (for information)*

Following recommendations from the Nominations Committee to Court, which has approved the recommendations between meetings, Mr Martin Glover and Mr Shan Saba have been appointed to the HRC for 4 years from 15 November 2018.

**B.8 Student Experience Committee – remit**

At the last meeting, it was clarified that the remit of the Committee already covered access matters for students who lived at home, under the reference to the ‘at risk’ category, but it was agreed that this would be made more explicit.

**Court is asked to approve an amendment to point 3 in the remit as follows:**

Ensure that the University’s provision for the student experience reflects the diversity of needs within the student population (e.g. overseas, part-time, mature, visiting and disabled students, BAME students, care leavers, students with children or caring responsibilities *and students who live at home*).

**B.9 Energy Strategy**

At the end of October, the University’s new Energy Strategy was launched. Its aim is to reduce energy consumption and carbon emissions across our large estate, which contains buildings ranging in age from the 19th to the 21st century. We are intending to deliver at least 6,000 tonnes of our target CO2 savings across the term of the five-year strategy, which forms a key part of the University’s sustainability strategy and carbon management plan. That plan also covers waste and recycling, sustainable travel, climate change adaptation and biodiversity.

<https://www.gla.ac.uk/myglasgow/sustainability/energymanagement/>

The target is seen as ambitious but achievable, while also ensuring that we continue to provide a reliable and resilient energy supply to the estate.

The Estates team is developing strategic relationships with the academic community and bodies including SP Energy Networks and the Innovation Gateway – an alliance of organisations working to reduce costs and environmental impacts of their buildings – to ensure the University’s new campus buildings benefit from excellence in design. Buildings and infrastructure in the new development will have the following energy efficient attributes: A BREEAM rating of Excellent and EPC Energy Performance Certificate certification of A (BREEAM is a leading environmental assessment method for master planning project, infrastructure and buildings); Heating and hot water from the expanded district heating network; Photovoltaic (solar-powered) panels installed on roofs; Rainwater harvesting; Smart street lighting; Automated building management and lighting controls.

## Implementation of Higher Education Governance (Scotland) Act 2016: Composition of Court

### 1. Background

The composition of the Court is defined in the Higher Education Governance (Scotland) Act 2016 as

- The senior lay member
- Two elected staff members
- One person nominated by a Trade Union from among the academic staff who are members
- One person nominated by a Trade Union from among the support staff who are members
- Two members nominated by the Students Representative Council
- Such other members as determined by other governing instrument.

In our case, the last point refers to Ordinance 207 on the Composition of Court (which will require to be updated).

Our current composition satisfies this in all but the Trades Union members. [The senior lay member is the Convener of Court (a co-opted member) and we have a total of 8 elected members of staff (6 Senate Assessors and 2 Employee Representatives).] The elected members, together with the Principal and two student members, constitute the 11 'internal' members of Court.

Court has agreed that it wishes as little disruption as possible to Court's existing membership categories, retaining the membership at 25 (and no more) and retaining a clear lay majority.

### 2. Development of proposals and consultation

A Working Group<sup>1</sup>, involving members from both Court and Senate, was established in late 2016 to bring forward recommendations to Court to satisfy the above criteria. It met on three occasions during 2017 and 2018, with dialogue between meetings, and consulted on its proposals with both Senate and the recognised Trades Unions (on two occasions each). A copy of this paper was also shared with the members of the Joint Union Liaison Committee (JULC) for any final comment.

### 3. High level recommendations

Given the requirement of the Higher Education Governance (Scotland) Act 2016 to include two Trades Union nominees, the Working Group **recommends** to Court:

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<sup>1</sup> Membership of the Working Group comprised

Court nominees: Mr Dave Anderson, Mr Graeme Bissett, Ms Heather Cousins, Dr Morag McDonald-Simpson and

Senate nominees: Professor Marc Alexander, Professor John Briggs (Clerk of Senate), Professor Carl Goodyear (Senate Assessor on Court), Professor Nick Hill (Senate Assessor on Court). Professors Carl Goodyear and Nick Hill replaced Professor Karen Lury and Dr Duncan Ross in August 2017 on their retirement from Senate.

- i) the election of **five** Elected Academic Staff (rather than six Senate Assessors);
- ii) securing **two** nominations from the Trades Unions, one nominee to be a member of academic staff and one nominee to be a member of support staff, in line with the 2016 Act;
- iii) maintaining **two** professional services<sup>2</sup> members of staff on Court, of whom at least one is on grade 6 or below. One of these two professional service members ('support staff' in the parlance of the Act) will be the Trade Union-nominated member of support staff referred to in ii) above.

In so doing, the arrangement keeps as close to the current arrangements as possible, maintaining 11 'internal' members of Court and a total of 25 members of Court, complying with the brief given by Court. A summary of the current and proposed compositions is attached as Appendix 1.

An alternative proposal, increasing the number of elected professional services staff (specifically on grades 1-6), was suggested by Margaret-Anne McPartland on behalf of the trades unions. That proposal was to replace one lay member by a member of support staff (the proposal is attached as Appendix 2). The Working Group considered this proposal as well as a further alternative, which was to add a 3<sup>rd</sup> member of professional services staff without reducing the number of lay members. The Working Group's view was that neither of these proposals were appropriate, as both proposals would involve increasing the size of Court to keep a **clear** lay majority.

The rest of this paper sets out the detail of the proposed implementation following discussions by the Working Group. These recommendations cover:

- the mechanism to identify the professional services member of staff who is not a Trades Union nominee;
- the mechanism for electing the five academic staff members, including: College representation, seniority (i.e. professorial or otherwise), and the composition of the electorate;
- the electorate for the professional services member of staff who is not a TU nominee;
- the rules for nominating Trades Union members; and
- the terms of office of all of these positions.

#### **4. Identifying the professional services member of staff who is not a Trades Union nominee**

The current arrangement for identifying the Employee Representatives on Court is to seek a nomination from the campus trades unions (through the Joint Union Liaison Committee) and subsequently to invite other nominations from the staff body as a whole. If required (i.e. if there is/are nominee(s) from the staff body as a whole, in addition to the JULC nominee), there is a ballot of all staff.

In addressing arrangements to be compliant with the 2016 Act we require to treat separately the Trades Union nominations on the one hand (which do not require to be put to a further

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<sup>2</sup> The current composition of Court includes two members of professional services staff as Employee Representatives; however, the rules associated with those positions **could** return one academic and one professional services member (the latter from grades 1-6).

ballot) and the election of a professional services member of staff on the other, which will require a ballot if more than one candidate stands – see below for elections.

In securing a member of ‘support staff’ on grade 6 or below, the Working Group **recommends** to Court that the Trades Unions should be asked to nominate an individual in that category. It further **recommends** that the elected professional services member of staff would come from one of the Management, Professional and Administrative (MPA); Technical and Specialist; or Operational job families<sup>3</sup>, with no constraints on grade.

## 5. Election of academic staff members

To secure an appropriate balance of Professorial and non-Professorial academic staff, at least two (of the current six) academic staff members (Senate Assessors on Court) must be Professorial and two non-professorial; representation must also be from each of the four Colleges. For election of the five academic staff members in future, the Working Group **recommends** to Court that representation of all four Colleges should be maintained. It is also **recommended** that at least one should be professorial and one non-professorial, recognising the balance between having seniority and experience *versus* what could be small numbers of potential candidates from some Colleges. The Council of Senate supported this, noting that it was in keeping with the requirement for at least 20% of the elected members of Senate to be non-professorial.

The Higher Education Governance (Scotland) Act 2016 states that persons elected by the staff of the institution must be from among their own number but leaves it for the Court to decide the election process, including how it wishes to define ‘staff’ (i.e. the electorate), who may be:

- (I) Academic staff,
- (II) Support staff, or
- (III) All staff

The electorate for the current Senate Assessors on Court is members of Senate i.e. comprises research and teaching staff only.

Two options exist for the future: the electorate for the five Elected Academic Staff members could continue to comprise only academic staff (i.e. those from the Research and Teaching job family) or it could comprise all staff. The Working Group considered those options and agreed to **recommend** to Court that the electorate be confined to academic staff. This is supported by the Council of Senate.

## 6. Election of professional services or support staff

The electorate for the current (two) Employee Representatives, should a ballot be required, is all staff on the monthly payroll at a defined date.

The Working Group agreed that a consistent approach be taken to the election of academic and professional services staff and, therefore, **recommends** that the electorate for the professional services member is the body of professional services staff on the monthly payroll (MPA, Technical and Specialist, and Operational job families).

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<sup>3</sup> The university has four job families: Research and Teaching, MPA, Technical and Specialist, and Operational.

## 7. Trades Union nominees

While the definition in the Scottish Code of Good Higher Education Governance describes Trade Union nominees as follows:

“... of which at least one must be nominated by a union representing academic staff and one by a union representing non-academic staff.”

the Act states that

“1 person (is) appointed by being nominated by a trade union from among the academic staff of the institution who are members of a branch of a trade union that has a connection with the institution.” and

“1 person (is) appointed by being nominated by a trade union from among the support staff of the institution who are members of a trade union that has a connection with the institution.”

The difference is subtle, but the Act requires that, of the two Trade Union-nominated members, one is a member of academic staff and one is a professional services employee (or, in the parlance of the Act, a member of support staff). Legal advice has clarified that the Act takes precedence. Accordingly, we are required to have one academic and one ‘support’ staff nominated by Trades Unions. It is **recommended** that the academic member is from the Research and Teaching job family and the ‘support staff’ member from one of the remaining three job families (MPA, Technical and Specialist, or Operational).

As noted above it is **recommended** that the support staff Trades Union member would be on grades 1 to 6. The Working Group **recommends** that no grading constraints (professorial or non-professorial) should be applied to the academic staff nomination.

The Court is required to specify the rules of the nomination process. The Working Group **recommends** that we continue the practice of asking the Glasgow University Joint Union Liaison Committee (JULC) to provide the name of the nominees, noting the requirements of the Act. This is supported by JULC.

## 8. Terms of office

The current periods of appointment for both Senate Assessors and Employee Representatives is 4 years. The Working Group **recommends** that the terms of office for all of the elected staff members and the Trades Union nominees is 4 years and that no more than two contiguous terms of 4 years is possible. This should apply to all Court members, in keeping with the provisions of the Scottish Code of Good Higher Education Governance. This was supported by all parties during the consultation process.

## 9. Next steps

Court is asked to agree the recommendations of the Working group as identified above. Engagement with the Scottish Government with regard to the Ordinance process to formalise compliance has already started – if the recommendations above are agreed, an Ordinance on the composition of Court will be drafted and consulted upon as required. In parallel, consequential detailed rules for election and nomination (as appropriate) of staff members will be drafted and will come to Court for approval.

