

WEB COPY

Court

Minute of Meeting held on Wednesday 9 October 2019 in the Senate Room Main Building

Present:

Ms Heather Cousins Co-opted Member, Dr Craig Daly Trade Union Nominee, Mr David Finlayson Co-opted Member, Professor Carl Goodyear Elected Academic Staff Member, Professor Nick Hill Elected Academic Staff Member, Mr Christopher Kennedy Elected Professional Services Representative, Dr Simon Kennedy Elected Academic Staff Member, Mr Scott Kirby SRC President, Professor Kirsteen McCue Elected Academic Staff Member, Dr Morag Macdonald Simpson General Council Assessor, Ms Margaret Anne McParland Trade Union Nominee, Mr Ronnie Mercer Co-opted Member, Dr June Milligan Co-opted Member, Mr David Milloy Co-opted Member, Professor Sir Anton Muscatelli Principal, Ms Elspeth Orcharton Co-opted Member, Ms Elizabeth Passey Co-opted Member (Convener of Court), Mr Gavin Stewart Co-opted Member, Ms Lesley Sutherland General Council Assessor, Dr Bethan Wood Elected Academic Staff Member

Attending:

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), Mr Chris Green (Chief Transformation Officer, World-Changing Glasgow) (for item 4.1); Mr Craig Chapman Smith (Director of Programme Delivery, World-Changing Glasgow) (for item 4.1), Ms Emma Pickard (Director of Business Change World-Changing Glasgow) (for item 4.1)

Observing:

Mr Daniel Guild, Executive Officer to the Principal

Apologies:

Members: Cllr Susan Aitken Glasgow City Council Assessor, Mr Aamer Anwar Rector, Mr Graeme Bissett Co-opted Member, Mr Elliot Napier SRC Assessor, Dr Ken Sutherland Co-opted Member

CRT/2019/1 Announcements

Dr Craig Daly, Mr Christopher Kennedy and Mr Scott Kirby were welcomed to their first meeting of Court, as Trade Union Nominee, Elected Professional Services Staff Representative and SRC President respectively. Ms Margaret Anne McParland was welcomed back to Court in her new capacity as Trade Union Nominee. Professor Nick Hill was welcomed back to Court as an Elected Academic Staff Member.

Mr Daniel Guild, Executive Officer to the Principal, was welcomed as an observer.

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 scheme.

It was recorded that Vice-Principal and Head of College Professor Muffy Calder had briefed Court at the pre-lunch session, covering the College of Science & Engineering. Court's thanks for the briefing were recorded.

Court was reminded that papers and business were confidential.

CRT/2019/2. Minutes of the meetings held on Tuesday 18 June 2019

The minutes were approved.

CRT/2019/3. Matters Arising

There were no matters arising.

CRT/2019/4. Report from the Principal

CRT/2019/4.1 World-Changing Glasgow Transformation programme WCGT

A briefing paper on WCGT progress and developments had been circulated. Court members had also received an update on WCGT as part of the paperwork for the Court Strategy Day. The CTO Chris Green attended the Court meeting to present key points. Craig Chapman Smith (Director of Programme Delivery) and Emma Pickard (Director of Business Change) also attended the meeting.

Working with colleagues across the University, the team had started to transform structures, processes and systems to better respond to and shape a changing environment. The key themes were: to improve the quality of services provided to the University community; to improve value for money and efficiency to support greater investment in strategic imperatives; and to enable a culture focused on service excellence and collaboration. The current portfolio of projects was noted: Smart Campus project; Assessment and Feedback; Student Forecasting and Enrolment; Professional Services; Student & Staff Service Delivery; and HR Recruitment Process. The latter project had completed the design phase and would run through to the end of the year. The penultimate project was now complete, its outcomes having included the launch of the new Helpdesk (Reach Out).

The Professional Services review's areas of focus would include improving the overall customer experience of the estates maintenance and minor works function; developing an integrated approach to wellbeing and improving the related service; and work in the IT and Marketing areas.

The framework to assess the impact of WCGT was noted, along with related KPIs. Court received details of the significant student and staff engagement work that had been undertaken by the programme – which included a Change Network of c400 people and a Design Week to gather comments and contributions from staff and students – together with information on project delivery timescales in the coming years. Court noted some challenges associated with progressing the programme, including around working together across the institution as one team with the same goals and objectives for WCGT; capability and capacity in terms of the need for strong partnerships across the University as well as in the WCGT office; and sustainability in terms of designing and putting in place the programme that enabled the changes in culture and behaviour. The WCGT office would work with SMG to address these challenges, including identifying individuals to progress matters and agreeing actions required to mitigate.

In discussion, it was confirmed that the Smart Campus initiative would apply across all campuses. It was noted that the correct balance between speed, cost reduction and improvement in services was a matter about which the WCGT Project Board was fully aware, with the latter the most important consideration; this had informed the prioritisation process for projects. With regard to cost reduction, it was noted that if there were fractional cost savings across areas where services were improved, then these would be addressed via the budget discussion, with an expectation of redeployment of (saved) resource elsewhere.

In response to a question about post-implementation review/follow up, Court heard that this was occurring for the recently completed project, with an examination of the benefits of the Reach Out

service, including whether they were the expected benefits, or otherwise. Any lessons learned would be used to inform other projects, for example in relation to other ‘service desk’ approaches in the future. Where there were opportunities for projects to work together, for instance to design methodology and/or outcomes holistically, these would be taken.

In response to a question about how Court could assist the WCGT programme, Court heard that guidance on appetite and culture would be welcomed, as would input on scale and impact. It was agreed that the HR Committee might be an appropriate forum for analysis of the latter area in the first instance.

A comment was noted on the need for openness and transparency about how the changes would affect staff. With regard to attendance by operational staff at the various networking fora, and potential difficulties that this job family might have in attending such events, it was noted that a more structured approach, including engagement with the JCCN, was in hand.

It was requested that examples of how staff and students were being helped by the projects – in the form of brief case studies/vignettes from individuals, outlining how they had been benefitted – would be welcomed as part of the next update.

Court thanked Mr Green for the briefing.

CRT/2019/4.2 Student Admissions including RUK

Court noted details of admissions to the University for 2019/20, for Undergraduate and Postgraduate (PGT), RUK and International students. There had been some challenges around RUK recruitment, relating to demographics within the 18-year-old cohort in England and increased competition across the sector, but final numbers were predicted to be healthy following Clearing.

With regard to MD20 intake, the outlook (including part-time students) was ahead of target. External Relations continued to work with Colleges to further enhance recruitment and support of this group of students through adjusted offer and pre-entry support programmes.

CRT/2019/4.3 Higher Education Developments

Brexit

The sector continued to lobby the government on implications for staff and student communities and for research.

The Russell Group had been critical of the UK government’s immigration plans in the event of a no-deal Brexit, since they would affect the ability of universities to recruit students and staff from the EU. The plans indicated that in the event of a no-deal Brexit, those wishing to enter the UK from the European Economic Area and Switzerland would be able to obtain temporary immigration status for three years. The option would be available until the end of 2020. EU citizens wishing to stay on in the UK after their status expired would be subject to a new points-based immigration system, similar to that of Australia. The Russell Group had argued that students wanting to enrol on courses longer than three years would have no guarantee of being able to stay in the UK to complete a course. This was particularly concerning for UG programmes in Scotland; and for medicine and engineering courses throughout the UK, some other professional degrees, and for most PhD programmes.

The Home Secretary had asked the Migration Advisory Committee to review foreign points-based immigration systems and provide advice on how the UK labour market might be strengthened and top talent attracted to the UK.

The Russell Group and the HE sector as a whole had welcomed the announcement that the post-study work visa would be reintroduced.

The University community had been receiving regular updates on Brexit-related matters affecting staff and students. With regard to supplies, while there was some opportunity to stock up, some items had a short shelf life and were dependent on imports, therefore there were potential difficulties.

Audit Scotland report

The report had highlighted financial challenges facing some Scottish universities, while referring to three of Scotland's oldest universities – Glasgow, Edinburgh and St Andrews – having reported annual financial surpluses in recent years. Three of the seven modern universities had reported deficits in 2014-15, with that number increasing to six in 2017-18. These institutions were more heavily reliant on the SFC grants, whereas older universities derived a much lower percentage of their income from SFC grants, receiving larger proportions of their income from international student fees and research grants.

The three ancient universities had also increased non-EU fee income since 2014-15, whereas a majority of modern universities had seen decreases. Most universities were planning to increase this income stream to maintain financial stability. The older universities were also more likely to be able to draw on cash, savings and investments to address pressures.

Audit Scotland had recommended that the SFC set targets for its Outcome Agreements and report on performance against these measures. The report also recommended that the Scottish Government indicate the National Performance Framework outcomes that universities should meet and monitor and publish details of its investment in the sector.

The government/SFC response to the recommendations was awaited. Court would be kept updated.

Post-18 Funding Review in England

The UK Government had not yet formally responded to the Augar review. The Russell Group continued to lobby on the issues arising from the report.

CRT/2019/4.4 Universities Superannuation Scheme USS/Pensions update

In August, following a consultation with employers on various options, the Joint Negotiating Committee had decided that there should be no change to benefits for the time being. It had also decided that the increase in the total contribution rate as a result of the 2018 valuation (funds put into the scheme by employers and members) from 28.3% of salary to 30.7% should be shared 65% by employers and 35% by members, in accordance with the existing scheme rules. The proposed revised contribution rates from October 2019 were 9.6% for members (previously 8.8%) and 21.1% for employers (previously 19.5%). The USS Trustee had now consulted employers, with an outcome that the figures would be implemented from 1 October 2019. The 2018 valuation was now complete, with the Pension Regulator's response awaited. There would be a valuation in 2020, but if this was not concluded on time, there would be a large step increase in the total contribution rate. It was hoped that the Joint Expert Panel (JEP) established by UCU and UUK would issue its second report by the end of 2019, in time to influence the 2020 valuation process.

CRT/2019/4.5 Clyde Waterfront Innovation Campus (CWIC)

Proposals for regeneration of the Govan area, including in particular the Clyde Waterfront Innovation Campus (CWIC), presented an important opportunity for the University to build on its existing presence in the area. Two significant funding bids, relating to Precision Medicine and Nano & Quantum Technologies, had been submitted to the Strength in Places Fund administered by UKRI. Both had a number of partners and would require the development of capital assets to ensure successful delivery. Court noted that projects were strategically significant for the University and had been discussed by Finance Committee. They would be subject to normal governance processes and

approvals if awarded, including further and more detailed discussion through relevant Court committees.

A decision from UKRI on the funding bids was not expected until April 2020 at the earliest. It was noted that CWIC would be included in the revised Capital Plan, to include scenarios based on possible levels of funding that might be obtained; choices would need to be made depending on the funding secured.

CRT/2019/4.6 Dumfries Campus Consolidated Outcome Agreement 2019-20

Court approved the University's updated Outcome Agreement on an annual basis; this set out what the University would deliver in return for Government funding. The University also worked with other HE providers in Dumfries to produce a Consolidated Outcome Agreement for the activities on the Dumfries Campus. The latter document's focus was on the contribution made towards improving life chances, supporting world-leading research and creating sustainable economic growth in the South West of Scotland.

The text of the Agreement for Dumfries had not been finalised until after the June 2019 Court meeting. In the circumstances, it had been approved in early July under Court's delegated powers (under standing orders) by the Convener of Court, the Principal and the University Secretary. The document was noted by Court.

The Principal and Senior Vice-Principal agreed that they would discuss how best to obtain future input from the School to the document, noting that the Head of School had contributed to the text of the agreement approved in the summer.

CRT/2019/4.7 University Rankings

The University had been placed 67th in the QS table (up from equal 69th); and 99th in the Times Higher Education (THE) World Rankings, compared to 93rd in 2018 and 80th in the previous year. An action plan was in place to ensure that the position as a world top 100 University was maintained.

At the June Court meeting, details had been available from two UK League Tables: the UK's Complete University Guide (up to 18th from 24th); and the Guardian league table (up 10 places to 14th). Since then, the Times/Sunday Times Good University Guide had been published, with the University placed 16th in the UK (up one place from 17th).

CRT/2019/4.8 Senior Management Group changes & SMG business

Professor Sara Carter OBE had been appointed as VP and Head of College Social Sciences, starting on 1 October 2019.

Following a change to Professor Frank Coton's VP portfolio, a new role for Vice-Principal (Learning and Teaching) had been advertised. Professor Moira Fischbacher-Smith had been appointed.

Professor Miles Padgett would demit office as Vice Principal Research at the end of the year. Professor Chris Pearce would assume the role of Acting VP Research, with the post to be advertised and appointed to later in 2020.

It was noted that the new strategic plan was under discussion by SMG and would include coverage of Sustainability.

CRT 2019/4.9 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/2019/5. Report from the University Secretary

CRT 2019.5.1 Brexit and University Preparation

The regularly changing situation was being kept under review. The University continued to provide support to the community of EU nationals and to students and colleagues who had study placements or research/teaching relationships with any of the other EU states. There were regular bulletins via the newsletter/email; and a dedicated University website. Specific advice for EU nationals on residency and employment issues was available and, in particular, the University had invited EU nationals to consider applying for ‘settled status’ under the EU settlement scheme, with an offer of help and support for those who wished to do so.

The University had recently welcomed the Scottish Government’s confirmation that the fee status of EU students admitted to undergraduate programmes in Scotland in both 2019 and 2020 would remain unchanged; and the UK Government’s announcement that the cap on Tier 1 ‘exceptional talent’ visas would be abolished.

CRT 2019.5.2 USS

At the June meeting, Court had been updated on the options for future contributions for employers and employees and about the fact that if no agreement were reached, the USS Trustee had proposed to increase contributions to 32.9% from October 2019 (22.5% employer and 10.4% employee). Those involved in the discussions had include Universities UK (representing employers), UCU (representing staff), the USS Trustee and the Pensions Regulator. There was also a Joint Negotiating Committee (JNC), which decided how contribution increases or decreases would be applied and/or what benefit changes should apply.

Following a consultation with employers on the various options outlined at the last Court meeting, the JNC had decided that there should be no change to benefits for the time being, but had also decided that the total contribution rate should increase from 28.3% of salary to 30.7%; further details had already been provided in the Principal’s report.

UCU had announced a ballot of members, for possible industrial action over pensions, arguing that employers should meet all additional costs. The ballot would close on 30 October.

CRT 2019.5.3 Sustainability/Climate Change

At the last meeting, Court had been advised that the Sustainability Working Group was preparing an action plan to follow up the University’s declaration of a climate emergency. Senate would receive a presentation setting out a proposed strategy regarding climate change and sustainability issues at its meeting on 10 October; this would form the basis of a further presentation to Court in December and a more detailed strategy which it was hoped would be completed by February 2020. It was intended to set a target date for carbon neutrality to be achieved by the University; this would include offsetting. Staff and student engagement would be an important element of the strategy.

With regard to disinvestment in the energy sector, the Investment Advisory Committee had already confirmed that the University was on target to achieve the interim target of under 6.4% of funds

invested in fossil fuel companies. Court would receive an update at the December meeting.

CRT 2019.5.4 Court Strategy Day 2019

The event, which had taken place on 16 September, had provided an opportunity in particular for Court to contribute to development of the University's new strategic plan. The main session had given Court members both an overview of the emerging themes from consultation within the University and a chance to reflect on and contribute to key themes for the new strategy. There had been an external view provided of planning in the current uncertain times. A majority of Court members had been on a site visit to see the James McCune Smith Learning Hub and Western sites. The day had concluded with a presentation on the Adam Smith Business School, for which the capital expenditure full business case was being further developed for presentation to Court in December.

A summary of outputs from the main Strategy Day session was noted.

CRT 2019.5.5 HE Governance (Scotland) Act – Ordinances on Court and Senate Composition

Over the summer, Ordinances 209 and 210 had been granted, covering (respectively) the composition of Court and Senate. As such, the membership of Court had been reconfigured from 1 August 2019. There were now two, new, Trade Union nominees and an elected member of Professional Services (support) staff, with the number of elected academic staff members (previously referred to as Senate Assessors) having reduced to five and the previous Employee Representative positions no longer existing in that format. Total Court membership remained at 25.

The revised Senate composition was quite similar to that of the Council of Senate, which in recent years had taken business forward on behalf of the older (much larger – c500) Senate. The Council of Senate would continue to fulfil that function until 10 October, the date of the next Senate meeting. It would be proposed at the first meeting of the new Senate that the Council be dissolved, and that the new Senate assume its full responsibilities from that point. The latter body consisted of around 130 members including ex officio members, elected academic staff members and student representatives.

CRT 2019.5.6 New and continuing Court members

Dr Craig Daly had been nominated as the Trade Union nominee from among the University's academic staff, for 4 years from 1 August 2019.

Professor Nick Hill had been re-elected from the Senate for four years from 1 August 2019, as an elected academic staff member.

Christopher Kennedy had been elected as the Professional Services (support) staff representative on Court for four years from 1 August 2019.

Scott Kirby had begun his term on Court on 1 July 2019 *ex officio* as SRC President, for one year.

Margaret Anne McParland had been nominated as the Trade Union nominee from among the University's support staff; given her previous terms on Court as employee representative, this would be for one year from 1 August 2019.

CRT 2019.5.7 Draft Ordinance 211: General Council Membership and Registration

The composition of, and other arrangements in relation to, the General Council were currently governed by two Ordinances, which required some modernisation and simplification.

A draft Ordinance had been circulated, together with the current Ordinances for reference purposes. The General Council Business Committee/GCBC Clerk had been involved in the drafting, in the last

academic session.

Court approved the draft ahead of informal discussion with the Scottish Government and the formal consultation that was required. Were the Scottish Government to make any substantive points, Court would be provided with the details before any consultation took place.

CRT 2019.5.8 Election of Chancellor

The University Chancellor, Sir Kenneth Calman, had advised that he would be standing down in the summer of 2020. Arrangements were in hand to identify possible candidates for the role, which it was confirmed would include seeking nominations from General Council members, ahead of an election by the General Council.

CRT 2019.5.9 Rectorial Election 2020

At the June Court meeting, Court had approved the rules and nomination process for the Rectorial election 2020, subject to a review of relevant sections to make it as clear as possible that non-inclusive or discriminatory rhetoric or conduct by candidates during the election process was unacceptable. It had also been requested that the declarations section be reviewed to ensure that candidates' acceptance of nomination was absolutely clear about the expectations relating to conduct.

The documents had been reviewed in line with this; they also contained some other changes covering election management and dates. Court approved the documents.

CRT 2019.5.10 Nominations Committee business

Remuneration Committee

Dr Craig Daly left the meeting for this item.

Following Dave Anderson's term on Court ending, there was a vacancy for a staff representative on the Remuneration Committee. Court approved a recommendation from the Nominations Committee that Dr Craig Daly be appointed to the Committee.

Following recommendations by the Nominations Committee, which Court had approved between meetings over the summer, the following reappointments to Court Committees had been made:-

Audit & Risk Committee

Simon Bishop, a co-opted (non-Court) member of the Audit & Risk Committee, had been reappointed for four years to October 2023.

HR Committee

Rob Goward, a co-opted (non-Court) member of the Human Resources Committee, had been reappointed for four years to October 2023.

Estates Committee

Doug Smith, a co-opted (non-Court) member of the Estates Committee, had been reappointed for four years to December 2023.

CRT 2019.5.11 Court Business 2019/20

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.

Court approved the terms of reference of the Organisational Change Governance Group OCGG, which Court was required to review and approve annually. It was agreed that the membership would

be reviewed in terms of staff membership of the group and other committees.

Court noted that the OCGG had met earlier in the day to discuss proposals relating to the Small Animal Hospital, arising from changes in the market for veterinary referrals. The group had asked that the College management provide a further detailed paper in relation to the proposals, including future terms and conditions for affected staff. The details would be provided to the December meeting of Court. A business case would also be provided to the Finance Committee, given the commercial aspects of the operation.

The attendance lists for meetings of Court and its Committees for 2018/19 had been reviewed; there were no issues for action in connection with this.

CRT 2019.5.12 MoU with University of the West Indies

In October 2018, Court had heard that the University had published a comprehensive report into the institution's historical links with slavery. The report had acknowledged that while the University had played a leading role in the abolitionist movement in the 18th and 19th centuries, the institution had also received significant financial support from people whose wealth derived, in part, from slavery.

At the end of July, a Memorandum of Understanding (MoU) had been signed by the University with the University of the West Indies (UWI), as one of a series of recommendations made in the report. Under the MoU, the institutions had agreed to create an academic partnership, including the establishment of the Glasgow-Caribbean Centre for Development Research. The Centre – which it had recently been announced would be co-headed by Professor Bill Cushley (Assistant Vice-Principal International) – would sponsor research work and coordinate academic collaborations with UWI and other universities; it would also help to raise public awareness about the history of slavery and its impact around the world.

The University had committed to raising and spending £20M as part of a programme of reparative justice, over the next 20 years. The University would allocate some resources to the running of the Centre, scholarships, research and public engagement. Glasgow and UWI would work together to attract external funding for mutually agreed projects that would benefit communities in the Caribbean islands and other parts of the world affected by the slave trade.

CRT 2019.5.13 Summary of Convener's Business

Court noted a summary of activities undertaken by the Convener since the last Court meeting. The Convener also highlighted the Green Gown awards being held in Glasgow on 26 November; and advised Court that Glasgow would be hosting COP26 – a major United Nations climate change summit – in 2020. It was noted that the University would be involved in this event. A working group was currently being established by the VP External Relations. The University's activities would include hosting events, showcasing Sustainability activity and highlighting research in the field. Court would be kept updated.

CRT 2019.5.14 Student Services Model – Launch of Reach Out

At the last meeting, Court had been updated on the Student and Staff Service Delivery project being delivered under the World-Changing Glasgow Transformation strategy. Part of the project had involved the introduction of a new Enterprise Service Management System. In September, this new frontline service had been fully launched as Reach Out, across the Gilmorehill, Dumfries and Garscube campuses. Students, staff and visitors could contact the 'Reach Out' teams, search the knowledge base or log a call with the University Helpdesk from the Reach Out webpage.

CRT 2019.5.15 Honorary Degree Nominations

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 2020 nominations, on a confidential basis. Members of Court could contact the Clerk of Senate should they have observations to make. Court would be advised when the finalised details could be made public.

CRT 2019.5.16 Head of School Appointments

College of MVLS

School of Life Sciences

Professor Simon Guild had been re-appointed as Head of the School of Life Sciences for four years from 1 October 2019.

School of Veterinary Medicine

Professor Ewan Cameron had been re-appointed as Head of the School of Veterinary Medicine for four years from 1 August 2019.

College of Social Sciences

Adam Smith Business School

Professor John Finch had been re-appointed as Head of the Adam Smith Business School for four years from 1 September 2020.

School of Interdisciplinary Studies

Professor Carol Hill had been re-appointed as Head of the School of Interdisciplinary Studies for two years from 1 August 2020.

School of Social and Political Sciences

Professor Anne Kerr, currently Professor of Sociology at the University of Leeds, had been appointed as the Head of the School of Social and Political Sciences for four years from 1 November 2019.

With regard to the appointments process for Heads of Schools, including recruitment, reappointments and succession planning, it was agreed that consistency of approach across the institution was important. Optimising this would be looked at in discussion between SMG and HR.

CRT/2019/6. Annual Report for the Scottish Funding Council – Institution Review of Quality – Academic Year 2018-19

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 2018-19. 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.

In response to a question about a revised process for Periodic Subject Review, Court heard that the changes related mainly to streamlining the documentation that Schools were required to submit in advance, with a move to making this more concise and reflective. With regard to the Adviser system, which was referred in the context of recommendations relating to student support, the Clerk of Senate explained that the system was being examined to establish what the best method was, with a view to standardisation.

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/2019/7. Report from the Rector

In the Rector's absence, there was no report.

CRT/2019/8. Reports of Court Committees

CRT/2019/8.1 Finance Committee

CRT/2019/8.1.1 Capital Plan

In the absence of Graeme Bissett, Elspeth Orcharton summarised the Committee's recent business.

The Committee had received a presentation updating members on progress in developing the Capital Plan. The Committee had noted increased costs for Phase 1a and 1b, other capital spend in the existing estate and potential new projects. Phase 1a and 1b current costs were forecast at £667.7m (an increase from £531M at June 2018 and £608M at May 2019). Projects which were in construction largely remained within the planned expenditure, but cost estimates on projects at earlier stages showed significant increases. In addition, a number of new potential projects were under consideration which were not in the current Capital Plan. Further work was therefore required before a revised Capital Plan could be submitted to Court in December. The matters under review included revised costings for existing projects, cost estimates for new projects, updated assessments of small-scale project spend together with maintenance and ICT programmes and revised prioritisation of projects, with a likely deferral of some projects in the current plan and the introduction of new projects.

The Committee had also received a paper outlining a possible framework of financial measurements which could be applied to assess capital programme affordability, agreeing that the paper represented a good basis from which to move forward, with further work to be done reflecting updated views on operating cash generation, the updated Capital Plan proposals and consideration of borrowing capacity. The Director of Finance and Finance Office colleagues were providing ongoing input to this exercise.

In view of the significant increases in the Capital Plan costs, it had been agreed that a gateway review would be undertaken by independent advisors on the methodology used to establish the Capital Plan costs. The scope of the review would be discussed further but it would also include guidance on best practice to the extent not already adopted and an assessment of the level of confidence in the Capital Plan cost assumptions. It was expected that the review would be complete in early December.

CRT/2019/8.1.2 Govan redevelopment/ Clyde Waterfront Innovation campus (CWIC)

The Committee had received an update on high-level plans for the Govan area, incorporating the University's activities at the Queen Elizabeth University Hospital and the proposed Clyde Waterfront Innovation campus (CWIC); the update had set out the wider context of proposed future regeneration of the area. At the end of the Court Strategy Day on 16 September, the Committee had discussed the CWIC funding bid to the Strength in Places Fund, confirming that the project would be subject to normal governance processes and approvals, as Court had heard earlier in the present meeting. The

project would be included in the revised Capital Plan.

CRT/2019/8.1.3 Group Structure

The Committee had noted two new entities which had been added to the Group structure: UOG Commercial Ltd, a wholly owned subsidiary of GU Holdings Ltd, and the European Centre for Advanced Studies GmbH (ECAS), a new joint venture with Leuphana University, Lüneburg.

CRT/2019/8.1.4 Capital Projects

Court noted an update on capital projects. The Finance Committee had approved three Capex applications at its last meeting: Western/New Build/Adam Smith Business School & PGT Hub (fees application) £2.6M; Western/Church Street Innovation Zone/Tennent Institute, Chapel and Outpatients Building Refurbishment (fees application) £1.3M; Gilmorehill/Boyd Orr/Refurbishment Works (fees application) £2.59M.

CRT/2019/8.1.5 Financial reports

Court noted an overview of performance as at 31 July 2019.

The report was noted, including the executive summary.

CRT/2019/8.2 Estates Committee

The benefits of the Adam Smith Business School/PGT project had been presented to the Committee, its members recognising that the ASBS/PGT project was a current priority given that it supported PGT growth. The full business case, subject to final agreement of target price, would be considered by Court in December.

The Committee had received an update on the review of the Capital Plan. Challenges of cost increase, new opportunities and project development had been discussed. The balance of expenditure between new build, refurbishment of the existing estates, maintenance and investment in the digital infrastructure had been noted. Estates Committee's views would inform SMG's ongoing consideration of the Capital Plan, with a final version to be considered by Court in December 2019. The chair of the Estates Committee, Ronnie Mercer noted that building costs for the three projects in train so far – the James McCune Smith Learning Hub, the Research Hub and the Institute of Health & Wellbeing – had been more than initially planned, but for good reason; this was also the case for the next major project (ASBS), therefore further future planning would require to fit within the overall resource.

The Committee had approved Capex applications relating to: Western/New Build/Adam Smith Business School & PGT Hub (fees application) £2.6M; Western/Church Street Innovation Zone/Tennent Institute, Chapel and Outpatients Building Refurbishment (fees application) £1.3M; Gilmorehill/Boyd Orr/Refurbishment Works (fees application) £2.59M.

Ronnie Mercer added that estates maintenance expenditure was behind schedule, and that there was a need to increase the annual budgeted amount, in addition to addressing the backlog. Details would be included in the December 2019 review of the Capital Plan; the likely scale of the financial requirement was in the region of £10M in-year.

It was noted that for reasons of space, c200 administrative staff would be moving to leased premises in Finnieston.

In discussion, it was agreed that the revised Capital Plan should provide contextualisation, including rationales for: any reprioritisation, removals or replacements of projects, and other changes, showing how the decisions had been arrived at. The 'whole footprint' should be set out, with reasoning. This

would include, for example, the benefits for the PGT community arising from the ASBS project.

It was requested that if it was proposed that some projects did not go ahead, the associated impact on service provision should be considered, addressed and followed through.

It was suggested that the December pre-Court briefing might cover the Capital Plan review.

The report was noted.

CRT/2019/8.3 Audit & Risk Committee

Ahead of its recent formal meeting, the Committee had met with the internal auditors as part of good governance practice. The discussions had included the auditors' performance and related KPIs. At its formal meeting, the Committee had received a briefing about revisions and refinements to the risk management process and the reformatted Risk Register, which it had been noted was undergoing further review. The Committee had welcomed the changes made. It had agreed that the revised Risk Register would be included in Court papers for February 2020, when the review was fully complete. The Committee had noted minor updates to the risk management policy.

The Committee had received internal audit reports on: League Table Optimisation; REF Preparedness; Admissions; and the IT Investment Plan. Heather Cousins noted that the Low overall risk rating for the REF review was a positive outcome ahead of the REF.

The Committee had also received an updated 2019/20 internal audit plan; and a report outlining Value for Money considerations and how these were addressed at the University. The Committee had noted the annually-provided reports on corporate structure and on compliance with the Concordat to Support Research Integrity. In response to a question about ways in which funders and lobby groups had increased their scrutiny of the way in which HEIs created a positive research culture, Court noted that one outcome had been an increase in funding being linked to equality issues; the University performed well against such metrics.

The report was noted.

CRT/2019/8.4 HR Committee

June Milligan advised that she had updated the Committee following the Court Strategy Day, in particular on the summary of staff feedback from the new strategic plan consultation. The Committee would be considering this matter further at its next meeting.

The Committee had received an update on the World-Changing Glasgow Transformation portfolio, with a focus on the Professional Services Review. The importance of ensuring that the benefits of the WCGT projects were captured and understood had been discussed. The Committee had also received an update on strategic recruitment and talent acquisition. The Committee had noted the continued high volume of recruitment activity linked to continued growth.

The Committee had also noted significant progress in HR Recruitment Review, which was working towards going live in December with new processes, system and support for recruiting managers. Plans for improvements to recruitment metrics were welcomed by the Committee.

The Committee had received an update from the Executive Director of Human Resources on headline items including the latest position on USS Pension Developments; a progress update on the 2019-20 Pay Negotiations and the potential for industrial action; a reflection on the recent National Student Survey results; and an update on strategic HR planning activity. The Committee had also noted updates on the current PDR cycle, ongoing employee relations matters and continued activity to promote SMG visibility, aligned to earlier staff survey outcomes.

The report was noted.

CRT/2019/8.5 Student Experience Committee

The Committee's recent discussions had included several items for Court to note, in particular relating to: agreement not to proceed with the proposed Criminal Convictions Policy for Students; a Student Mental Health update; an update from the Residential Strategy Working Group; discussion on environmental sustainability, where the possibility of embedding this area more into the SEC's work would be explored; and information on the University's application for the Carer's Trust award.

Court approved the membership and remit of SEC for session 2019-20; the membership included a revision to add the SRC VP Education. A suggestion was made that the remit specifically refer to all students both UG and PG. It was agreed that to give lay Court members more opportunity to be involved in student-related matters, the lay membership of the Committee would rotate every 2 years rather than at the end of members' terms on Court. It was noted that Court members were also welcome to observe at Committees.

The report was noted.

CRT/2019/8.6 Health Safety & Wellbeing Committee

The Committee had received: an update on meetings with onsite contractors; and had covered its usual range of business in reviewing standard reports on Occupational Health activities, Audit updates and Employee counselling. The Committee had been updated on business continuity exercises being undertaken in the Colleges.

In relation to the Bute Hall, where proposals on how safely to remove asbestos from the roof were under discussion, the University Secretary would check on any Building Warrant implications, agreeing that Court would be sighted on any requirements for additional works to be undertaken.

The report was noted.

CRT/2019/9. Any Other Business

No other business had been advised. The Convener recorded best wishes to the University and management for the coming year, her thanks to new members of Court, and her observation that this was a pivotal year particularly with the capital plan and in the context of Brexit; and looked forward to working with colleagues.

CRT/2019/10. Date of Next Meeting

The next meeting of Court will be held on Wednesday 11 December 2019 at 2pm in the Senate Room.

Court Context Card 11 December 2019 - REPORT FROM Finance Committee

Speaker	Graeme Bissett
Speaker role	Finance Committee Convenor
Paper Description	Finance Committee Report to Court
Topic last discussed at Court	Oct-19
Topic discussed at Committee	Nov-19
Court members present	Court members present at last meeting: G Bissett, E Orcharton, E Passey, N Hill, S Kennedy, S Kirby, R Mercer, A Muscatelli, G Stewart
Cost of proposed plan	
Major benefit of proposed plan	
Revenue from proposed plan	
Urgency	High
Timing	Immediate
Red-Amber-Green Rating	Green
Paper Type	For information and discussion
Paper Summary	
Draft University financial statements 2018/19 (<i>including commentary and letter of representation from management to external auditors</i>) (Annex 1); Subsidiary accounts have been made available to Court members separately (electronically) FC/2019/04 - Executive Summary, attached FC/2019/11 - Update on the Capital Programme FC/2019/14 - Capex applications, summary included in minutes. FC/2019/24 - Overview of Performance as at 30 September 2019	
Topics to be discussed	Draft University financial statements & accounts of subsidiaries & University Trust; ASBS/PGT Hub Full Business Case (this is a separate agenda item for Court); Progress of Capital Programme; Overview of Performance as at 30 September 2019
Action from Court	To approve draft University financial statements, accounts of subsidiaries & University Trust. To approve ASBS/PGT Hub Final Business Case. (paper 4 in the Court papers) Other items for noting
Recommendation to Court	Finance Committee RECOMMENDS draft financial statements/subsidiary accounts to Court. Finance Committee RECOMMENDS ASBS/PGT Hub Full Business Case to Court.
Relevant Strategic Plan workstream	Agility, Focus
Most relevant Primary KPI it will help the university to achieve	Cash generation
Most relevant Secondary KPI it will help the university to achieve	
Risk register - university level	1A. Income generation 1B. Maximise efficiency/effectiveness, control expenditure, achieve savings 9. Campus development programme
Demographics	
% of University	100% students 100% staff
Operating stats	
% of	100% revenues 100% costs 100% profits 100% real estate 100% total assets 100% total liabilities
Campus	All
External bodies	UK Government; UKRI; Scottish Government; SFC; USS; Glasgow City Council; Scottish Enterprise; NHS; industry partners
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
Finance Committee
Minute of Meeting held on Tuesday 19 November 2019
in the Melville Room

Present:

Graeme Bissett (Convenor), Elspeth Orcharton, Robert Fraser, Scott Kirkby, Prof Sir Anton Muscatelli, Prof Nick Hill, Dr Simon Kennedy, Gavin Stewart, Jonathan Loukes, Ronnie Mercer, Elizabeth Passey (via teleconference)

In attendance:

Ann Allen, Dr David Duncan, Prof Neal Juster, Gregor Caldow, Nina Douglas
Prof John Finch and Nicola Cameron – for item 8.2 (ASBS / PGT Business Case)
David Ross for item 11 (Investment performance)

Apologies:

Heather Cousins

FC/2019/01. Summary of main points

1. The committee received a draft copy of the Financial Statements for review and comment. The committee noted that it had been a strong year operationally with the University generating an underlying operating surplus (Before Other Gains and excluding exceptional items) of £39.7m, (£24.7m Increase on 17/18).

The committee discussed the impact of the USS pension on the face of the Statement of Comprehensive Income and Expenditure, which resulted in Total Comprehensive (Expenditure)/Income arriving for the year at a deficit before other gains of £69m. Committee members asked whether it would be possible in the financial statements to show surplus excluding the impact of USS adjustments, the GFC confirmed that this couldn't be done but that he could show the impact of the USS pension adjustment on the face of the financial statements – this was taken as an action.

The Committee confirmed its recommendation for approval by Court.

2. Neal Juster updated the committee on the status of the revised capital plan. The committee were advised that anticipated revisions to the June 2018 capital plan included:
 - Increases in spend allocated to the 'out of the ground projects'.
 - A change in strategy for Arts & Engineering – these buildings would not proceed as proposed.
 - A Modular teaching block with PC labs which would cater for anticipated growth across the University.
 - Considerable pressure on the annual maintenance budget.