Dr Dorothy Welch (on behalf of the Working Group)  
3 December 2018

## Composition of Court

Current		end of term of office
Rector	Mr Aamer Anwar	Mar-20
Principal	Professor Sir Anton Muscatelli	
City of Glasgow Council Assessor	CLlr Susan Aitken	May-20
Chancellor's Assessor	Mr Ronnie Mercer	Oct-19
General Council members (2)	Dr Morag McDonald-Simpson Ms Lesley Sutherland	Jul-22 Jul-22
Senate Assessors (6)	Professor Lindsay Farmer Professor Nick Hill Dr Simon Kennedy Dr Bethan Wood Professor Kirsteen McCue Professor Carl Goodyear	Jul-19 Jul-19 Jul-21 Jul-21 Jul-21 Jul-22
SRC President	Ms Lauren McDougall	Jul-19
SRC Assessor	Mr Elliot Napier	Oct-19
Employee Representatives (2)	Mr Dave Anderson Ms Margaret-Anne McPartland	Jul-19 Jul-19
Co-opted members (≤9) (Convener)	Dr June Milligan Ms Elizabeth Passey Ms Elspeth Orcharton Mr Gavin Stewart Mr David Finlayson Mr Graeme Bissett Mr David Milloy Dr Ken Sutherland Ms Heather Cousins	Oct-19 Jul-20 Oct-20 Mar-21 Oct-21 Dec-21 Dec-21 Dec-21 Mar-22
<b>TOTAL</b>	<b>25 members</b>	
	of which 11 (highlighted in green) are UoG	

Compliant with the 2016 Act (assuming effective from August 2019)		end of term of office	comment
Rector	Mr Aamer Anwar	Mar-20	
Principal	Professor Sir Anton Muscatelli		
City of Glasgow Council Assessor	CLlr Susan Aitken	May-20	
Chancellor's Assessor	Mr Ronnie Mercer	Oct-19	
General Council members (2)	Dr Morag McDonald-Simpson Ms Lesley Sutherland	Jul-22 Jul-22	
Elected academic staff (5)	Dr Simon Kennedy Dr Bethan Wood Professor Kirsteen McCue Professor Carl Goodyear TBA	Jul-21 Jul-21 Jul-21 Jul-22 Jul-23	
SRC President	TBA	Jul-20	
SRC Assessor	Mr Elliot Napier	Oct-19	
Elected professional services staff (1)	TBA	Jul-23	
Co-opted members (≤9) (Convener)	Dr June Milligan Ms Elizabeth Passey Ms Elspeth Orcharton Mr Gavin Stewart Mr David Finlayson Mr Graeme Bissett Mr David Milloy Dr Ken Sutherland Ms Heather Cousins	Oct-19 Jul-20 Oct-20 Mar-21 Oct-21 Dec-21 Dec-21 Dec-21 Mar-22	Senior lay member
Trade Union nominee (academic staff)	TBA	Jul-23	
Trade Union nominee (support staff)	TBA	Jul-23	
<b>TOTAL</b>	<b>25 members</b>		
	of which 11 (highlighted in green) are UoG		



## Campus Union's proposal on Court Governance

We believe the Court Working Group proposal is over-complicated and difficult to understand. It also adheres to a very narrow and restrictive definition of the word "Academic" and an extraordinarily, broad definition of the word "Support".

The process should be very simple. In order to accommodate two Trade Union Staff members on Court, two current Court members need to go.

Our proposal is as follows:

Reduce the Senate Assessors by One (as already suggested by the Working Group) and reduce the lay persons by one.

As we currently have 14 lay members of Court and 11 staff/student members. The reduction of one lay member would leave Court with 13 lay members and 12 staff/student. Still a lay person Majority.

Under the proposed new arrangement, this would mean:

- **One elected staff member from Academic/ Academic related staff, Grade 7 and above (currently Dave Anderson)**
- **One elected staff member from Non- Academic staff, Grade 6 and below (currently, Margaret Anne McParland)**
- **Five Elected Academic staff (currently, Senate Assessors)**
- **Two Student reps**
- **Thirteen Lay members**
- **One Trade union member from an Academic Union (currently, UCU)**
- **One Trade Union member from a Non -Academic Union (currently, Unison, Unite or GMB)**
- **The Principal**

**Total 25.**

This would fulfil the remit of Court, The Scotland Act and the Scottish Code of Good HE Governance 2017.

1. It would keep the Court membership at 25
2. It would keep a lay majority
3. It would accommodate two Trade Union members
4. It would maintain and/or increase diversity on Court, as would include lower- graded and lower-paid members of staff in a way that Court, at present, does not.



# University of Glasgow

Court - 12 December 2018

## Student Experience Committee – Report of Away Day held on 15 November 2018

**Dr David Duncan & Ms Lauren McDougall (Co-conveners)**

The Student Experience Committee met for an Away Day on the afternoon of 15 November 2018. In addition to committee members, Robert Garnish (Commercial Services Director), Chris Green (Chief Transformation Officer), Karen Morton (Head of Student Support and Wellbeing) and Mhairi Taylor (Equality and Diversity Manager) were in attendance.

The objective of the half day was to promote thinking about shaping the (non-academic) student experience, looking at the specific question: *How do we make the student experience truly world class at Glasgow in the medium term?*

Four sessions were held: each was started with an introduction, followed by group/plenary discussions

The topics covered were as follows:

Topic	Lead
1. Student Wellbeing	Robert Partridge/ Jane Weir
2. Communicating with Students	Peter Aitchison/Heather Corley
3. The Physical Environment - facilities on campus	Ann Allen
4. Student Residences	Ann Allen

### Student Wellbeing

The discussion identified a number of themes relating to student wellbeing with the need for a strong culture of support aligned to a clear sense of University community being prioritised in order to give students a feeling of belonging. It was recognised that steps had already taken, for e.g. in the pre-admission material sent to students, but this needed to be continued through effective communication with students once they commenced studies. The quality of the physical space was also considered critical for the development of community. And it was agreed that the quality of academic provision was fundamental to student wellbeing with the need for students to be offered exciting and challenging courses.

Key areas for action:

- Development of a supportive and inclusive culture which retains a focus on the educational purpose of University.
- Enhancement of physical space on campus for socialising (indoor and outdoor).

- Improving students' understanding of wellbeing, encouraging self-help strategies particularly for good health and tackling common minor (non-critical) issues.
- Improving student networking to mitigate against early-stage homesickness in a new environment.
- Finding ways to personalise the student experience and give students a sense of fairness in the way they, and others, are treated.

## **Communications**

Discussion explored how more effective two-way communication could be developed with students. It was agreed that good communications were essential to implement many of the actions associated with improving the student experience. The multiple sources of information and the numerous channels for communicating with students were particular challenges. Co-ordination and management were required to avoid duplication and bombardment of messages to students.

Key areas for action:

- Create a 'meta-narrative'
- Consideration of *how* we communicate and *what* we communicate.
- Prioritise essential information and decide how to communicate this – repeat essential messages only.
- Clarifying which communication channels would be used for essential information, helping students to identify essential messages that require their attention.
- Adopt consistency and clarity in our messages.
- Review the use of email – is it fit for purpose in communicating with the student body?

## **Physical Environment**

The Group considered what in the physical environment makes the biggest difference to the student experience, and how extended opening should be managed to best support students. A clear link between the development of community and physical space was identified, along with a range of suggestions aimed at improving the environment in practical terms.

Key areas for action:

- Identify longer standard open hours for core buildings on campus and provide associated facilities - catering, student sports, locking-up. Centralise funding of janitorial/security staff overtime for longer opening in other areas.
- Creation of areas, or enhancement of current spaces, to facilitate social interaction. Consider re-location of catering/social hubs (e.g. using high floor levels with spectacular views). Use external spaces for outdoor gym, food market. Introduce more unexpected 'smile' features (e.g. the Cloisters Fairy Lights) to make the environment more welcoming and attractive.
- Ensure safety especially in darkness, both in main thoroughfares and around short-cuts and back areas.

- 'Quick-win' practical solutions e.g. improved signage, accessibility to self-service microwaves, bike stands, storage lockers.

## **Student Residences**

It was reported that currently student satisfaction rates with our residential accommodation do not compare well with the national average or other Russell Group institutions. Groups were encouraged to consider how residences could be improved to meet the diverse needs of students.

Key areas for action:

- Build a sense of community and identity within residences, e.g. through: pre-arrival information; improved common spaces; volunteering/citizenship opportunities. Focus on residences as an integral part of the student experience, particularly for First years.
- Improve transport links between campuses and residences – possible partnerships with local transport providers.
- Practical improvements: review allocation policy to take preference for quiet space/flats; improve provision of printing facilities in all residences.
- Consider re-location of residences to/next to Gilmorehill campus to avoid commuter culture. Review Wolfson Hall for possible conversion to non-catered accommodation for Garscube campus.
- Consider provision of affordable aspirational space, establish a set of design standards for residences (e.g. provision of en-suite).

## Convener of Court

### Summary of Business – 11 October 2018 to 12 December 2018

Date	Meeting	Location
12 October 2018	CUC Autumn Committee Meeting	Conference Call
17 October 2018	Committee of Scottish Chairs Meeting	Conference Call
25 October 2018	CPG on Colleges and Universities *	Edinburgh
2 November 2018	Court Induction Day	Glasgow
	Edinburgh Roundtable – Bank of England	Edinburgh
6 November 2018	Russell Group Chairs Meeting	Nottingham University
7 November 2018	Campaign Leadership Board	Conference Call
12 November 2018	Investment Sub Committee	Conference Call
19 November 2018	Finance Committee	Conference Call
22 November 2018	Pre-Court Officer's call	Conference Call
23 November 2018	Update Meeting with Anton Muscatelli	Conference Call
26 November 2018	30% Club HE Working Group	Conference Call
28 November 2018	Remuneration Committee	Conference Call
	Women Count (Leaders in HE 2018)	London
12 December 2018	Court Pre-Briefing Meeting Lay Members Meeting Court Briefing – Alumni Relations Court Court Dinner	University of Glasgow

\* apologies given

**Court Context Card 12 December 2018 - Audit & Risk Committee**

Speaker	Ms Heather Cousins	
Speaker role	Audit & Risk Committee Chair	
Paper Description	Minute of Committee meeting 7 November 2018 Audit & Risk Committee Annual Report to Court 2017/18, which will be presented to Court by the Committee chair	
Topic last discussed at Court	Last Audit & Risk Committee report October 2018	
Topic discussed at Committee	See paper summary section. Heather Cousins, Lindsay Farmer, Lesley Sutherland	
Committee members on Court who were present at meeting		
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 2017/18	
Paper Summary	<p>The Committee was notified of two cases, one under the whistleblowing policy; both had been investigated. The Committee received the University's financial statements for the year ended 31 July 2018. The Committee noted the operating surplus after exceptional items and tax. The Committee also noted a summary of the position relating to cash &amp; 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: School of Interdisciplinary Studies/Crichton Campus; and Safeguarding. The internal auditors provided the Committee with an annual report, which concluded that for 2017/18, 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, that potentially put the achievement of objectives at risk. The Committee received the updated University Risk Register. Further refinements to the format will be implemented for the February meeting.</p> <p><b>The Committee's annual report to Court was agreed and is provided to Court for the present meeting.</b></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	100% operating stats per UoG accounts	
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);	
Equality Impact Assessment		
Suggested next steps	N/A	
Any other observations		

**UNIVERSITY OF GLASGOW**  
**Audit & Risk Committee**

**Minute of Meeting held on Wednesday 7 November 2018**  
**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:**

Ms Sarah Croft (Ernst & Young) (SC), Dr David Duncan, COO & University Secretary (DD), Mr Gregor Caldwell, Group Financial Controller (GC), Mr Robert Fraser (Director of Finance) (RF), Ms Denise Gallagher (PWC) (DG), Ms Deborah Maddern (Clerk) (DM), Ms Lindsey Paterson (PWC) (LP), Mr Stephen Reid (Ernst & Young) (SR), Dr Dorothy Welch (Deputy Secretary) (DAW)

**Apologies:** Mr Ken Baldwin (Ernst & Young) (KB), Professor Sir Anton Muscatelli (Principal) (AM)

**AUDIT/2018/11. Welcomes and Declarations of Interest**

Ms Sarah Croft, Ernst & Young, was welcomed to the meeting.

There were no declarations of interest.

**AUDIT/2018/12. Minutes of the meeting held on 19 September 2018**

The minutes were approved.

**AUDIT/2018/13. Matters Arising**

*13.1 Audit-related policies/information for Committee (standing item)*

DD advised that there were two items to report. The first was a whistleblowing case that had been notified to the A&RC chair under the relevant policy. The University's procurement function had been involved in looking into the details, with the matter investigated and now concluded. The second related to a letter that had recently been shared with Committee members and with Court members; it related to a historical matter that had previously been investigated, with the involvement of the internal auditors. The Committee heard that a process to formalise the handling of correspondence that was addressed to individual members of Court and/or Committees would be considered by Court at its next meeting.

*13.2 External Audit Contract*

The contract for external audit services would be going to tender ahead of a new contract being awarded in the spring of 2019. The procurement office would be involved in the arrangements. The Committee would be provided with a timeline. Representatives of the Committee would be involved in the exercise.

**ACTION GC**

*13.3 Capital Procurement review – lessons learned*

A paper was noted. It was confirmed that some items listed as still 'open' would be addressed following an upgrade to the finance system that was scheduled in the short term. It was agreed that the internal auditors would undertake a follow-up of the review and provide a report to the Committee.

**ACTION PWC**

## **AUDIT/2018/14. University Financial Statements**

### *14.1 Review of University Financial Statements for the year ended 31 July 2018*

The Committee received the financial statements for the year ended 31 July 2018.

GC summarised the position, highlighting the strong financial performance during the year. Specific items of note in the year were:

i) Surplus: The management accounts surplus for 2017-18 was £23.0m, which was £5.3m higher than the budget due primarily to increased tuition fees and staff void savings, offset by demolition costs. The surplus after tax fell by £24.8m to £31.8m in 2017-18, however this included demolition charges of £10.9m and a reduction in FRS102 income of £14.5m. Taking these two items in account underlying performance was relatively flat year on year, with increased tuition fees offsetting increased staff, interest and consumable costs. Total comprehensive income was £66.1m following an actuarial gain of £34.3m, mainly due to a movement in the discount rate on the UGPS pension scheme.

ii) Cash holdings: Total funds available, which includes both cash held with banks and investment funds, increased by £12.7m during the year to £419.9m. The main movements were as follows: a surplus for the year of £31.8m, plus non-cash movements of £22.8m, which was primarily depreciation, less capital expenditure of £41.9m. Cash & cash equivalents held with banks reduced by £24.4m during the year, primarily due to a transfer of £35m into investment funds until required for the campus redevelopment programme.

iii) Capital expenditure: Capital expenditure in the year was £41.9m, which was an increase of £3.9m compared to 2017, but £73.0m below budget due primarily to the reprofiling of spend on the Learning & Teaching Hub and Research Hub. The capital spend for the year was split £35.1m on Land and Buildings and £6.8m on equipment and plant & machinery. The main Land and Buildings spend was on the campus redevelopment, predominantly the Learning & Teaching Hub. The main items of equipment spend were an Electron Beam Lithography System, a Cryo-transmission Electron Microscope and completion of the Wind Tunnel.

In discussion, the Committee noted that:

- the impact of delays in capital expenditure against budget were being monitored, however cost inflation was not expected to impact the Learning and Teaching and Research Hubs as target prices had been agreed. Actual and forecast spend at a programme and project level was being monitored regularly across the campus redevelopment programme to manage costs and cashflows.
- in the context of the current high level of cash holdings, deposits were spread as much as possible and were kept under regular review, but that there always remained a counterparty risk. Funds had been placed with two fund managers to further diversify risk, and funds would be drawn down when required for the campus redevelopment programme.
- the decision to treat demolition costs as an expense rather than to capitalise them had been considered under FRS102 and had been discussed with the auditors;
- the reduction in donations to the University was being kept under review, with further reporting requested by the Finance Committee; in this context it was also noted that campaign activity was yet to be launched.

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: enabling read-across between the institutional risk register and the risk section of the financial statements; consistency in the location of references to senior management and Court Convener remuneration; making it clearer that there were no bonuses or benefits in kind relating to the Principal's remuneration; and making reference to how any points made by the internal auditors with respect to the narrative had been considered.

**ACTION GC/RF**

#### *14.2 Reports of the External Auditors for the year ended 31 July 2018*

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 teleconference ahead of the present meeting, to discuss the financial reports in detail.

The audit had been designed to express an opinion on the 2018 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 had 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 audit had included: risk of fraud in respect of income recognition; and risk of management override of controls. The auditors did not have any matters to bring to the Committee's attention in respect of this work. Other areas of audit emphasis had included: accounting for property, plant and equipment and accounting for retirement benefits. Through the conduct of the audit, the auditors had obtained appropriate and sufficient audit evidence to enable them to conclude satisfactorily on each of the significant accounting and audit matters identified.

The auditors had documented and tested the controls to the extent necessary for them to complete the audit. The auditors had not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in the financial statements of which the University was not aware.

The corporate governance statement 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. Some additional information had been requested and supplied for the statement, but no inconsistency had been identified between the content of the statement and the information available to the auditors through the course of the audit.

The auditors provided a summary of their consideration of audit differences, indicating that in respect of the University financial statements for the year ending 31 July 2018, no audit differences had in fact been noted. In respect of the subsidiary financial statements, a minor audit difference had been identified. This was below the reporting threshold for the University but was above the external auditors' reporting thresholds for the individual subsidiary, given the significantly lower statutory levels of materiality for each subsidiary. This has been corrected by management in the subsidiary financial statements.

A report containing draft representations by Management was noted. This included additional disclosures relating to USS, the auditors confirming that they were content with these.

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, in the context of a question about the independent controls in place with regard to the reflection of pension obligations within the accounts, it was noted that an external modeller was used. E&Y reviewed University-generated financial input to this, using the auditor's established processes that were applied nationally by the company.

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

It was requested that the paper on the audit debriefing meeting be provided to the February 2019 meeting of the Committee.

**ACTION E&Y**

## **AUDIT/2018/15. Accounts: Subsidiary Companies/University Trust, year ending 31 July 2018**

The Committee noted the accounts for subsidiary companies and the University Trust, noting also that there had been an improvement in performance for all of them, with the exception of GU Holdings Ltd, although that entity had also recorded a surplus.

The Committee noted that the auditors were content with the accounts.

## **AUDIT/2018/16. Internal Audit**

### *16.1 Internal Audit Update Reports*

#### *16.1.1 School of Interdisciplinary Studies/Crichton Campus*

The review had assessed the design and operating effectiveness of key controls in place at the Crichton Campus. Overall, the auditors had noted some examples of good practice and found the majority of key controls to be well designed and operating effectively. There had however been some instances where control design could be improved. The overall rating was Medium risk, arising from four low risk findings and one medium risk finding pertaining to Registry's oversight of the Crisis Loan Funds on site, including matters relating to GDPR compliance.

Management was addressing the issues, with target dates set.

#### *16.1.2 Safeguarding*

The review had looked at the design and operating effectiveness of controls in place at the University in relation to safeguarding, in the context of the University's responsibility to provide a safe and protected environment for its staff and students through safeguarding policies and procedures. The overall rating was Medium risk. There had been one high risk finding, relating to a policy for safeguarding having been approved by the University Court but not published on the University website, with its dissemination having only recently commenced. Roles and responsibilities in relation to safeguarding were not therefore understood across the University. In addition, the policy did not reference procedures to be followed to meet the requirements of OSCR's 'Notifiable Events Schemes' and there were no central procedures for overseas travel included within the policy.

DD advised that the outcome of the audit and of other University bodies' reviews of the policy had been awaited before dissemination of the policy to the wider University community, so as to incorporate any findings or suggested changes. Procedures for overseas travel were being implemented.

### *16.2 Internal Audit 2017/18 Annual Report*

The Financial Memorandum between the Scottish Funding Council and HEIs 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 report provided summary details about the internal audit reviews completed during the year. The auditors had completed 15 internal audit reviews. These had resulted in the identification of no critical, 14 high, 21 medium and 17 low risk findings 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, that 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 complied with the controls and processes in place. Additionally, some reviews had identified that staff did not comply with the controls and processes in place, or that there was 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. The report also reflected the fact that the audit programme focused on the areas of highest risk to the University. These areas, by their nature, had the potential to result in findings with a greater impact on the University, leading to higher rated internal audit findings and reports.