Following the request by the Committee at the September meeting, Gleeds are currently reviewing the revised capital plan to provide an independent view of the basis on which costs had been established.

The intention now is to bring a revised plan to the governance committees and Court in the early New Year. This would be accompanied by an updated long-term cash flow analysis including an assessment of affordability and funding requirements together with the Gleeds report. It was noted that two further briefings for Court members were planned, a webinar on 3rd December and a pre-Court briefing on 12th December.

3. The committee were asked to review and approve the Adam Smith Business School / PGT Business Case to allow submission to Court in December 2019. The committee agreed that the mission and rationale were well set out but that the business case lacked sufficient information on 1) the extent to which schools in addition to ASBS were confident that the new provision would be efficiently used and how these users' forecasts translated into the business case financials and 2) the support for the revenue and cost forecasts including the key assumptions. It was agreed this information would be provided to Committee members as soon as possible to permit evaluation ahead of the Court meeting.

The committee discussed concerns around changes in user requirements and were advised that the building was fully adaptable, with natural ventilation and adequately sized M & E.

The Committee agreed that the business case was provisionally approved but that further information regarding the users and assumptions was needed before this would be recommended to Court.

In prospectively approving the ASBS / PGT business case, it was noted that the aggregate commitments of capital spend remained within the currently approved plan. Future significant commitments would be possible only once a revised plan had been approved.

[Update following Committee meeting: the information requested was circulated and Committee members concluded that the questions had now been adequately addressed and accordingly that the Committee recommended approval of the Business Case to Court.]

4. The Committee received an update report from David Ross, Convenor of the Investment Advisory Committee, which confirmed that endowment funds were broadly achieving targets. A report from the Managers on fossil fuel divestment was in preparation and would be provided to Court at the December meeting.

FC/2019/02. Declarations of Interest

No declarations were reported.

The Convenor offered a vote of thanks on behalf of the Committee to Fiona Quinn who had moved to a new role, for her excellent support and guidance to the Committee during her time as Clerk. Nina Douglas had kindly agreed to take up the role effective from today's meeting.

FC/2019/03. Minutes of the meeting held on Thursday 19 September 2019

The minutes of Finance Committee held on 19 September 2019 were approved.

FC/2019/04. Executive Summary (paper 5)

The Committee received a paper summarising agenda business and key financial metrics. Members welcomed the summary.

FC/2019/05. Draft University Financial Statements (paper 6.1)

The Committee received a copy of the draft financial statements for the year ending 31 July 2019, including commentary, audit report from EY and representation letter.

Statement of Comprehensive Income

The group financial controller advised that it had been a strong year for the University generating an underlying operating surplus (Before Other Gains and excluding exceptional items) of £39.7m, (£24.7m Increase on 17/18). He advised that the increase in underlying surplus after tax was smaller due to the impact of movements in the endowments portfolio.

The GFC advised that the Total Comprehensive (Expenditure)/Income for the year was reported at a deficit of £69m due to a charge of £109m for the impact of the USS pensions within the year.

Discussions took place around the pension impact and the GFC and Finance Director explained the treatment of this commitment on the financial statements.

The committee discussed the impact that the USS pension has on the face of the income statement arriving at a loss of (£69m). Committee members asked whether it would be possible in the financial statements to show surplus excluding the impact of USS adjustments, the GFC confirmed that this couldn't be done but that he could show the impact of the USS pension adjustment on the face of the financial statements – this was taken as an action.

The committee asked the GFC whether the University of Glasgow would be unique in this approach or whether the pension treatment would be sector wide, the finance director advised that most other institutions will have some form of pension impact but that values will be highly dependent on their contribution to the scheme.

It was suggested that the risk factors around the campus development be amplified in the risk section and it was agreed that this would be examined further.

Cashflow

Discussions then moved on to the cashflow with the GFC advising that cashflow was £18.1m ahead of budget. The GFC advised that this was mainly due to increased tuition fees in social sciences, and science & engineering with an increase of approximately 800 student FTE. He also advised that although salaries had increased comparative to 17/18 that they were favourable to budget due to the delay in filling voids. He advised that £6.9m of the adverse movement against budget relates to the campus redevelopment for write offs and demolition.

FC/2019/06. Going Concern Review (paper 6.2)

The Committee agreed that the paper provides sufficient evidence that the University is a going concern.

FC/2019/07. Summary of Accounting Policy wording changes (paper 6.3)

There were no comments from the committee on minor changes to policy wording. The convenor noted that it was useful to see that there were no changes in accounting policies.

FC/2019/08. Tax Strategy Update (paper 6.4)

The Committee discussed the purpose of the strategy update and the committee suggested that it would be useful to receive a summary of the tax paid by the University for 18/19. The GFC advised that he would prepare this for 18/19 for the next finance committee. The paper was approved.

FC/2019/09. Draft Subsidiary Accounts (paper 7.1)

It was agreed by the committee that as these accounts are audited and reviewed by the audit committee and Ernst & Young respectively that the committee didn't need to undertake a detailed review. This was in line with the approach adopted in prior year.

A question was raised on the Kelvin Nanotechnology accounts and it was confirmed that the Board of that company and the auditors were content that the company was a going concern. There were no other comments regarding the subsidiary entity accounts from the committee members.

FC/2019/10. US GAAP Accounts (paper 7.2)

These accounts represent a technical restatement onto US accounting standards and are prepared and signed by the auditors not by University governors.

FC/2019/11. Capital Plan Update (paper 8.1)

Neal Juster discussed the updated capital plan with the committee, including the movements in spend from the 2018 approved capital plan.

Current Construction Projects

Neal Juster advised the committee of the additional spend required on the 'out of the ground projects' against the June 18 capital plan including the JMS Sprinkler systems, an additional £13m for the Institute of Health & wellbeing, an £8m for the Joseph Black Building and additional spend of £12m for infrastructure.

He advised the committee that estates are currently projecting £410m for these projects (£390m of this has been approved) against the June 2018 capital plan of £372m.

He also discussed the additional expenditure required for the Boyd Orr building (Fire replacement, decant and M & E replacements).

Strategy Future Projects

Neal advised the committee of the plans regarding future requirements addressing that the College of Arts and Engineering buildings would not proceed as originally designed.

He spoke about the other options and strategies for growth that are being explored such as a modular teaching block with 360 seats and PC labs that can be easily reconfigured into office space when/if required.

Maintenance Budget

Estates advised the committee that the revised capital plan would put pressure on the annual maintenance budget moving spend from £15.5m to £22m.

Review of Numbers

Ann Allen advised that, following the request by the Committee at the September meeting, Gleeds are currently reviewing the revised capital plan to provide an independent view of the basis on which costs had been established.

Approval of capital plan

The intention now is to bring a revised plan to the governance committees and Court in the early New Year. This would be accompanied by an updated long-term cash flow analysis including an assessment of affordability and funding requirements together with the Gleeds report. It was noted that two further briefings for Court members were planned, a webinar on 3rd December and a pre-Court briefing on 12th December.

FC/2019/12. Adam Smith Business School/PGT Hub Full Business Case (paper 8.2)

The Convenor relayed that he thought the mission and rationale were set out well, but that there was some uncertainty around how this translated into the financial information in the business case.

The committee agreed with these comments.

Prof John Finch spoke about the intensive period of market assessment and design that had been completed, advising the committee that a robust case had been presented to Court in September 2019.

The Convenor asked the committee if they had any questions regarding this.

There was some confusion regarding the diversification graph on page 11, a discussion took place around what the 85% represented. Nicola Cameron confirmed this was our current proportion of Chinese & East Asian students and that the college of social sciences had a strategy in place to diversify and reduce this proportion. It was agreed that the vertical axis would be updated on the graph to incorporate this.

The committee asked how adaptable the building would be if the user requirements were to change in the future. Nicola Cameron advised that the building was fully adaptable, with natural ventilation and adequately sized M & E.

It was agreed by the committee that further information was required on the users of the building as it was not clear how these users translated into the financial information provided in the business case. An action was taken for the team to add this information.

There was also some discussion around the rewording of part of the business case to ensure that it was clear that 700 seats support 1,400 students. Nicola Cameron confirmed that this was in line with the University's metric of 1 seat providing for 2 students.

The committee questioned why the construction costs per square metre had risen since the previous costings. Nicola Cameron advised that there were several reasons for this increase, including additional piles, fire safety, inflation and planning costs.

There were some discussions around the next steps for approval with the estates team advising this would go to court in December 2019. Ann Allen advised that by this time we would have the target cost from Multiplex which would reduce the risk of cost increases.

Ann also advised the committee that there would be a gateway review week commencing 25th November and a detailed financial review by Gleeds around these costings.

The Committee agreed that the business case was provisionally agreed but that further information was required around assumptions used for the financials and users of the building.

FC/2019/13. Capital Plan Update (paper 8.3)

No questions were asked regarding the paper submitted.

FC/2019/14. Capital Expenditure Requests (paper 8.4)

Finance Committee received three capital expenditure requests, summarised in the table below:

Project	Purpose of funding application	Total Projected Cost	Provisi on in capital plan	Other Funding Source	Value of funding sought under application	Action required
Western/New Building/New ASBS and PGT Hub	Full Business Case	£86m	£44.8m	N/A	£86m	Further information Required
Gilmorehill/James McCune Smith Learning Hub	Procurement & Installation of Catering	£1.71m	£0.25m	N/A	£1.71m	Approved
ASPA Labs/Neuroscience/ Sir James Black Building	Full Business Case ASPA designated lab facilities	£1.2m	£0m	N/A	£0.65m	Approved
5G Testbed and Partner in Scotland 5G	Government Funded centre	£1.09m	£0m	N/A	£0.0m	Approved

All applications were approved by the committee excluding the Adam Smith Business Case, on which further information was required.

FC/2019/15. Borrowing Update (paper 9.1)

The Finance Director informed the committee that the market had changed and was not as competitive, with less pressure on yields. The Committee was content with the proposal that the Finance Director investigate further current availability and pricing in the funding market ahead of a formal analysis once the revised capital plan was available.

FC/2019/16. Affordability framework

It was agreed that the GFG would pull this together to be reviewed in the next finance committee in January.

FC/2019/17. Transformation audit report (Paper 9.3)

The Finance committee was advised of the following two PWC findings:

1. No agreed position from the management team to achieve cost savings.
2. Lack of measurement framework to assess progress and monitor performance.

Further discussion was underway within the management team and the Committee was also advised that KPI's and business cases were being developed for these individual projects. It was noted that the impact of the Transformation programme would be reflected in the long-term cash flow forecasts.

FC/2019/18. TRAC benchmarking (Paper 10.1)

The committee were advised that the UoG was broadly in line with other areas in the Russell Group and that some specific areas were being further examined.

FC/2019/19. Anti-bribery and corruption policy review (Paper 10.2)

The committee discussed whether a section should be included for political pressure from certain stakeholder groups. It was agreed that nothing should be formally written down or published on the website but that this could be discussed in future committees. It was also suggested that the tone of the document could be sharpened up and it was agreed this would be further examined.

FC/2019/20. New Company Request – app development (Paper 10.3)

The committee were advised that there was merit in accommodating app development but that it was important to manage risk to the University. Accordingly the Committee agreed with the

proposal to establish a wholly-owned limited company for this purpose which would be low cost to administer but which would provide legal insulation from any future litigation threat. It was agreed that the finance director would report on how this develops in future committees.

FC/2019/21. UoG Clinical Services

It was agreed that the GFG would share the paper with the Convenor and circulate to the committee prior to the next committee meeting.

FC/2019/22. Investment Advisory Committee Update

The Committee received an update report from David Ross, Convenor of the Investment Advisory Committee, which confirmed that endowment funds were broadly achieving targets. A report from the Managers on fossil fuel divestment was in preparation and would be provided to Court at the December meeting.

FC/2019/23. Investment funds performance and bank balance

The committee agreed that the sub group would conduct a separate review of performance.

FC/2019/24. Overview of performance as at 30 September 2019 (Paper 12.1)

The committee had no comments or questions.

FC/2019/25. Debtors reports as at 30 September 2019 (Paper 12.2)

The committee had no comments or questions.

FC/2019/26. Table of Actions

Action	Date Due	Notes
Provide a summary of the tax paid by the University for 18/19 by tax category	January meeting	Group Financial Controller
Show the impact of the USS pension adjustment on the face of the financial statements	2018/19 Annual Report	Group Financial Controller
Consider changes to the wording of how the University manages risk in relation to the campus development	2018/19 Annual Report	Group Financial Controller

ASBS Business Case - Provide further narrative around the users of the ASBS	Before December Court	Director; Property Development & Investment
ASBS Business Case – Provide further narrative & justification around the revenue generated by non-Adam Smith users	Before December Court	Director; Property Development & Investment Head of Finance Estates
ASBS Business Case – Provide further information on key assumptions used in the discounted cash flow	Before December Court	Director; Property Development & Investment Group Financial Controller Head of Finance Estates
ASBS Business Case – Update the diversification graph on page 11 (Include axis title in vertical axis)	Before December Court	Director; Property Development & Investment
ASBS Business Case – Revise the wording to clarify 700 seats provides for 1,400 students	Before December Court	Director; Property Development & Investment
Affordability Framework – to be provided and circulated.	January meeting	Group Financial Controller
UoG Clinical services – Paper to be shared and circulated	January meeting	Group Financial Controller
Anti-Bribery & Corruption Policy – Tone to be reviewed	January meeting	Chief Operating Officer

FC/2019/27. Date of Next Meeting

Tuesday 28 January 2020, 2.00pm.

*Prepared by: Nina Douglas, Clerk to Committee, Nina.Douglas@glasgow.ac.uk
Last modified on: Wednesday 27th November 2019*



University
of Glasgow

REPORTS & FINANCIAL STATEMENTS

FOR THE YEAR TO 31 JULY 2019

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 2019 (2018-19).

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 being the home of inspiring thinkers, from the father of economics Adam Smith, to the eminent scientist Lord Kelvin. In keeping with its historic legacy of changing the world, the University is a founding member of the elite Russell Group of 24 major UK 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 and academics from more than 150 countries 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; and from the Higher Education Governance (Scotland) Act 2016. 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 five-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 2019 the University had met 6 of its primary KPIs (international student FTE, PG researcher to academic ratio, research output quality, research impact, research income per academic and cash generation), and was behind on 3 (staff engagement, undergraduate satisfaction and assessment & feedback).

Recruitment

The University fell slightly short on undergraduate International numbers and behind on our Scots/EU and RUK targets. Demographic change continues to reduce the overall population of UK 18 years olds, and the intensifying competition for these students poses challenges for most HEIs across the sector.

However, despite this, the University's reported intake increased by over 5%, driven by higher postgraduate taught numbers coming from the UK, EU and Internationally. We are well placed to continue our performance despite the tougher environment and variable challenges by level and market.

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 focuses 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 careers.

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 strong record of high achievement in student satisfaction as measured by the National Student Survey

OPERATING AND FINANCIAL REVIEW (continued)

(NSS). However, the University's overall average satisfaction score dipped slightly to 86% in 2018-19. A key area of dissatisfaction highlighted by the survey is the timeliness of assessment and feedback to students; the University is currently working to address this through a strategic project within its World Changing Glasgow Transformation Programme. The University also continues to address the other issues raised by students via the NSS through its 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 remains within the top 100 of Universities worldwide; while we managed to improve our position by two places in the 2019 QS World University Rankings to 67th, we experienced a drop in the THES World University Rankings to 99th. The University also maintained its ranking in the Shanghai Jiao Tong within the 151-200 band. The University's performance in the UK domestic league tables has improved, rising to 16th in the Times/Sunday Times University Guide (2018: 17th), 18th in the Complete University Guide (2018: 24th), and 14th in the Guardian University League Table (2018:24th).

Student Employability

The UK Higher Education sector is currently transitioning to measuring student employability via a new Graduate Outcomes Survey – the first data of which will be published in 2020.

The graduate employment survey used to compile the previous industry standard indicator – the Destination of Leavers of Higher Education Survey – was not undertaken by the sector in 2018-19. At the time of the last survey carried out on the 2016-17 graduating cohort, 95.9% of the University's students who obtained a full-time first-degree undergraduate qualification were in employment or further study in the year after their graduation.

International activity

The University continued to see a steady year-on-year increase in entrants from students outside the EU, with sustained growth for the tenth consecutive year. International student numbers grew by 16% 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 2018-19, and for the first time in the eleven-year relationship, new entrants to the University from GIC are expected to exceed 900 in session 2019-20.

The University has established Transnational Education (TNE) partnerships with the Singapore Institute of Technology (SIT), University of Electronic 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 2018-19, with 2,593 students: 134 on degrees with Nankai, 1,540 on degrees with UESTC, and 919 with SIT. Further growth is anticipated in 2019-20 as full student cohorts are recruited.

In 2018 the University of Glasgow signed partnership agreements with Leuphana University of Lüneburg (Lower Saxony) and with Radboud University (Netherlands). Developing these strategic partnerships in Europe, as well as others around the world, is a key priority of the University's international activity going in to 2019-2020.

Widening Participation

Widening Participation (WP) remains a prominent and important strategic area for the University. We have made extensive contributions to the Scottish Government's Commission on Widening Access, with much of our work cited as sector-leading best practice. University staff are actively participating in a number of the workstreams and working groups subsequently formed to oversee implementation of the Commission recommendations, such as the use of Access Thresholds in contextualized admissions and guaranteeing offers to those with experience of care or residing in MD20 (most deprived 20%) postcode areas. The University also continues to exceed its MD20 recruitment targets and is laying the groundwork to exceed increased targets in the future.

The University continues to have strong engagement with school pupils. In 2018-19, the University engaged with over 25,000 Primary 5 – Secondary 6 pupils, up from just over 4,000 Secondary 4 - Secondary 6 pupils five years ago. We have stepped up our engagement with FE College partners, enhancing our strong record of recruitment via Access Courses with a new HNC Articulation Programme, forming a new alternative route for talented students to progress to the University of Glasgow.

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. The University has also excelled in attracting competitive funds that reward research talent: for example, Glasgow is now 8th in the Russell Group for its number of European Research Council awards.