The key factors that had contributed to the opinion in the report were that:

- the high and medium rated findings related to distinct areas of the organisation and there was no indication that they were endemic throughout the University;
- 56 recommendations had been followed up, with 27 recommendations implemented and 29 in progress, where management had suggested revised completion dates;
- a review of compensating controls had been performed for aged recommendations, with, overall, the testing confirming that where a compensating control had been identified by management, it was operating effectively and reduced the risk identified by the previous audit recommendation;
- there was one report that had received an overall rating of Critical. While this was the case, the report also noted that there had been improvements in control since the time the issue had arisen (between 2014 and 2015). As a result, the risk of a similar control failure was now considered to be lower and was not considered to impact on the assessment of control currently.

The report referred to the internal auditors having identified some areas to be considered for inclusion in the annual governance statement in the financial statements; this had been referred to earlier in the meeting.

The report advised that since the internal audit plan focused on different areas each year, the number of findings was not strictly comparable and therefore an increase or decrease in the number of findings each year was not necessarily indicative of a change in control environment. It was noted however that the number of high findings had increased since the previous year. The Committee would maintain a watch on this area, noting also that the sector in general was experiencing an increase in high findings, in part because of HEIs having to address current issues such as GDPR and cybersecurity. The Committee would also maintain its scrutiny over the implementation and timing of management actions against recommendations.

#### **AUDIT/2018/17. Audit & Risk Committee Annual Report to Court**

A draft had been circulated to members. It would be finalised to incorporate any comments received and would be finalised and agreed following the meeting, for inclusion in the Court papers for the December meeting.

**ACTION DM**

#### **AUDIT/2018/18. US GAAP – 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 further work would be undertaken to finalise them, involving the Finance Office and the external auditors.

#### **AUDIT/2018/19. Risk Register (Strategic Risk Summary)**

The current University Risk Register was noted. Further refinements to the format would be implemented for the February meeting, to include more detail on movements since the last version. There would also be some revisions to the scoring, since the SMG was currently reviewing this area.

It was agreed that a briefing on risk management, to include risk appetite, the general approach and scoring method, would be provided to the Committee in February 2019.

**ACTION RF**

**AUDIT/2018/20. Any Other Business**

There was no other business.

**AUDIT/2018/21. Date of Next Meeting**

Wednesday 20 February 2019 at 2pm in the Melville Room

*Prepared by: Deborah Maddern, Clerk to Committee, [deborah.maddern@glasgow.ac.uk](mailto:deborah.maddern@glasgow.ac.uk)*

# **Audit & Risk Committee Annual Report to Court**

## **December 2018**

### **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 2018.

### **2 Summary of the Year's Work**

#### **2.1 Membership of the Committee**

Membership of the Committee for the year was: Ms Heather Cousins (chair), Mr Simon Bishop (vice-chair), Professor Lindsay Farmer, Mr Vincent Jeannin, Ms Lesley Sutherland and Mr David Watt.

All the above are external members, apart from Professor Lindsay Farmer who is a Senate Assessor 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.

During the year, a review was undertaken of the Committee's remit and purpose against the 2018 Scottish Government audit and assurance committee handbook. The handbook, which is intended for application by Scottish public bodies rather than the Higher Education sector in particular, adopts a principles-based approach. The principles are (1) Membership, Independence, Objectivity, Understanding; (2) Skills; (3) Role and Scope; and (4) Communications and Reporting.

The Committee noted that in broad terms, the University's arrangements accord with each of these principles. Areas which the Committee will keep under particular review relate to: maintaining an optimal skills mix on the Committee to ensure its remit is fully covered whenever a vacancy arises; the strategic processes around risk and how particular risks are being managed; and the approach to assurances about the University's corporate governance processes, including capability reviews and procurement evaluations.

The Committee undertakes an annual self-evaluation process and will consider the handbook's examples of 'prompt questions' for this exercise.

#### **2.3 Internal Audit**

PricewaterhouseCoopers PwC continued in their role as internal auditors. The company was reappointed in November 2017 for four years, following a competitive tender.

During the year, it was agreed that as good practice, the Internal Audit charter – which covers the purpose, authority and responsibilities of the function – be provided to units or areas where audits are being undertaken, as an appendix to the Terms of Reference for the relevant audit.

The Committee also agreed a set of internal audit KPIs both at PwC/University contractual level and at individual audit level, with a report on these to be collated for each committee meeting, as part of the regular internal audit update.

#### **2.4 Internal Audit Activity 2017/18**

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 COO & 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 World Class Glasgow (Transformation) Programme; the Campus Development; and Student & Staff Wellbeing. Some Committee members also took up an opportunity for an induction/refresher session for Court and Committee members, covering a wide range of topics including the Strategic Plan, Funding, Teaching & Learning, Research and Innovation, and Internationalisation.

The 'rating' system for internal audit findings and reports is 'Critical', 'High', 'Medium', 'Low' or 'Advisory'. In 2017/18 there were with no 'critical risk' findings (as in the previous 3 years), and 14 'high risk' findings (8 in 2016/17, 7 in 2015/16 and 6 in 2014/15). A 'high risk' finding is one that relates to an issue 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.

There were 21 medium risk findings (20 in 2016/17, 40 in 2015/16 and 26 in 2014/15) and 17 low risk findings (28 in 2016/17 and, 24 in 2015/16 and 47 in 2014/15).

One review resulted in an overall report classification of 'critical' (none in the previous 3 years), based on the report's 4 high risk and 1 medium risk findings; further details appear below. Four reviews resulted in an overall report classification of 'high' (4 in 2016/17, 5 in 2015/16 and 4 in 2014/15).

The internal auditors have also advised the Committee 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 2017/18, 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 for 2017/18 is that governance, risk management and control, and value for money arrangements in relation to business-critical areas is generally satisfactory. However, there are some areas of weakness and non-compliance 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 that the University is comparable with other research-led Higher Education Institutions in the UK, in respect of the above opinion. The auditors also note that the opinion reflects the fact that the audit programme focusses on the areas of highest risk to the University. These areas, by their nature, have the potential to result in findings with a greater impact on the University, leading to higher rated Internal audit findings and reports.

The key factors that contributed to the internal auditors' overall opinion are that:

- the High and Medium rated findings related to distinct areas of the organisation and there was

no indication that they were endemic throughout the University;

- 56 recommendations were followed up, with 27 recommendations implemented and 29 in progress where management had suggested revised completion dates;
- the auditors performed a review of compensating controls for aged recommendations, finding overall that testing confirmed that where a compensating control had been identified by management, it was operating effectively and reduced the risk identified by the previous audit recommendation; and
- there was one report that received a rating of critical. While this report was graded critical risk overall, the report also noted that there had been improvements in control since the time the issue arose, which was between 2014 and 2015. As a result, the risk of a similar control failure was now considered to be lower and was not considered to impact on the assessment of control at this time.

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, were as follows. These areas include a number of matters which informed the internal auditors' overall opinion, as outlined above.

- A review of a Capital Procurement, whereby the University had set up a project board to provide governance over the capital investment programme relating to the Imaging Centre of Excellence. The project had initially been on a relatively small scale, not requiring a formal tender process. Additional funding had later been secured, which had resulted in a significant increase in the size of the project, such that a formal tender process should have been followed. This had not occurred, and the review sought to identify the reasons and identify lessons for the future, particularly in the context of the campus redevelopment programme. The overall report was classified as Critical risk, although the Committee noted that many of the issues identified had occurred up to 4 years ago and the controls in place were now more robust, such that the overall risk was now lower. The review identified that there had been insufficient change control processes in place at the time that the project increased in scope. There were four high-risk findings, including: insufficient communication between stakeholders involved in the project, and a lack of change controls, with procurement function not having been consulted on the increased costs of the project; the procurement function not having been aware of letters of intent which had been binding on the University; there having been no formal delegated authority for signature of the letters; and that wording relating to procurement guidelines having (originally) been followed was erroneously carried forward when the project increased in scale, thereby providing false assurance to the Capex committee that procurement guidelines had been followed later on. The report noted that since the project had started, a number of process improvements had been implemented by management, which would help to address the issues identified. The Committee sought reassurances that such a situation could not occur again, hearing that at the time, the procurement function had been less integrated than it now is. The Committee noted that PwC had reviewed the procurement function in 2017, with a good outcome. The Framework agreements now in operation at the University serve to reduce the possibility of future problems, as do the much closer relationship between the estates and procurement functions, and the sign-off procedures now in place. The Committee has received a report on the lessons learned and on the current levels of safeguard in place.
- A review of Staff Global Mobility, which focused on employment taxes, international mobility, short-term business visitors, and remuneration. The report was classified as High risk, including two High risk findings relating to the inability to track and record business visitors accurately, which could create problems relating to PAYE, visa/Immigration, cost recording and security risks; there were also potential reputational risks and risks relating to tax/pay and related compliance. The report noted that senior managers had taken ownership of action points, with target dates for action in the current

session, which it was acknowledged was challenging given the volume of global travel.

- A review of Cyber Security, which assessed the key controls operated by central IT Services against the benchmark set by the Cyber Essentials framework (a UK Government-backed, industry-supported scheme to help organisations protect themselves against common online threats) and also aimed to help the University understand its position on cyber risk as outlined in the 'Public Sector Action Plan' published by the Scottish Government earlier in 2018. The report noted that certain controls were in line with the requirements of Cyber Essentials, but that there were areas that required to be improved for the University to achieve overall adherence to the framework. There were two high risk findings and an overall report classification of High.
- A review of James Watt Nanofabrication Centre (JWNC)/Kelvin Nanotechnology Ltd (KNT), which examined and evaluated the commercial relationships and governance arrangements between the University, JWNC and KNT. The JWNC houses micro- and nano-fabrication facilities and is primarily used for research and teaching purposes, and for commercial activity via Kelvin Nanotechnology Limited (KNT). Commercial income is received from KNT, a wholly-owned University subsidiary run by an independent company board and executive management team, for its use of the centre. The overall rating was High risk, with two High risk findings, resulting in recommendations relating to University management having oversight of, and input to, the drafting of a new SLA between JWNC and KNT; and refinements to the capital approval process, in the context of the specialist and technical nature of the work in the Centre but also in the context of the wider campus development, where specialist technical skills might be needed to understand costs associated with other capital projects.
- A General Data Protection Regulation (GDPR) follow-up review. The internal auditors undertook a GDPR readiness review in 2017 and raised a number of control issues. The follow-up review examined the progress made to address the gaps identified in the 2017 review, ahead of the GDPR coming into effect in May 2018. Of the two original high risk findings, relating to a GDPR programme and plan not being in place and to a lack of awareness, training and cultural change for the GDPR, the follow-up review assessed these areas as 'Amber' status. The report noted that progress had been made on development of a GDPR programme and plan, with a programme board and high-level governance in place; however, there remained action required in areas including the underlying programme structure, programme timeline and documented project plans. The report also noted that the University had made significant progress in terms of training, culture and awareness, but that it had not been possible to identify a third-party supplied online training package for GDPR that would suit the needs of the general university population. The Committee noted that detailed plans were being built up from data returns from across the institution, privacy notices drafted for key groups, a data protection policy had been drafted and other existing policies reviewed and updated to cover the new regulation. The Committee also noted that a local 'key facts' training tool was being developed for all staff and would be further developed as part of mandatory P&DR-related training. The Committee has also received a further update on the progress against individual compliance workstreams within the programme plan, and timescales for completion of final plans for each workstream.
- A review of IT Disposal and Data Cleansing, which assessed the design and operating effectiveness of key controls in place with regard to the disposal of IT equipment and in particular the safeguarding confidential data held on such devices. The overall rating was Medium risk, with one high-risk finding, relating to there being no centralised process in place to ensure IT equipment was returned when an individual left employment, creating a risk that property was not returned and confidential information might not be destroyed appropriately. Recommendations are being actioned by management.
- A review relating to the Programme Management Office PMO, undertaken as a follow-up to the Budgetary Control: Campus Redevelopment Spend review undertaken in October 2017. The PMO review assessed the current PMO arrangements in place and the effectiveness of the PMO in supporting the significant projects being carried out by the University. The overall rating was High risk, including