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

OPERATING AND FINANCIAL REVIEW (continued)

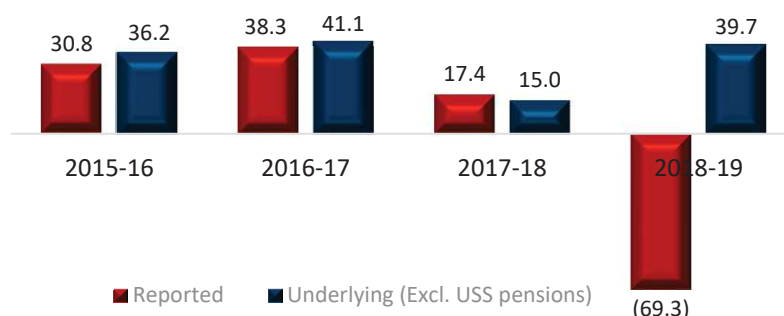
Income and expenditure

The University enjoyed another successful year financially, with an underlying operating surplus of £39.7m in 2018-19.

The graph on the right shows the trend in operating surplus / (deficit) over the last four years, with the underlying position adjusted for the movement in the provision for the Universities Superannuation Scheme (USS) deficit reduction plan. Accounting for this provision can cause significant volatility in the reported surplus / (deficit).

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

£m - Operating Surplus / (Deficit) Before Other Gains (excl. exceptional items) Four Year History



Financial highlights for the year

	2019 £m	2018 £m
Consolidated income	687.9	630.6
Consolidated expenditure	(757.2)	(613.2)
Surplus / (deficit) before other gains	(69.3)	17.4
Decrease / (increase) in USS provision	(109.0)	2.4
Underlying surplus before other gains	39.7	15.0
Income from overseas students	142.0	120.0
Cash and cash equivalents at year end	204.6	207.4
Investment funds	216.5	212.5
Available funds	421.1	419.9
Capital Expenditure	91.2	41.9
Campus Development spend to date	133.9	61.9

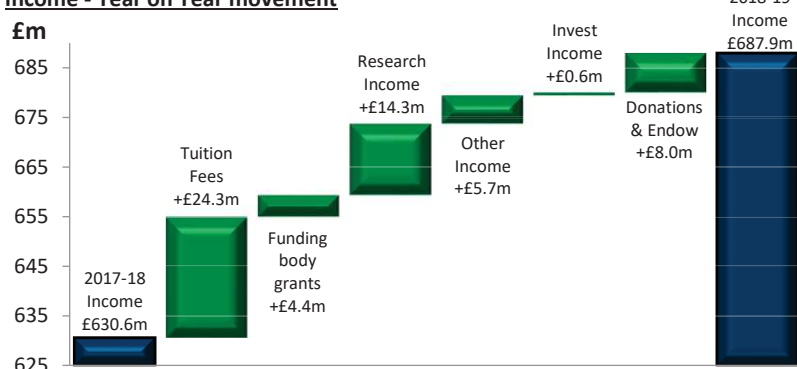
Income

Total income increased by £57.3m or 9.1% from 2017-18 to 2018-19.

The main movements are as follows:

- Income from tuition fees and education contracts grew by £24.3m or 11.9% to £228.2m. The largest movement was in overseas students, with income growing by 18.3% (2017-18: 20.2);
- Income from funding body grants increased by £4.4m or 2.8% in 2018-19. Adjusting for the one-off increases of £1.2m in the Research Excellence Grant and £0.6m in the University Innovation Fund, the underlying increase was £2.6m or 1.6% (2017-18 increase 1.2%);
- Underlying research income (research income excluding movements in capital grants) increased by £10.1m during the year, mainly through Research Council and UK Charity funding. This was augmented by a £4.2m

Income - Year on Year movement



- increase in capital grant income. This resulted in a net increase in income from research grants and contracts before exceptional items of £14.3m or 7.9% in 2018-19 (2017-18 increase £1.3m or 0.7%);
- Other income increased by £5.7m or 7.7% in 2018-19, driven by other services rendered activities (consultancy, Small Animal Hospital), other income including the partnership with GIC Kaplan and increased summer occupancy within residences;
- Investment income increased by £0.6m; and
- Income from donations and endowments increased by £8.0m in 2018-19, in support of the campus development programme.

OPERATING AND FINANCIAL REVIEW (continued)

Expenditure

Total expenditure increased by £144.0m or 23.5% in 2018-19. Of this £111.4m (or 18.2%) was due to the movements in charges for the USS deficit reduction plan. Expenditure, excluding this USS movement, increased by £32.6m (or 5.3%).

The make-up of the £32.6m increase in expenditure is as follows:

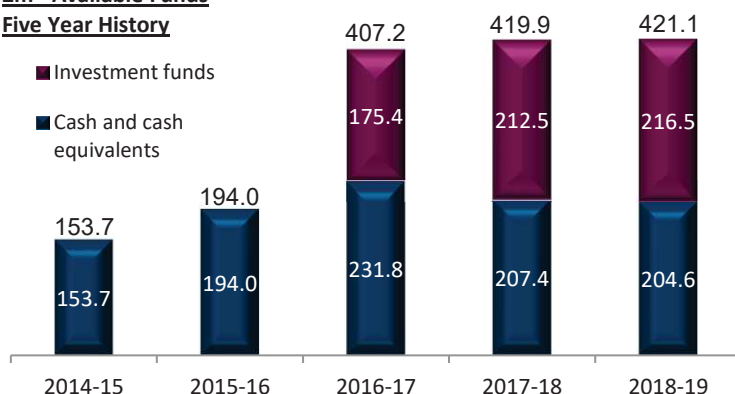
- Staff costs increased by £19.9m or 5.9% in 2018-19 (2017-18 increase of £14.8m or 4.6%). Adjusting for the year on year movement in FRS102 adjustment for unpaid holiday pay (a decrease in expenditure of £1.4m), staff costs increased by £21.3m or 6.3%, due to increased staff numbers of 3.3% (mainly within academic departments and research grants and contracts), annual salary increases, associated social security costs and an increase in the USS employer contribution rate from 18% to 19.5% from April 2019 (£1m);
- Other operating expenses increased by £14.9m or 6.3% (2017-18 increase £27.8m or 13.3%). A reduction in demolition costs / write-offs of £6.2m was offset by increases in academic departments, mainly driven by increased student numbers, increased expenditure on research activity and movements in provisions;
- The depreciation charge decreased by £1.6m, due to equipment coming to the end of its useful economic life.
- Interest and other finance costs decreased by £0.6m, due to a lower interest charge associated with the University of Glasgow Pension Scheme (UGPS).

Available funds and cash flow

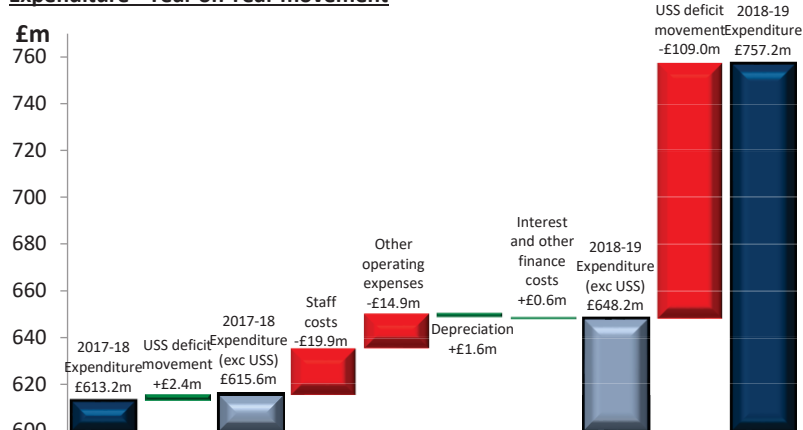
Available funds increased by £1.2m or 0.3% from 31 July 2018. This was due to a positive return of £4.0m on the

£m - Available Funds

Five Year History



Expenditure - Year on Year movement



investment funds, offset by £2.8m reduction in cash and cash equivalents, as a result of strong underlying cash generation offset by increased capital spend on the campus redevelopment programme.

The five-year funds history is shown below, with the 2016-17 balance increasing as a result of borrowing £175m for the campus development programme.

The main cash inflow shown in the cash flow statement in 2018-19 was from operating activities (+£70.3m), offset by investing activities (-£64.0m), mainly capital spend, and financing activities (-£9.3m).

The net inflow from operating activities represents the underlying operating surplus of £40.8m, adjusted for non-cash items, primarily depreciation and an increase in creditors.

The main cash outflows were capital expenditure of £91.2m, partly offset by capital grant receipts of £19.7m.

Financing activities of £9.3m include the interest paid on the private placement funding.

Capital commitments increased by £5.2m in the year, to £283.7m at the balance sheet date, mainly relating to commitments from the campus development programme.

Investment performance

The value of endowment asset investments increased by £1.3m, from £200.6m to £201.9m, with new endowments bequests of £2.8m (2017-18: £1.4m) and investment income of £5.8m being offset by expenditure of £6.2m and a reduction in market value of £1.1m.

The decrease of £1.1m in the market value of funds held is a significant change from the increase of £10.9m in 2017-18, but the performance reflects the tough market conditions throughout 2018-19. Despite these conditions, the endowment funds out-performed the FTSE 100 over the year.

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 value of the University's holdings in investment funds increased in 2018-19, with a return of £4.0m resulting in a final position of £216.5m at year end (2017-18: £212.5m). These funds will be drawn down when required for the campus development programme.

The performance of these funds and amounts invested are monitored by a separate Investment Committee, with regular reporting to Finance Committee.

Pension liability

The FRS102 pension liability for the University of Glasgow Pension Scheme (UGPS) and the Strathclyde Pension Fund (SPF) decreased in the year from £34.2m to £7m. The liability decreased primarily due to the actual return on assets, which forms part of the actuarial gain of £32.7m recorded in other comprehensive income.

OPERATING AND FINANCIAL REVIEW (continued)

The court rulings in relation to the equalization of Guaranteed Minimum Pension (GMP) and the McCloud judgement were taken into consideration, where appropriate, when calculating the liabilities of the pension schemes.

Under FRS102, the University records the present value of its deficit recovery commitments for the Universities Superannuation Scheme (USS). During the year, a new deficit recovery plan was put in place as part of the 2017 valuation. This requires payment of 5% of salaries (previously 2.1%) over the period 1 April 2020 to 30 June 2034. This significant increase in deficit contributions has given rise to a substantial increase in the deficit provision which has increased by £109m to £161.3m.

The movement in the USS provision has caused large variances in the financial statements over time and is likely to do so in the future.

Since the year-end 31 July 2019, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed. This amends the existing deficit recovery plan as set out in the 2017 valuation Schedule of Contributions. This new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028.

As at 31 July 2019 and assuming all other assumptions used to calculate the provision remain unchanged, this would have resulted in a revised provision of £92.4m, a decrease of £68.9m from the current year end provision and a reduced charge to the Statement of Comprehensive Income of £40m.

The shorter recovery period assumed in this schedule will result in a decrease in the provision for the obligation to fund the deficit in the USS pension scheme and this adjustment will be reflected in the financial statements for the year ending 31 July 2020.

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 and these will start to reduce as the level of building work increases.

The University saw positive movements on all areas of income generation in the year, in particular, a further significant increase in overseas student income which led to another year of strong underlying operating performance. There was a significant increase in the USS pension deficit reduction plan provision,

which significantly decreased 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.

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 provides the University with an unprecedented development opportunity 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 is the focus of a significant building programme. The University has commenced an ambitious but achievable programme of capital development that is focused on supporting the University's strategic ambition. The development 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 £350m 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 which will enable parts of the existing academic estate to be reconfigured, thereby 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 the existing estate to ensure that current business can continue.

Multiplex, the main contractor for the site, were appointed in 2016-17. Much of the demolition of the Western site is completed and the construction of the Research Hub is progressing. The first of the new buildings, the £95m Learning and Teaching Hub, called the James McCune Smith Hub has been "topped out" and is scheduled for completion during the course of the next academic year. The building is expected to be open at the start of the academic year 2020-2021. 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 Court approved the construction of the £50m Clarice Pears Building. This will provide accommodation for the Research Institute for Health and Wellbeing, a research institute focused on preventing major health issues facing our communities. The building will bring

together staff who are currently located across 15 different locations.

The University also has campus space at Garscube, in the north of Glasgow, and Dumfries, and facilities at the Queen Elizabeth Hospital.

Plans for 2019-20

Looking forward to 2019-20 the focus will be on the completion of the James McCune Smith Hub, the conclusion of enabling works on the Western Infirmary site, progress on the Research Hub and the commencement of construction of the Clarice Pears Building.

Innovation District

The investment the University is making into the west end of Glasgow has been recognised as delivering more than just new buildings. The University continues to work with the City Council and Scottish Enterprise to develop proposals for the Innovation District building on the Memorandum of Understanding signed between the three parties. The University has secured seed funding from Strength in Places to develop proposals for a campus close to the Queen Elizabeth University Hospital. This will enable the University to develop a thriving ecosystem supporting innovation, enterprise and economic growth.

Projects to date

- James McCune Smith Hub which will provide new teaching and learning facilities
- The Research Hub
- Clarice Pears Building for the Institute of Health and Wellbeing
- 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
- Adam Smith Business School and new investment in PGT space
- 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 16.8% in 2018-19, a significant rise that meant the University met 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.

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 USS and UGPS 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). This judgement means that pension schemes are required to equalize GMP benefits for the period from 17 May 1990 to 6 April 1997 between males and females. The Scheme Actuary has included the impact of this assessment in the valuation at 31 July 2019 for UGPS and SPF.

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).

A new deficit recovery plan was put in place as part of the 2017 valuation and is set out in the new Schedule of Contributions dated 28 January 2019. This requires payment of 5% of salaries over the period 1 April 2020 to 30 June 2034. In accordance with the requirements of FRS 102 and the SORP, the University has made a provision for this contractual commitment to fund the past deficit. In the prior year, the deficit payments were 2.1% of salaries up to March 2031.

This significant increase in deficit contributions has given rise to a substantial increase in the deficit provision which has increased by £109m from £52.3m to £161.3m.

The 2018 actuarial valuation was finalised after the year end which indicated a shortfall of £3.6 billion and a funding ratio of 95%.

Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed. This amends the existing deficit recovery plan as set out in the 2017 valuation Schedule of Contributions. This new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. As at 31 July 2019 and assuming all other assumptions used to calculate the provision remain unchanged, this would have resulted in a revised provision of £92.4m, a decrease of £68.9m from the current year end provision and a reduced charge to the Statement of Comprehensive Income of £40m.

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 £160.7m (assuming the same discount rate of 1.62%):

- The impact of a 0.5% reduction in the discount rate to 1.12% would

increase the University's USS liability to £168m, this assumes a duration of 15 years;

- The impact of an increase of 0.5% in salary inflation would increase the University's USS liability to £167.5m, this assumes a duration of 15 years;
- The impact of an increase of 0.5% in salary inflation for the first year would increase the University's USS liability to £161.5m, this assumes a duration of 15 years;
- The impact of an increase of 0.5% to staff changes over the duration of 15 years would increase the University's USS liability to £167.7m, this assumes a duration of 15 years;
- The impact of an increase of 0.5% to staff changes in the first year would increase the University's USS liability to £160.7m, this assumes a duration of 15 years;
- The impact of an increase of 1% in deficit contributions from April 2020 would increase the University's USS liability to £192.2m, this assumes a duration of 15 years; and
- The impact of an increase in duration of 1 year to 16 years for the deficit repayment would increase the University's USS liability to £174.7m.

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 2019 the University's outstanding payments represented approximately 9 days' purchases. This is an increase from 8 days in 2018. 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 2018-19.

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. At the close of phase 1 the percentage holding in fossil fuel extraction was 5.15%.

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.

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) follows 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 (as applicable) guidance on internal control as amended by the British Universities Finance Directors Group in its 2006 guidance, of the 2017 Scottish Code of Good HE Governance, and of the Annual Accounts direction as issued by the Scottish Funding Council. Its purpose is to help the reader of the reports and financial statements understand how the principles have been applied.

In the opinion of the Governing Body, the University complied with all the principles and provisions of the 2017 Scottish Code of Good Higher Education Governance with the exception of:

- 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.

Action is being taken to address this and Court expects to be compliant by 2023.

- The membership of the Nominations Committee should have a lay member majority.

The Court considers the current arrangements to be appropriate and will not be revising the committee's membership.

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_5722_63_en.pdf.

Court has 25 members and, in the financial year 2018-19, 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 2018-19 the Convener of Court was Elizabeth Passey, who was appointed for four years from 2016, following public advertisement and was reappointed for 4 years from 2020 during the 2018-19 year. 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 amended its membership by Ordinance effective 1 August 2019 to align with the requirements of The Higher Education Governance (Scotland) Act 2016 this was 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 2019, 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 2019. 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.

The Committee was chaired by Elizabeth Passey, the Convener of Court, and the Vice-Chair was Lesley Sutherland, a General Council Assessor on Court. The committee normally meets once 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

CORPORATE GOVERNANCE STATEMENT

(continued)

of senior post-holders for the year ended 31 July 2019 are set out in note 7 to the financial statements. During the year to 31 July 2019, 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 2018-19, 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 four 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 Elise Gallagher, Deputy Director of Human Resources. The Committee normally meets four times a year.

The **Student Experience Committee** is a joint committee of Court and Senate. 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. During the 2018-19 year, Senate had over 500 members drawn principally from the University's academic staff. Senate 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. From 1 August 2019 the composition of Senate has been amended via Ordinance to align with the requirements of the Higher Education Governance (Scotland) Act 2016; the number on Senate from 1 August is c130 and the Council of Senate no longer exists.

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

CORPORATE GOVERNANCE STATEMENT (continued)

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 2019 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.