two high risk findings. Good practice was noted in relation to Estates and Commercial Services investing significant time and effort to improve processes, controls and reporting within the department. The high-risk findings related to the current PMO function only coordinating the Estates capital programme, with no overarching PMO; and to reporting not being consistent between different projects. The recommendations are being actioned by management, although it was noted that significant work has already taken place in terms of governance of estates projects.

## **2.5 External Audit**

Ernst & Young continued in their role as external auditors, having been reappointed for four years from 1 February 2015. A tender exercise will commence shortly for the new contract.

## **2.6 Financial Accounts 2017/18**

The Committee has reviewed the University's financial statements for 2017/18 and the commentary on these, together with the audit results report prepared by the external auditors.

Ahead of this review of the statements, in May the Committee received a report setting out the external audit scope and approach for the year to 31 July 2018. The report summarised the assessment of the key issues which would drive the development of an effective audit for the University, considering relevant market factors and the operational, finance, and business risks which drove the University's financial statement risks. The audit approach and scope would be aligned with these areas. The auditors would take into account several key inputs: strategic, operational and financial risks relevant to the financial statements; developments in financial reporting and auditing standards; the quality of systems and processes; changes in the business and regulatory environment; and management's views on the aforementioned areas.

The approach would involve the identification and understanding of the key processes and internal controls, supplemented by substantive tests of detail of transactions and amounts. To gain greater assurance over the data populations to be tested and to capture whole populations of financial data, computer-based analytics tools would be used, in particular journal entries. The auditors would also review and consider the findings from internal audit reports, together with reports from any other work completed in the year, where these raised issues that could have an impact on the financial statements.

The Committee received an overview of the initial risk identification for the external audit and any changes in risks identified in the current year. In terms of significant risks, auditing standards required the auditors to place appropriate audit focus on the recognition of income and the associated risk of fraud. Management override of controls was also an area of potential risk, and the audit would accordingly test all areas, to obtain reasonable assurance about whether the financial statements as a whole were free of material misstatements, whether caused by fraud or error, arising from management action or inaction. Other areas of audit emphasis would include accounting for property, plant and equipment, in particular in the context of the major campus development and related financing; and accounting for pensions obligations, where the USS revaluation was relevant.

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 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 2017/18 Audit & Risk Committee cycle. Changes to accounting treatments for gift aid from subsidiaries to a parent charity company would also be relevant.

The Committee noted that the Financial Reporting Council had issued amendments to FRS 102 in December 2017, following a triennial review of the standard. The majority of these amendments were editorial or clarifying in nature, but a small number had a potential impact on Higher Education financial statements and would be considered as part of the audit.

As part of its review of the financial statements, the Committee reviewed the major reporting issues and judgments relating to the 2017/18 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 property, plant and equipment; and accounting for retirement benefits.

The Committee noted the satisfactory audit conclusions of Ernst & Young. The audit opinion was unqualified and, for the thirteenth 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, noting that further work will be undertaken on these accounts by the auditors and University, ahead of submission.

## **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.

Last year, the Committee requested that the presentation of the Risk Register be revised, to include a full review of form and content. A refreshed document was produced in early 2018, following a review of corporate risks and the presentation of these, from first principles, to provide more clearly defined risks, including their background and details of control and actions. RAG scoring was also introduced. SMG was involved in discussions about content, with individual risk owners contributing to the text. The Risk Management Policy was also reviewed and refreshed, with changes made including a reference to risk appetite.

The Committee subsequently agreed that the regular report on the risk register should include a method of describing changes since the last version, such as tracking; and include coverage of any areas that have (for example) been escalated, mitigated or removed. A new column is to be added to the register to cover such progress.

As agreed in 2016, as part of its role in Risk Management, Court received the University's strategic risk register, together with the mitigating actions proposed by SMG. The refreshed version (following the review of form and content) was provided to Court in June 2018.

It was also 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 also attend this workshop annually.

The Committee will receive a briefing on Risk Management, in early 2019.

## **2.8 Whistleblowing Policy**

Part of the Committee's remit is to *"receive reports of the outcomes of any investigations under the University's Whistleblowing procedure"*. During the period of this report, the Committee noted two matters, one a case that had been notified to the chair under the relevant policy, with the University's procurement function involved in looking into the details and the matter investigated and concluded; and the second relating to a letter circulated to Committee members and Court, that related to a historical matter that had already been investigated, with the involvement of the internal auditors.

## **2.9 Annual Statement on Compliance with the Concordat to Support Research Integrity**

A report was provided to the Committee during the year, as required by the Research Councils. It included a progress review of activities to promote a culture of research integrity. The Committee noted that since the institutional review carried out in 2015, significant progress has been made in raising awareness of the research integrity agenda and providing training and support in this area. Participation in face-to-face research integrity training has been mandatory for all new PGRs since 2016 and provision continues to be developed in this area, for staff and students. A longer-term evaluation of the impact of the new measures is being undertaken. The University will continue to seek out best practice from the sector.

The Code of Good Practice on Research has been updated to include more extensive guidance on authorship, as well as more information for researchers on choosing the most appropriate publication venue for their work. The Policy and Procedures for Investigating Allegations of Misconduct in Research has been updated to incorporate the policy issued by UKRI regarding the notification of funders and the requirement to have external representation on investigation panels.

Two formal investigations relating to research misconduct were completed during the 2017/18 academic year (four in the previous year) and at the time of the report one case was still ongoing.

## **3 The Committee's plans for 2018/19**

An outline internal audit plan was provided to the Committee at its May 2018 meeting and was approved subject to some minor changes. 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, research, knowledge exchange and internationalisation; and the University subsidiaries. The plan indicated proposed audits for 2018/19, which are now agreed by the Committee. Details of outcomes will be provided within minutes included in Court papers in the current session.

Internal audit work during 2018/19 will be performed in accordance with PwC's Internal Audit methodology, which is aligned to Scottish Funding Council Financial Memorandum requirements.

## **4 Adequacy and Effectiveness of Internal Control**

On the basis of the internal audit work undertaken during 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 2018*

**Court Context Card - HR Committee - 12 December 2018**

Speaker	Ms June Milligan
Speaker role	HR Committee Chair
<b>Paper Description</b>	Draft minute of committee meeting held on 28 November 2018 Papers include annual report from the JCCN
<b>Topic last discussed at Court</b>	Last HRC report from Sept 2018 Meeting, discussed October 2018 Court.
<b>Topic discussed at Committee</b>	See paper summary section.
<b>Committee members present</b>	See Attached.
<b>Cost of proposed plan</b>	
<b>Major benefit of proposed plan</b>	
<b>Revenue from proposed plan</b>	
<b>Urgency</b>	
<b>Timing</b>	
<b>Red-Amber-Green Rating</b>	
<b>Paper Type</b>	Information & Approval
<b>Paper Summary</b>	Draft minute of meeting held on 28 November 2018. The Committee held discussions regarding strategic academic alignment, recruitment and talent attraction and the highlevel results from the 2018 Staff Survey. The Strategic Report from the Executive Director of HR covered a range of topics including the latest developments with regard to the USS pension scheme, pay negotiations and Brexit as well as information regarding the positive outcome of the recent UKVI audit. Additionally the report covered a recent study visit to Australia and New Zealand in support of the WCG programme. The Committee discussed proposed revised wording relating to the remit of the OCGG following earlier discussions at both Court and the HR Committee, in part stemming from the recent restructure within University Sport. Members of the OCGG and the trade unions had also been consulted. The Committee supported the rewording and recommended it be presented to Court <b>for approval</b> prior to wider communication. The minute of the meeting provides a summary of the changes. The Committee also reviewed the latest MI report including additional analysis regarding non-UK EU employees and deeper analysis regarding absence and the aging workforce. The annual report from the JCCN was also reviewed (Annex, for information).
<b>Topics to be discussed</b>	Revised remit for OCGG
<b>Action from Court</b>	Primarily to note - but also to consider OCGG and associated changes to the Management of Organisational Change policy.
<b>Recommendation to Court</b>	To note & <b>approve the recommended changes to the policy.</b>
<b>Relevant Strategic Plan workstream</b>	Agility, Focus, Empowering People
<b>Most relevant Primary KPI it will help the university to achieve</b>	Staff Engagement
<b>Most relevant Secondary KPI it will help the university to achieve</b>	Gender Equality/Service Delivery
<b>Risk register - university level</b>	3a,3b, 1b, 4, 7a
<b>Risk register - college level</b>	
<b>Demographics</b>	
<b>% of University</b>	100% staff
<b>Operating stats</b>	
<b>% of</b>	
<b>Campus</b>	All
<b>External bodies</b>	
<b>Conflict areas</b>	None Highlighted
<b>Other universities that have done something similar</b>	N/A
<b>Other universities that will do something similar</b>	
<b>Relevant Legislation</b>	UK Immigration, Legislation regarding redundancy consultation with trade unions.
<b>Equality Impact Assessment</b>	The topics discussed will impact on all staff within the University. There were no topics covered relating specifically to equality matters at this meeting of the Committee
<b>Suggested next steps</b>	N/A
<b>Any other observations</b>	

**University of Glasgow  
Human Resources Committee**

Minute of meeting held in the Principal's Meeting Room, Main Building  
on Wednesday 28<sup>th</sup> November 2018

**Present:** Ms J Milligan (JM) (Chair), Mrs C Barr (CB), Dr D Duncan (DD), Professor N Juster (NJ), Dr M Macdonald Simpson (MMS), Ms Margaret Anne McParland (MAP), Ms S Ashworth (SA), Mr R Goward (RG), Mr M Glover (MG), Mr S Saba (SS), Professor K McCue (KM), Professor C Goodyear (CG), Mr R Cloughton (RPC),

**By Invitation:** Mr F Brown (FB) – Item 3. Ms M Cooper (MC) – Item 4, Mr C Branney (observing)

**Apologies:** Professor Dame A Dominiczak (AD),

**Executive Summary:**

- The Committee received a presentation on Strategic Recruitment including an update on the implementation of the revised recruitment processes including illustrative cost benefits realised and associated work to enhance the University's employer branding. There were also presentations on the headline staff survey results and on the important academic workforce planning underpinning the University's objective of enhancing research standing and outcomes.
- The Committee also had a further discussion regarding the Management of Organisational Change policy and the governance role carried out by the OCGG. A revised remit was presented for discussion and support prior to presentation to the University Court. Whilst no material changes are proposed a number of amendments were supported which strengthen the language regarding the consultation processes and the approval/governance arrangements.
- The Committee agreed to reschedule a discussion regarding the Staff, Student Service Design project until the March meeting allowing more time for discussion.

**HR/18/12      Opening Remarks & Apologies  
Update from meeting of Court**

JM opened the meeting and welcomed two new members, namely Martin Glover and Shan Saba to the Committee. JM also noted her thanks to Susan Campbell who has stepped down from the committee and to RPC who is leaving the University in January 2019 to take up a position at Heriot-Watt. Apologies were noted as above.

**HR/18/13      Minute of Meeting held on 05 September 2018**

The minute of 05 September was approved as an accurate record.

**HR/18/14      Academic Workforce – Strategic Alignment.**

FB, Head of HR for the College of MVLS gave a presentation regarding the above. He focussed on the approach within MVLS but it was noted that each college is also reviewing the Academic workforce in this way. The exercise builds on work regarding the academic career tracks whereby the Learning, Teaching and Scholarship track was relaunched in 2016 and new tracks for Research Scientist and Academic Clinician were introduced. The college has commenced an exercise to ensure staff are aligned to the most appropriate career track, reflecting their activity and contribution to the University. This has been done via conversations with individuals and supports workforce planning and work on the academic shape as well as ensuring HESA returns and REF preparations accurately reflect the Academic community. FB highlighted some of the challenges faced as well as the positive enablers utilised to support the exercise.

A discussion followed with members of the Committee noting the contribution of this work to the University meeting its strategic objective of enhancing its research standing and outcomes. The structure of MVLS with Schools and Research Institutes does make the process slightly different within that college but the principles and strategic value of the exercise are consistent across the University. The importance and value of the PDR process as one element feeding in to the exercise was also noted.

## **HR/18/15 Strategic Recruitment update**

MC gave a presentation which provided an update on the implementation of the Recruitment review and the increased focus on Talent Attraction and employer branding. The new processes and organisational structures are now fully implemented following a soft launch in April 2018. MC indicated that the implementation of the e-recruitment module in Core HR, scheduled for the first half of 2019 would further enhance the processes and candidate experience but also noted that the people elements relating to culture were also important in driving the necessary transformation.

MC then spoke to the work being carried out to support strategic recruitment at the University. New more creative approaches are being adopted to advertise positions, using social media as well as more traditional routes to market. Additionally key campaigns for both senior professional services and academic roles are being supported with online brochures using flipbook and similar technologies. The importance of raising awareness of the University strategy including the campus development was noted and the link to the work of External Relations highlighted.

There was discussion regarding the University's position in the talent market as well as matters regarding volumes and the growth of the University.

## **HR/18/16 Staff Survey – High Level Outcomes**

The results from the 2018 Staff Survey, conducted by ORC on behalf of the University, have recently been received. An initial discussion has taken place at the SMG and results are now being shared across the University. CB provided a high-level summary of the results at a University level highlighting a number of areas of strength as well as some areas, which may warrant attention in the future. The survey returned to using five response options, which makes direct comparison with 2016 results impracticable, however it also highlights a number of areas with high levels of "neutral" responses. It was noted that such responses might suggest a lack of engagement in relation to the specific question but also provide an opportunity to take actions to address and deliver improvements. CB shared the formatting of the results including the use of an overall Engagement score and highlighted the approach being taken to share the results. This will continue to build on the creation of the staff engagement network and other initiatives connected to the cultural change agenda required to support the ambitions set out in the University Strategy and the World Changing Glasgow Transformation programme.

The committee discussed the results in general terms and will receive a fuller report in March. It was recognised that the staff survey is only one tool in supporting the organisation and that it was important that leaders and managers across the University took ownership of these rather than seeing the exercise as one carried out and wholly owned by the HR Function alongside senior managers. The discussion noted that it might be useful to consider the results alongside of data and indicators such as PDR ratings, NSS scores and other elements of the HR MI such as turnover and absence information. In response to a question, DD noted that the responses from Professional Support staff were generally consistent with those from academic areas.

## **HR/18/17 Strategic Report from the HR Director**

CB spoke to the report highlighting a number of key strategic points and providing updates accordingly. The ongoing developments and the conclusion of the consultation process relating to USS proposals were noted. In relation to the ballots regarding the annual pay negotiations conducted by UCU, Unison and Unite, none had obtained a mandate in favour of industrial action. The positive outcome of the audit carried out by the UKVI Higher Education Assurance Team was commended and the need for ongoing focus noted. The paper provided information regarding the Settlement and Pre-settlement scheme pilot, in which non-UK EU employees of the University are eligible to participate should they wish. Notwithstanding the current levels of uncertainty, the University continues to provide support and information to EU staff and their managers as far as practicable. The PDR round had now concluded and CB reported that the participation rates continued to be encouraging at 93%. CB also highlighted the recent study visit she had participated in to Australia and New Zealand along with Dorothy Welch and Chris Green. This had been very informative with a number of ideas and case studies that would provide useful input to

the transformation programme not least in relation to the use of technology as part of an enhanced customer focussed, efficient service culture. The paper also provided an update on key strategic recruitment activity and the staff survey which were covered in other agenda items.

#### **HR/18/18 Policy Developments - Management of Organisational Change Policy**

RPC spoke to the proposed changes to the above policy. This had been discussed by the HR Committee in May and revisions had since been drafted and discussed with the campus trade unions and members of the Organisational Change Governance Group (OCGG). The proposed changes centre on the governance role conducted by the OCGG and the importance of this. They do not materially change the policy but it was agreed that the wording should reflect the fact that in most cases the OCGG will meet to discuss proposals and that this should be the norm. The opportunity for the OCGG to further review proposals following full consultation was also given greater emphasis.

The review of the policy arose largely due to concerns raised during the consultation relating to the recently implemented changes within University Sport and an additional section has been added to the main policy relating to Health and Safety and Stress risk assessments reflecting other lessons learned from that project.

Finally, the Committee discussed the proposal to simplify the presentation of the Tiered approach to organisational change. It was agreed that the presentation of this within three rather than the former five tiers was clearer.

It was agreed to present the changes to the University Court with the recommendation that they be adopted. A copy of the finalised draft revisions is attached to these minutes.

#### **HR 18/19 HR Analytics**

RPC spoke briefly to the regular presentation of People related MI. A number of changes had been introduced to add richness to the data including a comparison of the age profiles from 10 years ago, highlighting the aging populations within both the Technical and Operational job families. The absence data had also been amended to show the causes of absence based on instances as well as total days lost. The former show that whilst the number of days lost due to mental health remains high these relate to a relatively low number of individual cases. The importance of providing support to managers and staff in regard to mental health and the work being initiated was discussed and endorsed. Finally it was noted that the number of non-UK EU staff continues to rise not only within those on Fixed Term contracts (many of whom are Graduate Teaching Assistants or Demonstrators) but also those on Open Ended contracts. The University continues to monitor this carefully. The MI paper is attached to the minute for information and sharing with members of University Court.

#### **HR/18/20 Minutes of the JCCN**

The draft minutes of the most recent meetings of the Committee were noted along with the annual summary of the Committee which is attached for information. MAP highlighted the discussion regarding the proposed approach to union representation on Court indicating that the unions had continuing reservations in this regard.

#### **HR/18/21 Matters Arising from 05 September 2018**

Referring back to the HRD report, KM asked that the GBV cards be proactively distributed more widely. CB noted that they had been distributed to all Schools/RIs/Services and agreed to follow up ensuring these had been passed out accordingly.

#### **HR/18/22 Closing Remarks**

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

#### **HR/18/23 Date of Next Meeting**

The next meeting is scheduled to take place on 07 March 2019 at 10am in Room 251, Main Building.

DRAFT

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**University of Glasgow**

**JCCN - 24 October 2018**

**Annual Review of JCCN activity 2017-18**

This paper provides a summary of the matters covered by the Joint Committee of Consultation and Negotiation (JCCN) during the academic session 2017/18.

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.

The JCCN held discussions on a range of topics during the year including Workload Modelling, the Mental Health Action Plan, PDR and the University approach to change consultations.

Presentations have also been given in relation to the University Strategy and Transformation agenda, GDPR and preparations for the next REF. A number of topics have been raised by the Trade Unions for discussion including the provisions for new parents which resulted in a number of enhancements to the University's policies. The Committee also held discussions in relation to the proposed changes to USS and the industrial action held by UCU in this regard.

A number of special meetings of the JCCN were held under the dispute resolution arrangements in relation to the proposed restructuring of University Sport. These resulted in a number of changes to the proposal and the approach to its implementation and ultimately led to the dispute being lifted by the joint trade unions.