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: 11 December 2019

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 2019 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: 11 December 2019**

MEMBERSHIP OF COURT

Members of Court who served during the year to 31 July 2019 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
The Rector				
Mr Aamer Anwar	Mar 2020			1/5
The Principal and Vice-Chancellor				
Professor Sir Anton Muscatelli	Sep 2024	(FC) (HRC) (EC) (NC)		5/5
The Chancellor's Assessor				
Mr Ronnie Mercer	Oct 2023	(EC) (RC) (NC)		5/5
Assessor of City of Glasgow Council				
Councillor Susan Aitken	May 2020		*	3/5
General Council Assessors				
Dr Morag Macdonald Simpson	Jul 2022	(HRC) (SEC)	*	5/5
Ms Lesley Sutherland	Jul 2022	(ARC) (NC)	*	5/5
Senate Assessors [Elected Academic Staff]				
Professor Lindsay Farmer	Jul 2019	(EC) (ARC) (SEC)		5/5
Professor Carl Goodyear	Jul 2022	(HRC) (NC)		5/5
Professor Nick Hill	Jul 2023	(FC)		4/5
Dr Simon Kennedy	Jul 2021	(FC) (ARC from Aug-19)		4/5
Professor Kirsteen McCue	Jul 2021	(HRC) (EC from Aug-19)		3/5
Dr Bethan Wood	Jul 2021	(EC) (SEC from Aug-19)		4/5
Elected Professional Services (Support) Staff				
Mr Christopher Kennedy (from August 2019)	Jul 2023			0/0
Employee Representatives				
Mr David Anderson	Jul 2019	(RC)		5/5
Ms Margaret Anne McParland	Jul 2019	(HRC) (NC)		4/5
Trade Union Nominees				
Dr Craig Daly (from August 2019)	Jul 2023	(RC)		0/0
Ms Margaret Anne McParland (from August 2019)	Jul 2020	(HRC) (NC)		0/0
Co-opted Members of Court				
Mr Graeme Bissett	Dec 2021	(FC)	*	4/5
Ms Heather Cousins	Mar 2022	(ARC) (NC)	*	5/5
Mr David Finlayson	Oct 2021	(SEC)	*	5/5
Dr June Milligan	Oct 2023	(HRC) (RC)	*	5/5
Mr David Milloy	Dec 2021	(EC)	*	3/5
Ms Elspeth Orcharton	Oct 2020	(FC)	*	4/5
Ms Elizabeth Passey**	Jul 2024**	(FC) (RC) (NC)	*	5/5
Mr Gavin Stewart	Mar 2021	(FC)	*	5/5
Dr Ken Sutherland	Dec 2021		*	3/5

MEMBERSHIP OF COURT (continued)

	Expiry date	Committee membership	Independent member	Attendance at court meetings during the financial year
President of the Students' Representative Council				
Ms Lauren McDougall	Jun 2019	(FC) (EC) (NC) (SEC)		5/5
Mr Scott Kirby (from Jul 2019)	Jun 2020	(FC) (EC) (NC) (SEC)		0/0
Assessor of the Students' Representative Council				
Mr Elliot Napier	Oct 2019			5/5
Ms Teresa Baños (nominated October 2019)	Oct 2020			0/0
University Secretary				
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 2024.

*** 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 2019 which comprise Statement of Principal Accounting Policies, Consolidated and University Statement of Comprehensive Income and Expenditure, Consolidated and University Statement of Changes in Reserve, Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement and the related notes 1 to 29, including a summary of significant accounting policies. 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 2019 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 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: 12 December 2019

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 2019.

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 2019. 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 Statement of Comprehensive Income 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 Statement of Comprehensive Income 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 Statement of Comprehensive Income 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 Statement of Comprehensive Income 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 Statement of Comprehensive Income 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:	
Structural	50+ years
Roofing	20-25 years
Electrical & mechanical	15-20 years
Fit out	5-10 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 Statement of Comprehensive Income. 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 Statement of Comprehensive Income in the year it is incurred as it does not add value to the University estate and therefore is not appropriate to be capitalised. 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 is included in the Statement of Comprehensive Income 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 Statement of Comprehensive Income 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

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

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 Statement of Comprehensive Income in the year in which the expenditure is incurred.

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 Statement of Comprehensive Income 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 Statement of Comprehensive Income.

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 Statement of Comprehensive Income of the institution. The balances and movement on these funds are disclosed in note 27 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 University 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 University 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 20 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 Statement of Comprehensive Income. 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 Statement of Comprehensive Income.

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 Statement of Comprehensive Income.

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 Statement of Comprehensive Income 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 Statement of Comprehensive Income and included within finance costs. Actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

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

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 Statement of Comprehensive Income 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 Statement of Comprehensive Income 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, income and expenses. 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.

The University considers the areas set out below to be those where critical accounting judgements have been applied and the resulting estimates and assumptions may lead to adjustments to the future carrying amounts of assets and liabilities:

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.

Tangible fixed assets

Property, plant and equipment represent a significant proportion of the University's total assets. Therefore, the estimated useful lives can have a significant impact on the depreciation charged and the University's reported performance. Useful lives are determined at the time the asset is acquired and reviewed regularly for appropriateness. The lives are based on historical experience

with similar assets as well as anticipation of future events.

Retirement benefit obligations

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.

For the University of Glasgow Pension Scheme, the mortality rate is based on scheme-specific mortality tables constructed using analysis of the membership. Future salary increases and pension increases are based on expected future inflation rates for the respective country. Further details are given in note 29.

CONSOLIDATED AND UNIVERSITY STATEMENTS OF COMPREHENSIVE INCOME AND EXPENDITURE

for the year ended 31 July 2019

	Notes	Consolidated		University	
		2019 £000	2018 £000	2019 £000	2018 £000
Income					
Tuition fees and education contracts	1	228,234	203,956	223,611	199,690
Funding body grants	2	162,824	158,427	162,824	158,427
Research grants and contracts	3	195,064	180,818	195,064	180,818
Other income	4	80,236	74,518	80,614	74,652
Investment income	5	7,195	6,571	7,187	6,539
Donations and endowments	6	14,343	6,348	14,341	6,344
Total income		687,896	630,638	683,641	626,470
Expenditure					
Staff costs	7	356,252	336,417	353,301	333,942
Movement on USS provision	29	108,976	(2,462)	108,602	(2,449)
Other operating expenses	9	251,211	236,309	251,175	236,200
Depreciation	11	33,464	35,084	32,914	34,534
Interest and other finance costs	8	7,304	7,891	7,304	7,891
Total expenditure		757,207	613,239	753,296	610,118
(Deficit)/surplus before other gains		(69,311)	17,399	(69,655)	16,352
(Loss)/gain on disposal of tangible assets		(1,457)	1,054	(1,940)	119
Gain on investments	13	2,752	13,468	2,999	12,906
(Deficit)/surplus before tax		(68,016)	31,921	(68,596)	29,377
Taxation	10	(140)	(152)	-	(40)
(Deficit)/surplus after tax		(68,156)	31,769	(68,596)	29,337
Other comprehensive income					
Unrealised exchange gain/(loss)		230	(2)	-	-
Actuarial gain in respect of defined benefit pension schemes	29	32,661	34,307	32,661	34,307
Total comprehensive (expenditure)/income for the year		(35,265)	66,074	(35,935)	63,644
Represented by					
Endowment comprehensive income for the year		1,332	12,211	1,332	12,211
Restricted comprehensive income for the year		9,079	4,129	9,079	4,129
Unrestricted comprehensive (expenditure)/income for the year		(45,676)	49,734	(46,346)	47,304
		(35,265)	66,074	(35,935)	63,644

CONSOLIDATED AND UNIVERSITY STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 July 2019

Consolidated	Income and expenditure reserve			Total
	Endowment	Restricted	Unrestricted	
	£000	£000	£000	
Balance at 1 August 2017	188,386	1,849	604,516	794,751
Surplus for the year	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
Balance at 1 August 2018	200,597	5,978	654,250	860,825
Surplus/(deficit) for the year	1,332	9,079	(78,567)	(68,156)
Other comprehensive income	-	-	32,891	32,891
Total comprehensive income for the year	1,332	9,079	(45,676)	(35,265)
Balance at 31 July 2019	201,929	15,057	608,574	825,560

University	Income and expenditure reserve			Total
	Endowment	Restricted	Unrestricted	
	£000	£000	£000	
Balance at 1 August 2017	188,386	1,849	600,936	791,171
Surplus for the year	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
Balance at 1 August 2018	200,597	5,978	648,240	854,815
Surplus/(deficit) for the year	1,332	9,079	(79,007)	(68,596)
Other comprehensive income	-	-	32,661	32,661
Total comprehensive income for the year	1,332	9,079	(46,346)	(35,935)
Balance at 31 July 2019	201,929	15,057	601,894	818,880

The University's 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.

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

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

BALANCE SHEETS

for the year ended 31 July 2019

	Notes	Consolidated		University	
		2019 £000	2018 £000	2019 £000	2018 £000
Non-current assets					
Tangible assets	11	783,723	727,951	768,324	712,002
Investments	13	423,665	418,316	441,502	435,765
		1,207,388	1,146,267	1,209,826	1,147,767
Current assets					
Stock	14	870	854	529	600
Trade and other receivables	15	73,197	71,911	72,144	71,787
Cash and cash equivalents	21	204,595	207,399	196,016	199,594
		278,662	280,164	268,689	271,981
Creditors: amounts falling due within one year	16	(242,679)	(229,598)	(242,409)	(229,136)
Net current assets		35,983	50,566	26,280	42,845
Total assets less current liabilities		1,243,371	1,196,833	1,236,106	1,190,612
Creditors: amounts falling due after more than one year	17	(245,000)	(245,000)	(245,000)	(245,000)
Provisions					
Pension provisions	29	(168,252)	(86,514)	(167,667)	(86,303)
Other provisions	18	(4,559)	(4,494)	(4,559)	(4,494)
Total net assets		825,560	860,825	818,880	854,815
Restricted reserves					
Endowment reserve	19	201,929	200,597	201,929	200,597
Restricted reserve	20	15,057	5,978	15,057	5,978
Unrestricted reserve					
Income and expenditure reserve		608,574	654,250	601,894	648,240
Total reserves		825,560	860,825	818,880	854,815

The financial statements on pages 18 to 48 were approved by the University Court of the University of Glasgow on 11 December 2019 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

Year ended 31 July 2019

	Notes	Consolidated	
		2019 £000	2018 £000
Cash flow from operating activities			
(Deficit)/surplus for the year before tax		(68,016)	31,921
Taxation		(140)	(152)
(Deficit)/surplus for the year		(68,156)	31,769
Adjustment for non-cash items			
Depreciation	11	33,464	35,084
(Increase) in stock		(16)	(25)
(Increase)/decrease in debtors		(1,286)	9,797
Increase/(decrease) in creditors falling due within one year		13,081	(8,131)
Increase/(decrease) in other provisions		65	(192)
Pension costs less contributions payable		114,399	3,912
Changes in values of endowment assets and other investments		(2,752)	(13,468)
Adjustment for investing and financing activities			
Investment income	5	(7,195)	(6,571)
Gain on disposal of non-current assets		1,457	(1,054)
Gain on disposal of non-current assets - proceeds accrued		479	623
Interest payable		6,472	6,472
Capital grant income		(19,748)	(14,888)
Net cash inflow from operating activities		70,264	43,328
Cash flow from investing activities			
Endowment assets acquired		(2,373)	(5,792)
Payments to acquire other investments		(224)	(35,247)
Receipts from the sale of other investments		5	111
Payments to acquire tangible assets	11	(91,187)	(41,920)
Proceeds from sale of tangible assets		10	150
New endowment income	6	2,807	1,372
Investment income	5	7,195	6,571
Capital grant receipts		19,748	14,888
Net cash outflow from investing activities		(64,019)	(59,867)
Cash flows from financing activities			
Interest paid		(6,472)	(6,472)
New endowments	6	(2,807)	(1,372)
Net cash outflow from financing activities		(9,279)	(7,844)
Currency translation		230	(2)
(Decrease) in cash and cash equivalents in the year		(2,804)	(24,385)
Cash and cash equivalents at beginning of the year		207,399	231,784
Cash and cash equivalents at end of the year		204,595	207,399
(Decrease) in cash and cash equivalents in the year		(2,804)	(24,385)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2019

1 Tuition fees and education contracts

	Consolidated		University	
	2019	2018	2019	2018
	£000	£000	£000	£000
Home students	33,272	32,839	33,272	32,839
EU students	9,062	7,919	9,062	7,919
Rest of the UK students	22,373	21,520	22,373	21,520
Overseas students	141,969	120,032	137,346	115,766
Short courses	6,859	6,035	6,859	6,035
Other fees	1,631	2,518	1,631	2,518
Research support grants	13,068	13,093	13,068	13,093
	228,234	203,956	223,611	199,690

2 Funding body grants

	Consolidated		University	
	2019	2018	2019	2018
	£000	£000	£000	£000
Main teaching grant	84,457	82,872	84,457	82,872
Main quality research grant	48,478	45,935	48,478	45,935
Research postgraduate grant	7,560	7,344	7,560	7,344
Knowledge transfer grant	2,150	1,409	2,150	1,409
Infrastructure grants	9,907	9,365	9,907	9,365
Other funding council grants	10,272	11,502	10,272	11,502
	162,824	158,427	162,824	158,427

3 Research grants and contracts

	Consolidated		University	
	2019	2018	2019	2018
	£000	£000	£000	£000
Research Councils	67,247	62,690	67,247	62,690
UK Charities	58,561	53,535	58,561	53,535
UK Government (including RDEC)	23,366	23,898	23,366	23,898
European Union	20,448	18,205	20,448	18,205
UK industry	6,058	7,726	6,058	7,726
Overseas	8,330	8,129	8,330	8,129
Other sources	1,324	1,112	1,324	1,112
Capital grant income	9,730	5,523	9,730	5,523
	195,064	180,818	195,064	180,818

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 July 2019

4 Other income

	Consolidated		University	
	2019	2018	2019	2018
	£000	£000	£000	£000
Residences and hospitality services	30,343	29,197	30,343	29,197
Other services rendered	30,746	28,309	28,482	26,094
Health authorities	4,535	4,790	4,535	4,790
Other income	14,501	12,222	17,143	14,571
Capital grant income	111	-	111	-
	80,236	74,518	80,614	74,652

5 Investment income

	Consolidated		University	
	2019	2018	2019	2018
	£000	£000	£000	£000
Income from expendable endowments	892	875	892	875
Income from permanent endowments	4,890	4,754	4,890	4,754
Income from short-term investments	1,413	942	1,405	910
	7,195	6,571	7,187	6,539

6 Donations and endowments

	Consolidated		University	
	2019	2018	2019	2018
	£000	£000	£000	£000
New endowments	2,807	1,372	2,807	1,372
Donations - restricted	11,093	4,826	11,093	4,826
Donations - unrestricted	443	150	441	146
	14,343	6,348	14,341	6,344

7 Staff costs

	Consolidated		University	
	2019	2018	2019	2018
	£000	£000	£000	£000
Salaries	260,596	246,811	258,267	244,965
Social security costs	26,959	25,498	26,585	25,002
Other pension costs	68,697	64,108	68,449	63,975
	356,252	336,417	353,301	333,942

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 July 2019

Staff costs (continued)

	Consolidated		University	
	2019 £000	2018 £000	2019 £000	2018 £000
By staff category:				
Academic departments	154,168	143,208	153,002	142,283
Academic services	16,776	15,262	16,776	15,262
Research grants and contracts	67,160	66,434	67,160	66,434
Residences and hospitality services	2,741	2,898	2,741	2,898
Premises	12,303	12,818	12,303	12,818
Administration and other central services	23,743	22,418	23,433	22,054
Other income generating	10,664	9,271	9,437	8,218
Other pension costs	68,697	64,108	68,449	63,975
	356,252	336,417	353,301	333,942

Remuneration of the Principal:	298	288
Contributions in lieu of pension	39	-
Contribution in respect of pension:	11	52
Total remuneration	348	340

The Principal received no taxable or non-taxable benefits-in-kind during the year to 31 July 2019.

Ratio of the Principal's remuneration to the median salary of a University staff member	9.03:1	8.35:1
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The median is based on the annualised, full-time equivalent remuneration of all staff at the reporting date.

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 2019 was £16k (2018: £14k).

	2019 Number	2018 Number
Average full-time equivalent staff members by major category:		
Academic departments	2,724	2,624
Academic services	429	407
Research grants and contracts	1,498	1,421
Residences and hospitality services	98	101
Premises	496	501
Administration and other central services	552	549
Other income generating	169	174
	5,966	5,777

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 July 2019

Staff costs (continued)

Key management personnel: Are the members of the Senior Management Group whom have authority and responsibility for planning, directing and controlling the activities of the University. Total remuneration (including pension contributions) in respect of these employees is £3,117,307 (2018: £2,670,518).

During the year the total remuneration of key management personnel increased by £356,399 due to the annualization of costs for new starters partway through the prior year and an increase in the total number of key management personnel from 15 to 16 employees.

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. Clinical academics' base salaries are set using NHS salary scales.

	2019			2018		
	Non-clinical staff	Clinical staff	Key management personnel	Non-clinical staff	Clinical staff	Key management personnel
	Number	Number	Number	Number	Number	Number
£100,001 - £110,000	37	10	-	31	9	-
£110,001 - £120,000	24	7	-	19	10	2
£120,001 - £130,000	13	8	4	14	7	2
£130,001 - £140,000	6	10	-	5	15	1
£140,001 - £150,000	4	11	1	5	6	3
£150,001 - £160,000	4	8	3	1	3	1
£160,001 - £170,000	2	3	1	1	5	-
£170,001 - £180,000	-	5	2	3	5	1
£180,001 - £190,000	2	3	-	-	5	1
£190,001 - £200,000	2	1	1	2	2	-
£200,001 - £210,000	1	3	-	-	4	-
£210,001 - £220,000	-	4	-	-	2	1
£220,001 - £230,000	-	1	1	-	1	-
£230,001 - £240,000	-	-	-	1	-	-
£240,001 - £250,000	1	-	-	-	-	-
£250,001 - £260,000	-	-	-	-	-	-
£260,001 - £270,000	-	-	-	-	-	-
£270,001 - £280,000	-	-	-	-	-	1
£280,001 - £290,000	-	-	1	-	-	1
£290,001 - £300,000	-	-	-	-	-	-
£300,001 - £310,000	-	-	-	-	-	-
£310,001 - £320,000	-	-	-	-	-	-
£320,001 - £330,000	-	-	-	-	-	-
£330,001 - £340,000	-	-	1	-	-	-

Excluded from the table is one key management personnel (2018: one individual) with total remuneration less than £100,000

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 July 2019

Staff costs (continued)

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.