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 2018**

**Court Context Card - Remuneration Committee Report to Court 12 December 2018**

Speaker	June Milligan
Speaker role	Remuneration Committee Convener
Paper Description	Remuneration Committee Report to Court
<i>Topic last discussed at Court</i>	Oct-18
<i>Topic discussed at Committee</i>	
<i>Committee members present</i>	Court members present at last meeting: J Milligan, D Anderson, L McDougall, R Mercer, A Muscatelli (only for item 4), E Passey (not present after item 8, for convener remuneration section) Other members present Kerry Christie
<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 28 November 2018 at which was discussed: Principal's report relating to SMG P&DR; Annual Remuneration Report incorporating Convener's Report on Principal's Performance; Voluntary Severance and Salary Augmentation Approvals since the last meeting; Contractual/appointment changes (SMG); expenses report.
<i>Topics to be discussed</i>	
<i>Action from Court</i>	For information/discussion; invitation <b>to approve</b> recommendation relating to Convener remuneration that the rate previously agreed by Court should apply for the current term of appointment, to July 2020
<i>Recommendation to Court</i>	Approval of recommendation above
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	

**University of Glasgow**

**Remuneration Committee**

**Minutes of the Remuneration Committee held on 28 November 2018 at 1400 hours in the Principal's Meeting Room**

Present: David Anderson, Dr June Milligan (Convener), Elizabeth Passey (via conference phone), Kerry Christie, Rob Goward, Ronnie Mercer, Lauren McDougall

Attending: Christine Barr (absent for item 4), Dr David Duncan (absent for item 4), Professor Sir Anton Muscatelli (item 4 only, then absent), Deborah Maddern (Clerk)

**1. Welcome and Introductions**

The Convener welcomed new member, Kerry Christie, to the meeting. Members introduced themselves.

**2. Notes from the meeting held on 27 April 2018**

The notes from the meeting held on 27 April were approved as an accurate record.

**3. Matters Arising**

There were no matters arising

**4. Principal's Report**

The Convener having established that there were no matters in the notes of the previous meeting, or matters arising, that would affect its consideration, this item was taken at the start of the meeting.

Christine Barr and David Duncan were absent for this item.

The Principal introduced his report. The Committee noted that a similar approach to the previous year had been adopted for the SMG's P&DR, using a team-based approach with a single outcome for the whole team, with team-based targets having been used to assess performance.

Team targets for 2017/18 had been achieved for all areas with the exception of targets relating to the NSS, where progress had been made relative to the rest of the sector. The overall assessment of the SMG team was that it had displayed an Exceptional Contribution. The Principal was suggesting a pay increase of 2% for SMG, in line with the uplift received by other colleagues at the University.

In terms of individual performance of SMG members, no individual salary adjustments outside the team assessment rating were being proposed.

The Committee agreed that it supported the suggested 2% pay increase for SMG members. The Committee asked the Principal to explain how he was addressing the small number of variations from median salary evident in the data presented and asked for further consideration to be given to one apparently anomalous positioning.

The Committee noted the policy that members of SMG appointed or receiving salary uplift in-year were ineligible for the annual uplift.

The Principal attended the meeting for this item only.

## **5. Annual Remuneration Report incorporating Convener's Report on the Principal**

The Director of HR introduced the report, explaining that its format had been determined by guidance from the CUC and by the most recent Scottish Code of Good HE Governance. The report included: details of the Committee's remit and membership including the recent inclusion of student and staff representatives; remuneration principles relating to senior professorial and professional (grade 10) staff and to the Principal and SMG; an overview of institutional performance and the strategic context within which the University was now operating; details to inform the Committee's approach to senior remuneration and reward for the 2017/18 year; and the budgeted sum for senior staff remuneration. This format of the report would also be used for the future.

The Convener of Court, Elizabeth Passey, informed the Committee that she had conducted the Principal's Performance and Development Review. The review was informed by an assessment of the Principal's performance against agreed objectives and by qualitative feedback from members of Court and SMG and from representatives of staff and students, based on open questions relating to areas including leadership and strategy. There had also been a meeting between the Convener of Court, the Convener of the Remuneration Committee and the Principal to discuss performance for the 2017/18 year and to agree objectives for the year ahead. Based on the outcomes of these elements of the review, the Convener of Court's conclusion was that performance had exceeded the satisfactory level required for a salary uplift, under the terms set out in the Principal's contract of employment issued at the time of his reappointment to 30 September 2024.

Under this item, the Committee was invited to consider the points below, with the following decisions recorded for each:

- The Principal's Recommendations with respect to the SMG

The Committee had considered this matter earlier in the meeting and had approved a 2% pay increase for SMG members.

- The Convener of Court's Report on the performance of the Principal

The Committee accepted the report of the Convener of Court with regard to the Principal's performance and agreed the uplift of salary in line with the terms of his contract.

- Continuation of the matrix approach to professorial and senior professional staff remuneration

The Committee agreed to continue the matrix approach to benchmarking professorial and senior professional staff remuneration.

- The overall remuneration budget of 0.5% of salary bill for the purposes of senior staff remuneration.

The Committee agreed the proposed budget.

- The remuneration of the Convener of Court.

The item was dealt with after item 8. The Convener of Court left the meeting before this item was considered.

The Committee heard that in October 2017, Court had agreed had agreed a daily fee of £500 for the role of Convenor of Court, plus reimbursement of reasonable expenses, up to a maximum of 50 days per year.

The Committee agreed that it would recommend to Court that the rate previously agreed by Court should apply for the current term of appointment, which ran to July 2020, and that it was not appropriate for the annual salary uplift paid to employees of the University to be applied to this daily fee. Parameters for remuneration of the Convener of Court from August 2020 would be agreed at a future date.

## 6 Recent Voluntary Severance Approvals and Salary Augmentation

### *Voluntary Severance Approvals*

Since the last meeting of the Committee on 27 April 2018, 18 severance packages had been approved within the standard terms of the University's voluntary severance scheme. The split by College was as follows: MVLS 1; Science and Engineering 3; Social Science 1; and University Services 13. The total cost of the package was £343,640.21 with an average payback period of 5 months.

Whenever voluntary severance proposals departed from the standard terms approved by Court; or exceeded £100,000; or involved a member of SMG, the matter was referred to Remuneration Committee for decision. There had been no such cases since the last meeting of the Committee.

### *Salary Augmentation*

In 2016, Remuneration Committee had agreed that the University should provide an opportunity for high earning staff who withdraw from their occupational pension scheme to apply to receive a salary enhancement. It had been agreed that applications would be considered by the Principal, Senior Vice-Principal and Chief Operating Officer/University Secretary, and that Remuneration Committee should routinely receive a report on the number of applications approved. Since the last meeting in April, 2 requests for Salary Augmentation had been approved.

## 7. Contractual Changes

Changes relating to SMG staff contracts were noted as follows:

2 extensions of office	Extended to
Frank Coton	31.12.21
Miles Padgett	31.12.20

4 end of office	End Date
John Briggs	31.07.18 Retirement
Jon Cooper	31.07.19
Jim Conroy	31.12.18
Anne Anderson	31.07.19 Retirement

4 new appointments	From – To Date
Jill Morrison	01.08.18 - 31.07.22
Bonnie Dean	01.05.18 - 30.04.22
Christine Barr	01.04.18 – No current end date
Rachel Sandison	01.01.19 – No current end date

## **8. Expenses Report**

A summary of expenses incurred by SMG members over the course of academic year 2017-18 was noted. The Committee asked for clarification about what was included in the report, noting that it covered only out-of-pocket expenses claimed by SMG members. The Committee welcomed the information provided for the present meeting, agreeing that for the next report, travel expenses booked on behalf of SMG members for University business would also be included.

## **9. Any Other Business**

There was no other business

## **10 Date and time of next meeting**

The next meeting will be held in the spring of 2019. Date to be confirmed.

**Court Context Card - 12 December 2018 - Report from Estates Committee**

Speaker	Mr Ronnie Mercer
Speaker role	Estates Committee Convener
<b>Paper Description</b>	Report from Estates Committee (6 November 2018 meeting)
<b>Topic last discussed at Court</b>	Oct-18
<b>Topic discussed at Committee</b>	Various
<b>Committee members (on Court) who were present</b>	Mr R Mercer (Convener), Prof L Farmer, Mr D Milloy, Dr B Wood
<b>Cost of proposed plan</b>	Various
<b>Major benefit of proposed plan</b>	
<b>Revenue from proposed plan</b>	
<b>Urgency</b>	Various
<b>Timing</b>	Short, Medium and Long Term
<b>Red-Amber-Green Rating</b>	Not Applicable
<b>Paper Type</b>	Information
<b>Paper Summary</b>	Minutes including update on Capital programme and Project progress/approval
<b>Topics to be discussed</b>	Court is asked <b>to note</b> Estates Committee's approval of CapEx applications as follows:
<b>Action from Court</b>	<p>Gilmorehill/Kelvin Building/Essential Works in the sum of £3.369m to support DDA and fire compliance improvements (EC/2018/14.2.1 refers); and Gilmorehill/Davidson Building/West Medical Refurbishment in the additional sum of £283,573 (EC/2018/14.2.2 refers).</p> <p>An update (referred to in Finance Committee report) from the Executive Director of Estates and Commercial Services is attached on the delivery of the campus development program; it also highlights some current issues and opportunities. Senior Vice-Principal Professor Neal Juster will be at the Court meeting and will be able to respond to any questions from members. Court is asked <b>to note the report and provide any comment</b> on the approach taken by the Senior Management Group to the ongoing campus development programme.</p>
<b>Recommendation to Court</b>	
<b>Relevant Strategic Plan workstream</b>	People, Place and Purpose
<b>Most relevant Primary KPI it will help the university to achieve</b>	All
<b>Most relevant Secondary KPI it will help the university to achieve</b>	Effective use of the Estate
<b>Risk register - university level</b>	Risk 9 Estates: Failure to define and implement a coherent, holistic campus development programme which is transformational and offers value for money
<b>Risk register - college level</b>	Not Applicable
<b>Demographics</b>	
<b>% of University</b>	100% staff and students
<b>Campus</b>	Entire University Estate (all campuses)
<b>External bodies</b>	Glasgow City Council; external contractors
<b>Conflict areas</b>	Not Applicable
<b>Other universities that have done something similar</b>	
<b>Other universities that will do something similar</b>	
<b>Relevant Legislation</b>	Building and Planning legislation
<b>Equality Impact Assessment</b>	On a building by building basis/by CapEx, where applicable
<b>Suggested next steps</b>	
<b>Any other observations</b>	

**UNIVERSITY of GLASGOW**  
**Estates Committee**

**Minute of the meeting held in Committee Room 251 on Tuesday 6 November 2018**

**Present:** Mrs A Allen, Dr D Duncan, Professor L Farmer, Professor N Juster, Mr R Mercer (Convenor), Mr D Milloy, Mr A Seabourne, Dr B Wood

**In Attendance:** Mrs N Cameron, Mrs L Duncan (Clerk), Mr D Hall, Mr P Haggarty, Ms M Hipkin, Mr R Smith

**Apologies:** Professor A Muscatelli (Principal), Ms L McDougall, Mr R Fraser, Mr D Smith

**EC/2018/10 Minute of the meeting held on 21 August 2018**

The minute was approved as an accurate record.