Table 1 - Relevant union officials

31 March 2019

Number of employees who were relevant union officials during the relevant period	44
Full-time equivalent employee number	41.61

Table 2 - Percentage of time spent on facility time

Number of employees

Percentage of time	
0%	-
1%-50%	44
51%-99%	-
100%	-
	44

Table 3 - Percentage of pay bill spent on facility time

31 March 2019

Percentage of pay bill	
Total cost of facility time	£62
Total pay bill	£332,832
Percentage of the total pay bill spent on facility time (calculated as total cost of facility time / total pay bill * 100)	0.02%

Table 4 - Paid trade union activities

31 March 2019

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)	0.97%
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8 Interest and other finance costs

	Consolidated		University	
	2019	2018	2019	2018
	£000	£000	£000	£000
Interest on private placement bonds	6,472	6,472	6,472	6,472
Net cost on pension schemes	832	1,419	832	1,419
	7,304	7,891	7,304	7,891

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 July 2019

9 Other operating expenses

	Consolidated		University	
	2019 £000	2018 £000	2019 £000	2018 £000
Academic departments	76,470	71,695	76,470	71,695
Academic services	12,779	10,822	12,779	10,822
Research grants and contracts	81,747	70,708	81,747	70,708
Residences and hospitality services	18,794	19,946	18,794	19,946
Premises	33,832	40,546	33,832	40,546
Administration and other central services	15,349	12,115	17,775	14,717
Agency staff	3,004	2,038	3,004	2,038
Other income generating	9,236	8,439	6,774	5,728
	251,211	236,309	251,175	236,200

	Consolidated	
	2019 £000	2018 £000
Other operating expenses include:		
Operating lease rentals - land and buildings	15,422	14,726
External auditors' remuneration in respect of audit and assurance related services	103	91
External auditors' remuneration in respect of non-audit and assurance related services	28	28
Internal auditors' remuneration in respect of audit and assurance related services	298	226
Internal auditors' remuneration in respect of non-audit and assurance related services	15	25

10 Taxation

	Consolidated	
	2019 £000	2018 £000
UK corporation tax at 19% (2018: 19%)	-	40
Singapore corporation tax at 17% (2018: 17%)	140	112
Total tax expense	140	152

Reconciliation of current corporation tax charge:

(Deficit)/surplus before taxation - UK	(68,886)	31,103
Surplus before taxation - Singapore	870	818
	(68,016)	31,921

(Deficit)/ surplus before taxation multiplied by the average standard rate of corporation tax in the UK of 19%	(12,923)	6,065
Effect of:		
Surplus/(loss) falling within charitable exemption	13,088	(5,875)
Adjustment in respect of prior year	-	5
Effect of tax rates in foreign jurisdiction	(25)	(43)
Total tax expense	140	152

NOTES TO THE FINANCIAL STATEMENTS

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for the year ended 31 July 2019

11 Tangible Assets

	Consolidated				Total
	Freehold land and buildings	Equipment	Plant and machinery	Assets under construction	
	£000	£000	£000	£000	
Cost:					
At 1 August 2018	786,749	127,537	11,612	46,924	972,822
Additions	-	9,459	-	81,728	91,187
Transfers	8,183	-	-	(8,183)	-
Disposals	-	(3,641)	-	-	(3,641)
At 31 July 2019	794,932	133,355	11,612	120,469	1,060,368
Depreciation:					
At 1 August 2018	145,007	98,866	998	-	244,871
Charge for the year	24,598	8,436	430	-	33,464
Disposals	-	(1,690)	-	-	(1,690)
At 31 July 2019	169,605	105,612	1,428	-	276,645
Net Book Value:					
At 31 July 2019	625,327	27,743	10,184	120,469	783,723
At 31 July 2018	641,742	28,671	10,614	46,924	727,951

	University				Total
	Freehold land and buildings	Equipment	Plant and machinery	Assets under construction	
	£000	£000	£000	£000	
Cost:					
At 1 August 2018	781,134	127,537	-	46,924	955,595
Additions	-	9,459	-	81,728	91,187
Transfers	8,183	-	-	(8,183)	-
Disposals	-	(3,641)	-	-	(3,641)
At 31 July 2019	789,317	133,355	-	120,469	1,043,141
Depreciation:					
At 1 August 2018	144,727	98,866	-	-	243,593
Charge for the year	24,478	8,436	-	-	32,914
Disposals	-	(1,690)	-	-	(1,690)
At 31 July 2019	169,205	105,612	-	-	274,817
Net Book Value:					
At 31 July 2019	620,112	27,743	-	120,469	768,324
At 31 July 2018	636,407	28,671	-	46,924	712,002

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 includes £94.7m of land (2018: £94.7m) which is not depreciated and £120.5m (2018: £46.9m) 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 2019

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 been approved for Immunity From Seizure cover from the Scottish Government. The Hunterian is home to over 1.5 million items ranging from fossils to coins and medals. The Hunterian 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 in 1958. 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 wet specimens to skeletal material. 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 65% 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 Hunterians's policy for the acquisition, preservation and management and disposal of heritage assets can be found at: http://www.gla.ac.uk/media/media_287267_en.pdf. There have been no significant acquisitions or disposals during the financial year.

Special Collections

The University of Glasgow's Special Collections department is one of the foremost resources in Scotland for academic research and teaching. The collection has been built up over a period of more than 500 years and now contains more than 200,000 manuscript items and approximately 200,000 printed works, including over 1,000 incunabula (books published before 1501). The collection covers a wide range of subjects including humanities, social and economic history and the history of science and medicine. Holdings in areas such as medieval and renaissance manuscripts and emblem literature are of world importance. 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 2019, 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:

<https://www.gla.ac.uk/myglasgow/specialcollections/aboutus/> and http://www.gla.ac.uk/media/media_514812_en.pdf.

There have been no significant acquisitions or disposals during the financial year.

Archives & Special Collections

University of Glasgow Archives & Special Collections 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. Archives & Special Collections is open to the public Monday to Thursday 9.30am to 5pm and Friday 10am to 5pm. Archives & Special Collections is closed during public holidays.

Information about the Archives & Special Collections policy for the acquisition, preservation and management and disposal of heritage assets can be found at: http://www.gla.ac.uk/media/media_514812_en.pdf.

Annual details can be found at: <http://www.gla.ac.uk/services/archives/about/ourperformance/annualreviews/>. There have been no significant disposals or acquisitions during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 July 2019

12 Heritage assets (continued)

Reliable information on cost or valuation cannot be obtained for the vast majority of collections held within the Hunterian and Archives & Special Collections. 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 2019 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 £000	Unlisted investments £000	Listed investments £000	Endowment assets £000	Investment funds £000	
At 1 August 2018	1,995	1,378	1,832	200,597	212,514	418,316
Additions	-	224	-	2,807	-	3,031
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Net expenditure	-	-	-	(434)	-	(434)
Increase/(decrease) in market value	92	-	(247)	(1,041)	3,948	2,752
At 31 July 2019	2,087	1,602	1,585	201,929	216,462	423,665

All investments are stated at market value, except unlisted investments which are stated at cost.

	University					Total £000
	Treasury stock £000	Unlisted investments £000	Listed investments £000	Endowment assets £000	Investment funds £000	
At 1 August 2018	1,995	20,659	-	200,597	212,514	435,765
Additions	-	365	-	2,807	-	3,172
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Net expenditure	-	-	-	(434)	-	(434)
Increase/(decrease) in market value	92	-	-	(1,041)	3,948	2,999
At 31 July 2019	2,087	21,024	-	201,929	216,462	441,502

The University has a direct interest of 100% in the ordinary share capital of G U Holdings Ltd, UOG Utilities Supply Company Ltd and UGlasgow Singapore Pte Ltd (registered in Singapore) and a >99% direct interest in the ordinary share capital of Kelvin Nanotechnology Ltd, with 2 shares held by G U Holdings Limited. G U Holdings Ltd in turn owns 100% of the ordinary share capital of GU Heritage Retail Ltd. These companies are incorporated in the consolidated financial statements, along with the University of Glasgow Trust, an independent charity set-up to collect donations and disburse them for the benefit of the University. During the year, the University increased its capital investment in its unlisted investments, investing £355,000 into GU Holdings Limited and €12,000 in European Centre for Advanced Studies a joint venture with Stiftung Universität Lüneburg.

NOTES TO THE FINANCIAL STATEMENTS

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for the year ended 31 July 2019

13 Investments (continued)

	Consolidated		University	
	2019	2018	2019	2018
	£000	£000	£000	£000
Endowment assets:				
Listed investments	195,070	194,425	195,070	194,425
Other investments	6,859	6,172	6,859	6,172
	201,929	200,597	201,929	200,597

14 Stock

	Consolidated		University	
	2019	2018	2019	2018
	£000	£000	£000	£000
Raw materials & supplies	496	516	426	471
Finished goods	374	338	103	129
	870	854	529	600

15 Trade and other receivables

	Consolidated		University	
	2019	2018	2019	2018
	£000	£000	£000	£000
Research grants and contracts	43,524	40,614	43,524	40,614
Prepayments and other sundry debtors	20,999	22,389	18,267	20,988
Salaries recoverable externally	2,217	2,070	2,217	2,070
Courses, consultancies and contracts	6,457	6,838	6,457	6,838
Amounts due from subsidiaries	-	-	1,679	1,277
	73,197	71,911	72,144	71,787

There are no debtors due after more than one year in both the current and the prior year

16 Creditors: amounts falling due within one year

	Consolidated		University	
	2019	2018	2019	2018
	£000	£000	£000	£000
Research grants and contracts	89,711	92,293	89,711	92,293
Sundry creditors	31,045	31,905	30,432	31,335
Accruals and sundry provisions	74,791	65,633	74,382	65,246
Courses, consultancies and contracts	26,100	20,199	26,100	20,199
Employment cost liabilities	21,032	19,568	21,032	19,568
Amounts due to subsidiaries	-	-	752	495
	242,679	229,598	242,409	229,136

NOTES TO THE FINANCIAL STATEMENTS

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for the year ended 31 July 2019

16 Creditors: amounts falling due within one year (continued)

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	
	2019	2018	2019	2018
	£000	£000	£000	£000
Deferred income				
Research grants (within research grants and contracts)	67,377	76,770	67,377	76,770
Other income (within courses, consultancies and contracts)	12,726	8,133	12,726	8,133
	80,103	84,903	80,103	84,903

17 Creditors: amounts falling due after more than one year

	Consolidated		University	
	2019	2018	2019	2018
	£000	£000	£000	£000
Private placement bonds	245,000	245,000	245,000	245,000

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

18 Provisions for liabilities

	Consolidated and University			Total
	Funded pension liability	Unfunded pension liability	Ex-gratia pension liability	
	£000	£000	£000	
At 1 August 2018	2,867	1,623	4	4,494
Income	45	-	-	45
Transfer from Statement of Comprehensive Income and Expenditure	283	172	-	455
Utilised in year	(228)	(207)	-	(435)
At 31 July 2019	2,967	1,588	4	4,559

The University has responsibility for the following arrangements: St Andrew's College funded and unfunded pensions, Local Government Pension Scheme funded and unfunded pensions and ex-gratia pensioners.

The University's appointed independent actuary, PricewaterhouseCoopers LLP, carried out a valuation of the above pension liabilities at 31 July 2019 on an individual member basis.

NOTES TO THE FINANCIAL STATEMENTS

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for the year ended 31 July 2019

19 Endowment reserve

	Consolidated and University				2018 Total £000
	Unrestricted Permanent £000	Restricted Permanent £000	Restricted Expendable £000	2019 Total £000	
Balance at 1 August 2018					
Capital value	1,775	142,481	26,917	171,173	160,619
Accumulated income	379	25,354	3,691	29,424	27,767
	2,154	167,835	30,608	200,597	188,386
New endowments	-	1,024	1,783	2,807	1,372
Investment income	61	4,829	892	5,782	5,629
Expenditure	(19)	(3,953)	(2,244)	(6,216)	(5,657)
(Decrease)/Increase in market value of investments	(13)	(996)	(32)	(1,041)	10,867
At 31 July 2019	2,183	168,739	31,007	201,929	200,597
Represented by:					
Capital value	1,756	142,058	27,701	171,515	171,173
Accumulated income	427	26,681	3,306	30,414	29,424
	2,183	168,739	31,007	201,929	200,597
Analysis by type of purpose:					
Lectureships	2,183	70,513	19,961	92,657	92,784
Scholarships and bursaries	-	85,516	10,926	96,442	94,995
Prize funds	-	7,150	120	7,270	7,232
General	-	5,560	-	5,560	5,586
	2,183	168,739	31,007	201,929	200,597

20 Restricted reserve

	Consolidated and University			Total 2018 £000
	Capital grants £000	Donations £000	Total 2019 £000	
At 1 August 2018				
Research	-	5,978	5,978	1,849
New donations	-	11,093	11,093	4,826
Expenditure	-	(3,129)	(3,129)	(2,916)
Capital grant income	19,748	-	19,748	14,888
Capital grants utilised	(19,748)	-	(19,748)	(14,888)
At 31 July 2019	-	15,057	15,057	5,978

NOTES TO THE FINANCIAL STATEMENTS

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for the year ended 31 July 2019

21 Cash and cash equivalents

	Consolidated	
	2019	2018
	£000	£000
At 1 August	207,399	231,784
Cash outflow for the year	(2,804)	(24,385)
At 31 July	204,595	207,399

22 Consolidated reconciliation of net debt

	Consolidated	
	2019	2018
	£000	£000
At 1 August	180,118	166,455
Movement in cash and cash equivalents	(2,804)	(24,385)
Investment in subsidiary undertakings	224	247
Acquisition of investment funds	-	35,000
Acquisitions of listed investments	-	327
Disposals of listed investments	-	(127)
Change in market value	3,793	2,601
At 31 July	181,331	180,118
Analysis of net debt:		
Non-current Investments (excluding endowment assets)	221,736	217,719
Cash and cash equivalents	204,595	207,399
Private placement bonds	(245,000)	(245,000)
	181,331	180,118

23 Commitments

	Consolidated		University	
	2019	2018	2019	2018
	£000	£000	£000	£000
Commitments contracted at 31 July	189,938	205,306	189,938	205,306
Authorised but not contracted at 31 July	93,798	73,192	93,798	73,192
	283,736	278,498	283,736	278,498

24 Contingencies

There are no contingent liabilities.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 July 2019

25 Leases

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

	Consolidated and University	
	2019	2018
	£000	£000
Lease commitments as a lessee:		
Within one year	15,354	14,727
In two to five years	18,105	17,811
After more than five years	4,434	6,870
	37,893	39,408

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

Lease payments receivable as a lessor:

Within one year	7,700	7,700
In two to five years	7,700	7,700
After more than five years	-	-
	15,400	15,400

26 Events after the reporting period

As set out in Note 29 in respect of the Universities Superannuation Scheme, a new Schedule of Contributions based on the 2018 actuarial valuation has been agreed. This results in a decrease of £68.9m in the provision for the Obligation to fund the deficit on the USS pension which would reduce the balance to £92.4m. This adjustment will be reflected in the University's Financial Statements for the year ended 31 July 2020.

27 Amounts disbursed as agent

	Consolidated and University			
	HE Childcare	HE Discretionary	2019 Total	2018 Total
	£000	£000	£000	£000
As 1 August 2018	-	-	-	-
Funds received in year	369	1,053	1,422	1,470
Expenditure	(231)	(1,194)	(1,425)	(1,471)
Virements	(139)	139	-	-
Interest	1	2	3	1
As 31 July 2019	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 July 2019

28 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 accordance 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 during the year and there were no material balances at the year-end.

29 Pension schemes

The University participates in the following pension schemes:

- a) The Universities Superannuation Scheme (USS);
- b) The University of Glasgow Pension Scheme (UGPS);
- c) The Strathclyde Pension Fund (SPF);
- d) The National Employment Savings Trust (NEST);
i) NEST Autoenrol; and ii) NEST Contractual
- e) The Scottish Teachers' Superannuation Scheme (STSS);
- f) The NHS Superannuation Scheme (Scotland) (NHSSS);
- g) The Medical Research Council Pension Scheme (MRCPS)

Total pension costs for the year were:

	2019	2018	2019	2018
	£000	£000	£000	£000
USS - contributions paid	52,251	47,223	52,020	47,105
UGPS - charge to income statement	13,339	14,306	13,339	14,306
SPF - charge to income statement	198	182	198	182
Other schemes - contributions paid	2,909	2,397	2,892	2,382
Total pension costs at 31 July	68,697	64,108	68,449	63,975

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.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 July 2019

29 Pension schemes (continued)

The consolidated balances for USS, UGPS and SPF as shown in the financial statements and associated notes are as follows:

	Consolidated		University	
	2019	2018	2019	2018
	£000	£000	£000	£000
Pension provisions at 31 July:				
USS deficit reduction plan provision	(161,277)	(52,301)	(160,692)	(52,090)
UGPS net deficit in the scheme	(7,063)	(34,631)	(7,063)	(34,631)
SPF net surplus/(deficit) in the scheme	88	418	88	418
Total pension provisions at 31 July	(168,252)	(86,514)	(167,667)	(86,303)
Amount recognised in the Statement of Comprehensive Income and Expenditure:				
UGPS	33,212	33,295	33,212	33,295
SPF	(551)	1,012	(551)	1,012
Total gain/(loss) for the year	32,661	34,307	32,661	34,307
Interest and other finance costs:				
UGPS	(849)	(1,405)	(849)	(1,405)
SPF	17	(14)	17	(14)
Total net finance cost	(832)	(1,419)	(832)	(1,419)

a) USS

	Consolidated		University	
	2019	2018	2019	2018
	£000	£000	£000	£000
USS deficit reduction plan provision:				
At beginning of the year	(52,301)	(54,763)	(52,090)	(54,539)
Utilised in the year	2,644	3,709	2,632	3,695
Revaluation/additions in the period	(110,464)	(201)	(110,083)	(204)
Unwinding of the discount rate	(1,156)	(1,046)	(1,151)	(1,042)
At 31 July	(161,277)	(52,301)	(160,692)	(52,090)

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 Statement of Comprehensive Income 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 2019

29 Pension schemes (continued)

On conversion to FRS 102, the University has recognised a provision for the present value of the deficit reduction plan for the USS scheme. The discount rate used by the University to calculate the provision was 1.62% in 2019 (2018: 2.21%). 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 was 18% to 31 March 2019 and 19.5% from 1 April 2019 (2018: 18%). The total USS pension cost for the University in the year was £52.3m (2018: £47.2m). This includes £4.8m (2018: £4.1m) of outstanding contributions at the balance sheet date. The latest available full actuarial valuation of the Scheme was at 31st March 2017 (the valuation date), which was carried out using the projected unit method. Since the institution cannot identify its share of the Scheme's 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's consolidated position. The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme was at 31 March 2017 ("the valuation date"), which was carried out using the projected unit method. Since the year-end, following the completion of the 2018 actuarial valuation, which indicated a shortfall of £3.6 billion and a funding ratio of 95%, a new deficit recovery plan has been agreed.

The 2017 valuation was the fourth valuation for the Scheme 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 £60.0 billion and the value of the Scheme's technical provisions was £67.5 billion indicating a shortfall of £7.5 billion and a funding ratio of 89%.

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

	2019	2018
Discount rate	2.44%	2.64%
Pensionable salary growth	n/a	n/a
Price inflation (CPI)	2.11%	2.02%

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:

	2019	2018
Mortality base table	<u>Pre-retirement:</u> 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females.	<u>Pre-retirement:</u> 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females.
Mortality base table	<u>Post-retirement:</u> 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females.	<u>Post-retirement:</u> 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 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_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.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 July 2019

29 Pension schemes (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:

	2019	2018
Males currently aged 65 (years)	24.6	24.5
Females currently aged 65 (years)	26.1	26.0
Males currently aged 45 (years)	26.6	26.5
Females currently aged 45 (years)	27.9	27.8

Existing benefits:

Scheme assets	£67.4bn	£63.6bn
Total scheme liabilities	£79.2bn	£72.0bn
FRS 102 total scheme deficit	£11.8bn	£8.4bn
FRS 102 total funding level	85%	88%

A new deficit recovery plan was put in place as part of the 2017 valuation and is set out in the new Schedule of Contributions dated 28 January 2019. This requires payment of 5% of salaries over the period 1 April 2020 to 30 June 2034. In accordance with the requirements of FRS 102 and the SORP, the University has made a provision for this contractual commitment to fund the past deficit. In the prior year, the deficit payments were 2.1% of salaries up to March 2031.

This significant increase in deficit contributions has given rise to a substantial increase in the deficit provision which has increased from £52.3m to £161.3m, of this £109.0m is attributable to the change in the deficit contributions contractual commitment.

Since the year-end, following the completion of the 2018 actuarial valuation, which indicated a shortfall of £3.6 billion and a funding ratio of 95%, a new deficit recovery plan has been agreed. This amends the existing deficit recovery plan as set out in the 2017 valuation Schedule of Contributions. This new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. As at 31 July 2019 and assuming all other assumptions used to calculate the provision remain unchanged, this would have resulted in a revised provision of £92.4m, a decrease of £68.9m from the current year end provision and a reduced charge to the Statement of Comprehensive Income of £40m.

b) UGPS

This is a defined benefit scheme which is externally funded and was until 31 March 2016 contracted out of the State Second Pension [S2P]. 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. The next full actuarial valuation of the Scheme is currently underway based on a valuation date of 1 April 2019.

The major assumptions used at 31 July are shown below:

	2019	2018	2017
Discount rate	2.10%	2.75%	2.50%
Retail price inflation	3.45%	3.40%	3.40%
Rate of increase in salaries	2.56%	3.15%	3.15%
Rate of increase to pensions in payment	2.65%	2.65%	2.65%
Consumer price inflation	2.65%	2.65%	2.65%

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 July 2019

29 Pension schemes (continued)

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

	2019	2019	2018	2018
	Male	Female	Male	Female
Member age 65 (current life expectancy)	21.3	24.1	23.0	25.8
Member age 45 (life expectancy at age 65)	22.2	25.5	25.1	28.3

	Value at 31 July 2019 £000	Value at 31 July 2018 £000	Value at 31 July 2017 £000
The assets in the scheme were:			
UK equities	-	-	28,888
Global equities	9,067	48,288	62,014
Corporate bonds	39,345	37,049	95,556
Government bonds	129,675	80,427	70,563
Diversified growth fund	140,263	116,909	134,308
Long lease property	38,410	41,628	-
Diversified credit	82,217	58,727	-
Direct lending	28,752	41,707	-
Cash/net current assets	6,841	1,132	21,375
Total	474,570	425,867	412,704

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

Total market value of assets	474,570	425,867	412,704
Present value of liabilities	(481,633)	(460,498)	(474,088)
Deficit in the scheme	(7,063)	(34,631)	(61,384)

The University has contributed 22.5% of pensionable salaries over the period to 31 July 2019. The University has entered in to 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.

	2019 £000	2018 £000
Amount charged to operating surplus:		
Staff costs:		
Current service cost	(11,751)	(13,082)
Past staff costs	(625)	-
Administration costs	(963)	(1,224)
Total operating charge	(13,339)	(14,306)
Interest and other finance costs:		
Expected return on scheme assets	11,631	10,296
Interest on scheme liabilities	(12,480)	(11,701)
Total net return	(849)	(1,405)
Total UGPS pension cost recognised in the income and expenditure account	(14,188)	(15,711)

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 July 2019

29 Pension schemes (continued)

	2019	2018
	£000	£000
Other Comprehensive Income (OCI):		
Actual return on assets excluding amounts included in net interest	42,916	7,088
Actuarial (loss)/gain on scheme obligations	(9,704)	26,207
Actuarial gain recognised in the OCI for UGPS	33,212	33,295

The cumulative gain recognised in the Other Comprehensive Income to date is £24m (2018: £9.2m loss).

	2019	2018
	£000	£000
Movements in present value of scheme assets during the year:		
Assets at beginning of the year	425,867	412,704
Movement in year:		
Interest income	11,631	10,296
Actual return on assets excluding amounts included in net interest	42,916	7,088
Contributions by the employer	8,544	9,169
Benefits paid	(14,388)	(13,390)
Assets at the end of the year	474,570	425,867

Movements in present value of scheme liabilities during the year:

Liabilities at beginning of the year	460,498	474,088
Movement in year:		
Current service cost	11,751	13,082
Past service costs	625	-
Administration costs	963	1,224
Interest cost	12,480	11,701
Actuarial (gain)/loss	9,704	(26,207)
Benefits paid	(14,388)	(13,390)
Liabilities at the end of the year	481,633	460,498

Details of the experience gains and losses for the years to 31 July:

	2019	2018	2017	2016	2015
	£000	£000	£000	£000	£000
Fair value of scheme assets	474,570	425,867	412,704	378,598	337,388
Present value of scheme liabilities	(481,633)	(460,498)	(474,088)	(431,233)	(385,697)
Deficit in the scheme	(7,063)	(34,631)	(61,384)	(52,635)	(48,309)

c) SPF

This is an externally funded multi-employer defined benefit scheme that covers both past and present employees, that was until 31 March 2016 contracted out of the State Second Pension [S2P]. The element of the SPF that is 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). The 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.

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 2019.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 July 2019

29 Pension schemes (continued)

	2019	2018	2017
Discount rate	2.10%	2.75%	2.50%
Retail price inflation	3.45%	3.40%	3.40%
Rate of increase in salaries	2.56%	3.15%	3.15%
Rate of increase to pensions in payment	2.65%	2.65%	2.65%
Consumer price inflation	2.65%	2.65%	2.65%

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

	2019	2019	2018	2018
	Male	Female	Male	Female
Member age 65 (current life expectancy)	21.6	24.1	21.6	23.9
Member age 45 (life expectancy at age 65)	23.6	26.0	23.5	25.9

	Value at 31 July 2019	Value at 31 July 2018	Value at 31 July 2017
	£000	£000	£000
The assets in the scheme were:			
Equities	12,970	11,308	11,968
Bonds	2,506	3,198	2,360
Property	1,970	1,984	1,854
Cash	876	753	674
Total	18,322	17,243	16,856

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

Total market value of assets	18,322	17,243	16,856
Present value of liabilities	(18,234)	(16,825)	(17,619)
Surplus/(deficit) in the scheme	88	418	(763)

The University paid contributions to the fund at 36.2% of pensionable salaries to 31 July 2019. Additionally, the University has paid £250k of deficit contributions between 1 August 2018 and 31 July 2019 (2018: £250k).

	2019	2018
	£000	£000
Amount charged to operating surplus:		
Staff costs:		
Current service cost	(162)	(182)
Past service cost	(36)	-
Total operating charge	(198)	(182)
Interest and other finance costs:		
Expected return on scheme assets	471	419
Interest on scheme liabilities	(454)	(433)
Total net return	17	(14)
Total SPF pension cost recognised in the income and expenditure account	(181)	(196)

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 July 2019

29 Pension schemes (continued)

	2019	2018
	£000	£000
Other Comprehensive Income (OCI):		
Actual return on assets excluding amounts included in net interest	848	175
Actuarial gain/(loss) on scheme obligations	(1,399)	837
Actuarial gain/(loss) recognised in the OCI for SPF	(551)	1,012

The cumulative loss recognised in the Other Comprehensive Income to date is £0.3m (2018: £0.2m gain).

Movements in present value of scheme assets during the year:

Assets at beginning of the year	17,243	16,856
Movement in year:		
Interest income	471	419
Actual return on assets excluding amounts included in net interest	848	175
Contributions by the employer	402	365
Contributions by the scheme participants	27	27
Benefits paid	(669)	(599)
Assets at the end of the year	18,322	17,243

Movements in present value of scheme liabilities during the year:

Liabilities at beginning of the year	16,825	17,619
Movement in year:		
Current service cost	162	182
Past service cost	36	-
Interest cost	454	433
Actuarial (gain)/loss	1,399	(837)
Contributions by the scheme participants	27	27
Benefits paid	(669)	(599)
Liabilities at the end of the year	18,234	16,825

Details of the experience gains and losses for the years to 31 July:

	2019	2018	2017	2016	2015
	£000	£000	£000	£000	£000
Fair value of scheme assets	18,322	17,243	16,856	15,125	13,578
Present value of scheme liabilities	(18,234)	(16,825)	(17,619)	(15,768)	(15,062)
Surplus/(deficit) in the scheme	88	418	(763)	(643)	(1,484)

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 July 2019

29 Pension schemes (continued)

d) NEST

The National Employment Savings Trust [NEST] has been set up by the government to assist employers in fulfilling their obligations under the Auto-Enrolment regulations and is a defined contribution scheme that is not contracted out of the State Second Pension [S2P]. It covers both qualifying workers under the NEST Autoenrol section of the scheme, along with several support staff who had previously opted-out of UGPS under the NEST contractual section of the scheme. From 1 April 2014 has covered new members of staff who would previously have been eligible for UGPS.

The total pension cost for the University was £1.5m (2018: £1.2m). This includes £140k (2018: £113k) of outstanding contributions at the balance sheet date. Employees' regular contributions were £671k (2018: £508k).

e) STSS

The Scottish Teachers Superannuation Scheme [STSS] is an unfunded multi-employer defined benefit only pension scheme that was until 31st March 2016 contracted out of the State Second Pension [S2P]. It covers former members of the academic staff of St Andrew's College of Education.

Contribution rates to the Scheme for employees are tiered, in a range of 7.2% to 11.9% of pensionable salary and for employers are 22.4%.

Under the definitions set out in FRS 102 the STSS is an unfunded multi-employer defined benefit scheme and as the University is unable to identify its share of the Scheme's underlying assets and liabilities it has applied the exemption in FRS 102 to account for the Scheme as if it were a defined contribution scheme.

The latest actuarial assessment was carried out at 31 March 2016. The Scheme had total liabilities, for service to the 31 March 2016 of £22.8 billion and notional assets of £21.5 billion giving a notional past service deficit of £1.3 billion.

The total pension cost for the University was £63k (2018: £64k). This includes £5k (2018: £5k) of outstanding contributions at the balance sheet date. Employees' regular and additional voluntary contributions were £40k (2018: £41k) and £8k (2018: £9k) respectively.

f) NHSSS

The NHS Superannuation Scheme (Scotland) [NHSSS], operated by NHS Scotland, is an unfunded multi-employer defined benefit scheme that is a defined benefit only pension scheme and until 31st March 2016 was contracted out of the State Second Pension [S2P].

Contribution rates to the Scheme for employees are tiered, in a range of 5.2% to 14.7% of pensionable salary and for employers are 20.9%.

Under the definitions set out in FRS 102 the NHSSS is an unfunded multi-employer defined benefit scheme and as the University is unable to identify its share of the Scheme's underlying assets and liabilities it has applied the exemption in FRS 102 to account for the Scheme as if it were a defined contribution scheme.

An actuarial assessment was carried out at 31 March 2016. The Scheme had total liabilities, for service to the 31 March 2016 of £34.7 billion and notional assets of £32.5 billion giving a notional past service deficit of £2.2 billion.

The main financial assumptions adopted for the latest actuarial assessment were:

Discount rate

For liabilities and contribution rate	2.8% pa real; 4.86% pa nominal until 2019 and then 2.4% pa real; 4.45% nominal
For cost cap rate	2.4% pa real; 4.45% nominal

Pension increase

2% pa

Long term salary growth

4.2% pa, 2.2% pa in excess of assumed CPI

The total pension cost for the University was £978k (2018: £767k). This includes £105k (2018: £66k) of outstanding contributions at the balance sheet date. Employees' regular contributions were £642k (2018: £563k) and £10k (2018: £7k) in respect of additional voluntary contributions.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 July 2019

29 Pension schemes (continued)

e) MRCPS

The Medical Research Council Pension Scheme [MRCPS], operated by the Medical Research Council [MRC], is a funded multi-employer pension scheme that provides benefits based on service and final pensionable pay at the normal retirement age of 65. 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. 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.

Former members of staff of the MRC transferred to the University of Glasgow under TUPE regulations are covered by the MRCPS. Contribution rates to the Scheme for employees are 6.5% and for employers are 15.9% (14.9% before 1 April 2018).

Under the definitions set out in FRS 102 the MRCPS is a funded multi-employer defined benefit scheme and as the University is unable to identify its share of the Scheme's underlying assets and liabilities it has applied the exemption in FRS 102 to account for the Scheme as if it were a defined contribution scheme.

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.

The main financial assumptions adopted for latest valuation were:

	Statutory funding objective	Additional funding objective
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 £315k (2018: £335k). This includes £25k (2018: £28k) of outstanding contributions at the balance sheet date. Employees' regular contributions were £131k (2018: £148k) and £21k (2018: £22k) in respect of additional voluntary contributions.

Court Context Card 11 December 2019 - Principal's Report

Speaker	Professor Sir Anton Muscatelli	
Speaker role	Principal	
Paper Description	For information	
<i>Topic last discussed at Court</i>	Last report to Court was October 2019	
<i>Topic discussed at Committee</i>	NA	
<i>Committee members present</i>	NA	
<i>Cost of proposed plan</i>		
<i>Major benefit of proposed plan</i>		
<i>Revenue from proposed plan</i>		
<i>Urgency</i>	NA	
<i>Timing</i>	Various	
<i>Red-Amber-Green Rating</i>	Various	
<i>Paper Type</i>	For information / discussion	
<i>Paper Summary</i>	<p>Updates on areas listed in the paper as follows:</p> <ol style="list-style-type: none"> Higher Education Developments <ul style="list-style-type: none"> Brexit Smith-Reid Report on research Post-18 Funding review in England Muscatelli Report on innovation USS Pensions update Clyde Waterfront Innovation Campus Institute of Health and Wellbeing Senior Management Group appointments Key activities Senior Management Group business 	
<i>Topics to be discussed</i>	In line with paper's headings	
<i>Action from Court</i>	To note/discuss if wished	
<i>Recommendation to Court</i>		
<i>Relevant Strategic Plan workstream</i>	Empowering People, Agility, Focus	
<i>Most relevant Primary KPI it will help the university to achieve</i>	NA	
<i>Most relevant Secondary KPI it will help the university to achieve</i>	NA	
<i>Risk register - university level</i>	<p>Item 1 : Risk 1B Finance- Failure to maximise organisational efficiency and effectiveness, control expenditure and achieve savings targets</p> <p>Items 2 and 4: Risk 2A Government Policy (UK) - Developments in UK Government policy adversely impact on University's ability to recruit and retain staff and students or secure sufficient research funds</p> <p>Item 3: Risk 1A Finance - Failure to maintain and enhance income generation to meet the University's commitments</p> <p>Item 4: Risk 6 Market - Significant changes in the student recruitment market have adverse impact on University's competitive and financial position</p> <p>Item 5: Risk 5 Reputation - Failure to maintain and enhance the reputation of the University through press, social media and engagement with stakeholders</p>	
<i>Risk register - college level</i>		
<i>Demographics</i>		
<i>% of University</i>	Items mainly relate to the University as a whole	
<i>Operating stats</i>		
<i>% of</i>		
<i>Campus</i>	All locations	
<i>External bodies</i>	UK Government; Scottish Government; SFC; UKRI; USS	
<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>		

Court - Wednesday 11 December 2019

Principal's Report

Items A: For Discussion

1. Higher Education Developments

Given the General Election on 12 December, the updates below on current policy developments are somewhat precarious and effectively a snapshot before the election was called. As the situation is so fluid with regard to all the areas, and some are interlinked, I will update Court further at the meeting, as far as that is possible.

Brexit

The negotiation of a new withdrawal deal means that it is very likely that the UK will leave the EU by 31 January 2020 under the current withdrawal agreement, in the event of a Johnson government after the election, or that there is a new negotiation and a referendum if the opposition form a government. The chances of leaving with no deal have receded. This means that the HE sector's attention has shifted to the post-Brexit immigration regime which will come into play when we leave the EU, and the success of the negotiation on the future trade relationship which could influence the likelihood on a deal on research, innovation and student mobility. Court may wish to note a clear commitment in the Conservative manifesto to non-extension of the implementation period beyond December 2020, leaving limited time for the completion of a trade deal. If the implementation period is not extended beyond the end of 2020, and the UK and EU exit this period without a trade deal, it may negatively influence the chances of a deal on Horizon Europe and Erasmus+.

We know very little in detail about the future immigration system, but we will continue to lobby with UUK and the Russell Group on a system which allows the University to attract talent from around the world. We will continue to press for the implementation of the promise on post-study work visas for students.

The revised Brexit deal retained the pledge on future science cooperation. The EU and UK “will establish general principles, terms and conditions for the United Kingdom's participation in Union programmes... in areas such as science and innovation”. The ability of researchers in the UK to take part in EU funding schemes has become the main concern for the sector. The Smith-Reid report mentioned below partly addresses the scenario in which the UK cannot associate with Horizon Europe, or cannot do so in a timely way.

If the UK leaves the EU with a deal, at the end of January, there will be no changes for existing projects or new applications until at least December 2020. If the UK leaves without a deal, the UK

will lose eligibility for EU funding, but applicants will still be able to apply to most parts of EU research programmes as a ‘third country’. The UK government has committed to providing funding (via UK Research & Innovation) for all successful eligible UK bids to Horizon 2020 that are submitted before the end of 2020. This funding will apply for the lifetime of projects.

However, recent reports that member states wish to cut the budget for the next stage of the EU’s Framework programme 2021-27 (Horizon Europe) by more than 10% - from the original €4 billion - have been disappointing and have drawn criticism from the academic community in the EU. With our partners in the Guild we continue to press for the budget to be protected.