**EC/2018/11 Matters Arising**

There were no matters arising.

**EC/2018/12 Capital Programme Update**

*EC/2018/12.1 Programme Governance Board*

**EC/2018/12.1.1 Convenor's Update**

The Committee noted that the entire programme was being assessed by the Estates team in the context of building warrant changes recently requested by Glasgow City Council in relation to fire suppression. It noted that designs for the Institute of Health and Wellbeing, Adam Smith Business School and the Creative and Cultural Arts include fire suppression systems and a decision had yet to be taken in relation to the Research Hub. Design works for provision of a central tank to support the systems were being progressed.

The Committee noted that in respect to the Learning and Teaching Hub the delivery partner had currently identified a 9-week programme delay as a consequence of the identification of unknown underground services and a further potential delay of 21 weeks for installation of fire suppression systems. It noted that Senior Estates colleagues were working actively with partners to progress matters and agree a way forward. The Committee supported the approach of the senior team in taking this forward.

**EC/2018/12.1.2 Lay Members Update**

The report was noted.

**EC/2018/12.1.3 Summary Report**

The report was noted.

The Committee noted the progress made in relation to infrastructure work with matters specified as conditions to the original Masterplan now approved by Glasgow City Council.

Approval given by Programme Governance Board for additional demolition works in the Gardiner Institute.

It was agreed that the Risk Register would be reviewed and updated along with the Capital Plan following a recent risk workshop.

**EC/2018/12.1.4 Major Project Dashboard Reports**

The Committee noted the current **green** status of Workstreams 1a (Masterplanning), 3 (Construction Mobilisation), 8 (Strategic Investment and Disposal) and 9 (Strategic Travel and Transport) and the amber status of Workstreams 1b (Infrastructure) and 2 (Key Projects – Design and Construction).

In respect of workstream 1b the Committee noted that a further area of contamination had been identified on the Research Hub site and that removal and disposal was being managed.

**EC/2018/12.1.5 Cost Report**

The report was noted.

*EC/2018/13 Capital Projects Governance Board*

**EC/2018/13.1 Convenor's Update**

The Committee noted that there had been a successful Stage 3 Gateway review in relation to the Institute of Health and Wellbeing. It noted that Contractor discussions were not sufficiently advanced for the Full Business Case to be finalised and this would be concluded early in 2019.

The Committee noted that the Adam Smith Business School was progressing.

**EC/2018/13.2 Lay Member's Update**

The report was noted.

EC/2018/13.3 Institute of Health and Wellbeing Update

The Committee noted the report and that a further update would be provided at a future meeting with the aim of providing a detailed update to Court in early 2019.

EC/2018/13.4 Summary Report

The Committee noted: that Professor John Finch had been re-appointed to the role of Project Sponsor for the Adam Smith Business School; and the design team appointment for Engineering had been made.

EC/2018/13.5 Dashboard Reports

The Committee noted the current status of all major projects.

## **EC/2018/14 CapEx Committee Report**

*EC/2018/14.1 CapEx Application Summary*

The summary was noted.

*EC/2018/14.2 Estates Applications*

EC/2018/14.2.1 Gilmorehill/Kelvin Building/Essential Works

The Committee approved the application in the sum of £3.369m to support DDA and fire compliance improvements.

EC/2018/14.2.2 Gilmorehill/Davidson Building/West Medical Refurbishment

The Committee approved the application for additional funding in the sum of £283,573 taking total approved funds to £3,973,406. A number of lessons would be learned in relation to earlier customer engagement and time planning and the management of customer expectations.

## **EC/2018/15 Control and Monitor Reports**

*EC/2018/15.1 RAG Report*

The report, containing details of sixty-four live projects, was noted. One project was noted as partially **red**: Gilmorehill/New Build/James McCune Smith Learning Hub due to identification of underground services.

*EC/2018/15.2 Risk Register*

The Committee noted there were currently eight **red** risks with a **rising** status.

The detailed analysis of the Register would undertaken and would be updated. The update would have a clear focus on mitigating actions and would be presented at the next meeting scheduled for 15 January 2019.

*EC/2018/15.3 Programme*

The Committee noted the current Master Programme although this did not reflect very recent updates in the programme for the Learning and Teaching Hub.

*EC/2018/15.4 Health and Safety Dashboard*

The Committee noted the workstream status as **green**.

## **EC/2018/16 Estates Reports**

No items to consider.

## **EC/2018/17 Any Other Business**

The Committee noted that the Campus Names Group had approved the naming of a number of key buildings:

The Learning and Teaching Hub would be known as the James McCune-Smith Learning Hub;

The Institute of Health and Wellbeing would be named the Clarice Pears Building; and

The West Medical Building would be re-named the Sir James Black Building.

The Committee noted that a package of work had been commissioned to consider reporting structures and members agreed to give their time to support this exercise.

Farewell and thanks were extended to Robbie Smith for his work in support of the Committee and the University.

## **EC/2018/18 Schedule of Meetings for 2018/19**

The schedule of dates was noted:

Tuesday 15 January 2019

Tuesday 12 March 2019

# University of Glasgow

## University Court – Wednesday 12 December 2018

Communications to Court from the meeting of Senate held on 06 December 2018

Dr Jack Aitken, Director, Senate Office

(All matters are for noting)

### 1. Matters Arising

#### *1.1 Higher Education Governance (Scotland) Act 2016*

Dr Jack Aitken (Director, Senate Office) Provided the Council of Senate with an update on progress in bringing Senate into line with the HE Governance (Scotland) Act 2016. Dr Aitken reminded the Council of Senate that the composition of Senate was a matter that required to be expressed in an ordinance of the Privy Council. This draft had now been produced and was circulated to Members of Senate on 4 December 2018.

The draft of the new ordinance would be received by the University Court at its meeting on 12 December and Court would be requested to provide in-principle approval of the document. Following this, the Scottish Government would be consulted informally. If the Government had significant reservations, the matter would be referred back to Senate and Court. If there were no substantial concerns, a formal consultation period of eight weeks would take place before the proposed ordinance was submitted to the Privy Council for final approval. It was hoped that the new Senate would come into being on 1 August 2019.

### 2. Estates Strategy – Presentation by Senior Vice-Principal and Deputy Vice Chancellor

Professor Neal Juster provided the Council of Senate with an update on the new campus development. Professor Juster reported that construction of the James McCune Smith Learning and Teaching Hub was progressing well, with an expected completion date of May 2020. It was noted that some delays had taken place due to the installation of a fire suppression system. Regarding the Research Hub, it was noted that building work had commenced in October 2018 and that the building was scheduled for completion during the first quarter of 2021. Furthermore, it was reported that the Claris Pears Institute of Health and Wellbeing Building was at the Stage 3 design phase and that a Full Business Case would be submitted to Court in February 2019. The College of Arts Building was at the Stage 1 design phase, with completion scheduled for 2022. The Building would contain a concert hall and cinema space. Completion of the Adam Smith Business School Building and postgraduate space was expected in 2022. It was also reported that the School of Engineering Building was at the Stage 1 design phase, with scheduled completion in 2023.

Professor Juster reported that Glasgow City Council had approved the University's infrastructure plans for the new campus and that the University's contractor had been granted full possession of the site. The plans included a traffic management scheme involving the establishment of a 'super crossing' outside the James McCune Smith Building. The University was also investing in an arts strategy and plans were in place to create a 5G 'smart' campus. In addition to this, the University was liaising with Glasgow City Council to explore the options for utilising the vacant spaces between buildings, including the

development of a 'rain garden' where rainwater could be stored on campus before being released slowly into the River Kelvin.

Professor Juster informed the Council of Senate that £15M per annum had been invested in improving the existing University estate. Part of this investment had been spent on the redevelopment of Pearce Lodge and the development of quantum research laboratories. Work had also commenced on a data centre and teaching room upgrades.

It was reported that investment during the 2018/19 academic session would focus, in the short term, on meeting and anticipating space requirements in advance of the 2019/20 academic year, and meeting maintenance challenges. In the longer term, Estates and Buildings would identify new opportunities for supporting leading research themes, supporting new teaching themes, and exploring new ways of utilising existing space on campus.

Professor Juster reported that significant progress had been made in developing ideas for an innovation district in the area surrounding the University which would include the Kelvingrove Museum, Kelvin Hall, SSE Hydro, Scottish Exhibition Centre, Science Centre, Riverside Museum, and Queen Elizabeth University Hospital. It was also envisaged that the innovation district would act as a catalyst for research and innovation and would attract inward investment. On the Church Street site, ideas and plans were being developed for the Outpatient and Tennant Buildings, with interest from a number of business incubators and startup companies. It was noted that Mrs Bonnie Dean (Vice-Principal, Corporate Engagement and Innovation) had been involved with these plans and that she would provide an update to the Council of Senate at some point in the future. In Govan, plans were underway to develop a Clyde Waterfront Innovation Campus. A proposal was also being developed to conduct a health technology assessment of precision medicine and to develop a Quantum Technology Innovation Centre. Scottish Enterprise and Glasgow City Council were being consulted on both proposals.

Following Professor Juster's presentation, it was asked whether any plans had been made for the section of the Main Building currently occupied by the Adam Smith Business School and for the Hunterian Museum, when the Business School moved in 2022. Professor Juster noted that there were no firm plans for the Main Building but confirmed that the Adam Smith Building would be demolished. He also noted that the Hunterian Museum would remain in its current location. It was queried how the University's plans for a new data centre were progressing. Professor Juster confirmed that two data halls were currently being constructed. He also informed the Council of Senate that the University was exploring the possibility of storing data off-campus via cloud storage – these discussions were being led by Mr Mark Johnston (Director, IT Services).

### **3. Enhancement-Led Institutional Review – Reflective Analysis**

Dr Aitken informed the Council of Senate that the draft Reflective Analysis had been circulated to Members of Senate for comment on 20 November 2018. The final version had been submitted by the due date, 26 November 2018.

### **4. Student Experience Committee: Report from Away Day held on 15 November 2018**

The Council of Senate received a report from the Student Experience Committee (SEC) Away Day held on 15 November 2018. The Council of Senate noted the following items from the Committee's report:

- Student Wellbeing

- Communications
- Physical Environment
- Student Residences

#### **4. Principles of revisions to academic promotions criteria (professorial zones) – Presentation by Vice-Principal for Research**

The Vice-Principal for Research gave an overview of the general principles underpinning the revisions to academic promotions criteria. It was noted that this matter lay outside of the Council of Senate's remit, but Members were invited to give their views on issues of principle.