Smith-Reid Report on Research

On 5 November, the report *Changes and Choices: Advice on future frameworks for international collaboration on research and innovation* was published. It was commissioned by the Minister for Universities, Science, Research and Innovation, from Professor Sir Adrian Smith, Director of the Alan Turing Institute, and Professor Graeme Reid, Chair of Science and Research Policy at University College London.

The authors have suggested the future focus should be on: the Government’s pledges to raise R&D spending, reducing regional disparities, and moving to a new global positioning for the UK. More specifically in these areas, the report refers to initiatives including: movement towards or above the target to spend 2.4 percent of GDP on research, additional funding for basic research, the introduction of competitive-based rewards for UK universities or research institutes that attract large amounts of foreign direct investment in R&D, and a Global Talent Strategy to attract researchers, with associated reforms to immigration policy. There should also be greater agility, including funding sources, to take advantage of: opportunities such as spontaneous collaborations in research and innovation, emerging international programmes of potential benefit to UK research, and opportunities that arise (for example) in interactions with other countries at ministerial level.

In mid-October, the Minister seemed to indicate that the review’s outcome might be linked to the budget, which was originally scheduled for 6 November. The Queen’s Speech had earlier outlined plans to boost R&D funding. The Minister also indicated that the review and UK Research and Innovation’s R&D infrastructure roadmap might lead to an overall increase in spending. The situation is now less clear.

Post-18 Funding Review in England

At the last meeting, the UK Government had not yet formally responded to the Augar review of English HE. Since then, but before the announcement of the General Election, the Minister said that the UK Government would examine the potential impacts on overall university funding; this was in response to a House of Lords Science and Technology Committee report on science funding in universities and a warning from peers that implementing the recommendation to cut the maximum tuition fee for home students could have unintended consequences for research. The Committee said the government should implement the review’s recommendations as a full financial package, including increasing the teaching grant to cover the loss of tuition fees.

The Conservative manifesto promises careful consideration of the ‘thoughtful recommendations’ on fees contained in the Augar Review, however no specific proposals are made on fee reductions. At present weight of opinion within the Conservative Party seems to be in favour of implementing some elements of the Augar review, but not all of it in its entirety. The Labour manifesto, as expected, proposes the abolition of fees in England.

I took part in a discussion panel with Baroness Wolf (a key member of the Augar Review) at the Times Higher Education Live conference in late November which focused heavily on the Review proposals for Further Education in England. Whilst agreeing with Baroness Wolf regarding the need to invest in FE in England, I made the case for caution in focusing excessively on salary outcomes for graduates and on the economic return for particular degrees.

Muscatelli Report

The Report I was asked to produce for the Cabinet Secretary for Finance, Economy and Fair Work was launched on 27 November (hard copies are available to take away today). Scottish Government will consider the report’s recommendations in detail and respond in due course. Some Court members kindly attended the launch event at the Royal Society of Edinburgh, which was chaired by the RSE President.

The central message of the report is that innovation in Scotland should be a shared national mission, not just of government but of agencies, universities and industry, in order to leverage the many existing strengths of the HE sector to help ensure Scotland can meet its full economic potential. The Report contains 22 detailed recommendations, however in summary its key themes are more effective collaboration; clear focus in terms of developing a set of national innovation priorities for investment; and actively recognising and responding to the constraints we face in terms of the external political, funding and policy environment.

Items B: For Information

2. USS

Although UUK as employers continue to try to engage UCU on the pensions dispute, it remains clear that UCU representatives do not currently have any alternative position (beyond their ‘no detriment’ demands) to bring into the discussions.

To remind Court, no detriment as currently interpreted by UCU would mean a member contribution rate of 8% of salary and an employer rate of 22.7% of salary until October 2021, when higher rates are scheduled, subject to the 2020 valuation. Sadly, on pensions there would appear to be no appetite for UCU to shift its position. UUK continue to engage UCU on the matter of the 2020 valuation. I will update Court if there are any further updates.

UCU have announced that 13 branches that failed to meet the required turnout (for either of the pay and pensions disputes) will be re-balloted, from 4 December until 28 January. Out of these 13, only 4 are being re-balloted specifically on USS.

At the time of writing, it is still expected that the JEP2 report will be published before the end of December.

The Secretary's Report will address details on the pay and conditions dispute, where UCEA negotiates on the employers' behalf. On 27 November UCEA and UCU met and UCEA issued a statement on the talks which were an opportunity for the two sides to exchange views, particularly on matters other than the headline pay offer for 2019.

3. Clyde Waterfront Innovation Campus (CWIC)

At the October meeting, Court heard that two significant funding bids, in the areas of Precision Medicine and Nano and Quantum Technologies, have been submitted to the Strength in Places Fund administered by UKRI, one in each of these areas, and both centered on CWIC. These projects will be subject to normal University governance processes and approvals if awarded. Court also heard that given the profile of the projects and the others involved, there would be challenges to withdrawing from either project. Hence we will continue to work with Scottish and UK Government and with the City Council and City Region Cabinet on identifying other potential streams of funding. Our plans in Govan should be attractive to any further potential place-based investments in Glasgow and Scotland.

4. Institute of Health & Wellbeing (IHW)

Construction has started on the (IHW) Clarice Pears Building, which is the third major new building in the Campus Development, after the James McCune Smith Learning Hub and the Research Hub. As Court may recall, the building will bring together staff who are currently working in multiple sites across the city. Construction is scheduled to finish in summer 2021 and the building will support the IHW in achieving its vision to prevent ill-health and reduce health inequalities. It will also enable more opportunities for networking and collaboration, within the IHW and with partner organisations and stakeholders; as well as being a forum for public engagement.

5. Senior Management Group appointments

Whilst there are no current changes to report, Court will wish to note that I have begun the consultations regarding the position of VP/Head of the College of Medical, Veterinary and Life Sciences, with Professor Dame Anna Dominiczak's current period of appointment coming to an end on 31 July 2020.

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

29 October: Chaired Glasgow Health Sciences Partnership Oversight Board.

29 October: Attended a reception to congratulate newly promoted Professors.

29 October: Gave a speech at an event to launch the 2019 programme of Graduate Level Apprenticeships in Computing Science, with representatives from Skills Development Scotland and employers.

5 November: Policy Scotland meeting with senior colleagues and Sir John Elvidge, Chair of the Policy Scotland Board.

12 November: Hosted dinner for new Policy Scotland Board members.

12 November: Attended a session with senior colleagues on development of the next University Strategy.

19 November: Hosted a working dinner with Professor Sir Steve Smith, VC of University of Exeter, and members of SMG.

2 December: Attended a strategy day session on advancing academic culture within the University.

Internationalisation Activities

11 October: Introduced Paul Gardullo who was delivering the keynote lecture as part of the week-long Smithsonian Working Group visit to the University. Hosted the Smithsonian group at the Lodging.

15-17 October: Visited Nankai University to take part in their centenary celebrations. I attended a celebration event for the University of Glasgow/Nankai University Joint Graduate School; delivered a keynote speech as part of the World University Presidents Forum, and addressed an audience of over 10,000 at the official 100th Anniversary Celebration Ceremony at Nankai's stadium.

18 October: Presided over University of Glasgow Singapore/SIT graduations. Hosted a dinner for honorary graduate Professor Tan Thiam Soon.

19 October: Addressed the Singapore graduation ball.

21 October: Meetings with National University of Singapore, including President Tan Eng Chye, regarding future collaborations.

4 November: Met with the Director of the Education Division, Taipei Representative Office in the UK.

7 November: Met with Professor Asit Biswas, honorary graduate and honorary professor in Water Engineering.

29-30 November – Attended Scotland International Meeting.

Lobbying/Policy Influencing and Promoting the University

USS

10 October: Attended USS Trustee Board meeting

30 October: Attended USS Investment Committee meeting

20 November: Attended USS Trustee Board meeting

24-25 November: Attended USS Investment Committee away day

4 December: Attended USS Institutions meeting

Russell Group

31 October: Chaired Russell Group Board Meeting and hosted dinner with Russell Group VCs; met with Nicola Dandridge, Chief Executive of the Office for Students.

5 November: Meeting with representatives from Canon.

5 November: Meeting with Chief Executive of Glasgow City Council, regarding the work of the Commission on Economic Growth.

5 November: Meeting with the Leader of Glasgow City Council.

7 November: Met with Ed Balls, former Shadow Chancellor, during his visit to give a talk to students under the banner of the John Smith Centre for Public Service.

11 November: Met with Chief Executive of Scottish Power.

11 November: Phone call with Chief Executive of Universities UK.

15 November: Visit to University College Cork to address their senior management team and their Senior Leadership group.

18 November: Chaired meeting of the Commission on Economic Growth for the Glasgow City Region.

27 November: Launch of Muscatelli Report on maximising economic impact of the HE sector, with the Cabinet Secretary for Finance, Economy and Fair Work and the Minister for Higher Education.

28 November: Spoke at the Times Higher Education Live conference alongside Baroness Wolf (Augar review panel member).

3 December: Attended dinner meeting with Bank of England representatives.

5 December: Delivered a presentation at the Universities Human Resources Scotland conference, around facing future challenges in the HE sector.

5 December: Attended dinner with SFC officials and Board members.

6 December: Delivered a lecture to pupils at the High School of Glasgow around influencing policy.

10 December: Meeting with senior official from Department of Business, Energy and Industrial Strategy.

11 December: Attended meeting of Universities Scotland Research and Knowledge Exchange Committee to discuss Muscatelli Report.

Internal activities and Communications and Alumni events

11 October: Attended the 3rd Charles Kennedy Memorial Debate at the GUU, organised by students. Participated on the judging panel.

22-23 October: Individual meetings with Singapore-based donors and alumni in senior positions. Hosted a small dinner for high-level prospective donors in Singapore.

24 October: Hosted a small dinner for high-level prospective donors in Hong Kong.

25 October: Hosted an alumni event in Hong Kong.

28 October: Met with the External Auditor (EY) for regular annual post-audit meeting.

4 November: Introductory meeting with the new Director of Organisational Development.

4 November: Gave an interview to Glasgow University Student Television (GUST) on Brexit.

5 November: With Kevin Sneader, McKinsey & Company Global Managing Partner and Glasgow alumnus, co-hosted a small private dinner for alumni and business contacts

10 November: Welcomed guests to the University's Service of Remembrance.

12 November: Regular meeting with the SRC Executive.

12 November: Attended General Council Business Committee.

13 November: Filming for the University's Christmas video.

13 November: Met with the Director of the Beatson Institute.

14 November: Attended groundbreaking ceremony for the Clarice Pears Building (Institute of Health and Wellbeing).

16 November: Introduced the Cardinal Winning Lecture. The speaker was Archbishop Paul Gallagher, the Vatican's Secretary for Relations with States. The Deputy First Minister was in attendance.

18 November: Introduced the Dalrymple Lecture Series.

21 November: Hosted Campaign Leadership Board meeting and dinner.

2 December: Attended Stevenson Lecture on Brexit and the General Election, delivered by Professor Sir John Curtice.

2-6 December: Presided over Winter Graduations.

6 December: Attended University of Glasgow Trust meeting.

9 December: Chaired interview panel for new Director of Estates and Commercial Services.

7. Senior Management Group business

In addition to standing and regular items (including REF 2021 and Brexit Contingency Planning), the following issues were discussed:

SMG Meeting of 15 October

- 2020-21 Planning Round
- Capital Plan Review
- Performance & Development Review Outcomes
- Commemoration Day 2020

SMG Meeting of 28 October

- Supporting Staff with Caring Responsibilities – Policy
- SFC Outcome Agreement – Self-Evaluation

SMG Meeting of 4 November

- Industrial Action

- Capital Plan Review

SMG Meeting of 11 November

- Industrial Action
- Audit Reports: Capital Spend; Transformation Programme; Procurement Data Analytics
- Academic Promotion 2019 Outcomes

SMG Meeting of 19 November

- Industrial Action
- Partnership with Nankai University
- European Universities Initiative
- Discussion with City, Scottish and UK Govts on place-based investments
- League Tables
- Update from the SRC
- Draft Climate Change Strategy
- Divestment Campaign

SMG Meeting of 26 November

- Industrial Action

SMG Meeting of 2 December

- Industrial Action
- SFC Outcome Agreement

SMG Meeting of 9 December

- Industrial Action
- Advance Payments to Research Partners
- Performance & Development Review

Court Context Card 11 December 2019 - University Secretary's Report

Speaker	Dr David Duncan	
Speaker role	COO and University Secretary	
Paper Description	For information / items for approval; items for discussion if Court wishes	
Topic last discussed at Court	Last report was to October 2019 Court	
Topic discussed at Committee	NA	
Committee members present	NA	
Cost of proposed plan		
Major benefit of proposed plan		
Revenue from proposed plan		
Urgency	Medium & Low	
Timing	Immediate where relevant	
Red-Amber-Green Rating	Green	
Paper Type	Decision/Discussion/Information	
Paper Summary	<p>Report from Secretary on a number of items for Court's discussion/decision and/or information. A Items are:</p> <p>A1 An update on sustainability / climate change matters; and a draft strategy</p> <p>A2 An update on Socially Responsible Investment Policy (disinvestment in Fossil Fuels)</p> <p>A3 Information on a request for disinvestment</p> <p>An update relating to Brexit preparations</p>	
Topics to be discussed	As above plus any B items Court members may wish to discuss	
Action from Court	<p>Specific decisions requested under:</p> <p>A1 Court is invited to approve the Climate Change Strategy</p> <p>A2 Court is invited to consider and approve the IAC's proposal that the current investment restriction is maintained, to allow options to be investigated ahead of a further report in mid-2020. Court is also invited to suggest any other stakeholders it might wish the IAC to consult as part of this exercise.</p> <p>A3 Court is invited to support a proposal to establish a short-life working group to consider a request to disinvest in the defence sector.</p>	
Recommendation to Court	As per individual items	
Relevant Strategic Plan workstream	Empowering People, Agility, Focus	
Most relevant Primary KPI it will help the university to achieve	NA	
Most relevant Secondary KPI it will help the university to achieve	NA	
Risk register - university level		
Risk register - college level		
Demographics		
% of University	100% Cross University application on several items	
Operating stats		
% of		
Campus	All locations	
External bodies	UK and Scottish Governments; EU; USS; Pensions regulator	
Conflict areas		
Other universities that have done something similar		
Other universities that will do something similar		
Relevant Legislation	Climate Change (Scotland) Act 2009 ; HE governance legislation/Code of Good HE Governance	
Equality Impact Assessment		
Suggested next steps		
Any other observations		

Court – Wednesday 11 December 2019

Report from the University Secretary

SECTION A - ITEMS FOR DISCUSSION / DECISION

A.1 Sustainability/Climate Change

At the last meeting, Court was advised that Senate would be receiving a presentation setting out a proposed strategy on climate change and sustainability, and that this would form the basis of a presentation to Court, as well as a more detailed strategy being provided.

As Court will see from the Senate Communications from the October meeting, members of Senate suggested that the targets to reduce carbon dioxide might be more ambitious, particularly around recycling and possible generation of renewable energy; meat-free catering options; cycling infrastructure; reducing the number of flights taken by the University community; and increasing investment in teleconference and IT facilities to reduce travel.

Paper for Court discussion and approval; if this is forthcoming we will engage an institution-wide consultation exercise to gather support for and agree on the way forward.

Professor Dan Haydon, co-chair of the Sustainability Working Group, and Dr Stewart Miller, the University's Sustainable Environment Officer, will attend the Court meeting.

A.2 Socially Responsible Investment Policy - Fossil Fuels

In 2015 Court agreed to implement a first stage of divestment in fossil fuel holdings over the following 4 years. At the end of 2017 Court received a progress report which indicated that University was on target to achieve the interim target of under 6.4% of funds invested directly in fossil fuel companies. As part of the decision in 2015, Court needs to undertake a further financial evaluation of the impact of the divestment policy, before deciding on whether to proceed with a further stage of divestment.

The update in 2017 advised that there had been a negative impact on investment returns, within a best-estimate range. Based on more recent analysis, the Investment Advisory Committee IAC think it reasonable to assume this would continue and that if the divestment were increased towards zero then the impact would be greater.

The IAC is proposing the current investment restriction is maintained, to allow options to be investigated ahead of a further report in mid-2020. Court is invited to suggest any other stakeholders it might wish the IAC to consult as part of this exercise.

A.3 Divestment petition

We have been approached by a coalition of student groups who are calling on the University to divest in companies involved in the defence sector. **Annex** provides details. I met

with the representatives on 15 November and the matter was discussed briefly at Finance Committee on 19 November. **Court is invited to support a proposal to establish a short-life working group** to consider this issue in the round and report back to Court via Finance Committee.

A.4 *Brexit and University Preparation*

The situation continues to be reviewed and we are continuing to provide support to our community of EU staff and students, with a dedicated University website <https://www.gla.ac.uk/explore/euinformation/>.

SECTION B – ITEMS FOR INFORMATION / ROUTINE ITEMS FOR APPROVAL

B.1 *Industrial Action*

At the time of writing, strike action has taken/is taking place from Monday 25 November to Friday 29 November and from Monday 2 December to Wednesday 4 December. This will be followed by a period of 'working to contract' (e.g. declining voluntary tasks) from 25 November 2019 to 29 April 2020.

The University & College Union (UCU) called the industrial action in relation to the 2019 pay settlement for staff and concerns over casualisation, equality and workloads; and a recent increase in the contribution employees make towards their pensions. The 2019 pay settlement from August 2019 involved an uplift of 1.8% whereas the UCU had called for an uplift of at least 6%. With respect to pensions, USS increased employer contributions by 1.6% and employee contributions by 0.8%; the UCU had argued that staff should not have to pay the 0.8% increase.

The campus remained open throughout the strike. Students and staff were not prevented from freely entering and leaving, where picket lines were in place. We encouraged students to attend classes as normal unless specifically instructed not to do so by their School. We issued guidance for staff and students, with a series of Q&A included. Court received the details sent to students.

In the first week of the strike, around 130-140 members of staff took part in the action each day.

On 22 November the University and UCU Glasgow agreed a joint statement. This includes a reference to the University and UCU Glasgow regretting the disruption that may be caused to students and being committed to doing whatever we can to minimise it. The full text is at https://www.gla.ac.uk/myglasgow/news/headline_700026_en.html

Talks on some aspects of the dispute began at national level on 26 November and at the time of writing are continuing.

B.2 *Recent cases of Sexual Assault*

Court members have been advised about the recent arrest of a man for a series of sexual assaults in Glasgow and provided with a copy of a letter sent from the Rector and SRC President to Police Scotland. The Rector has liaised closely with the University on this matter.

The case has raised wider concerns within the University community about personal safety, especially of women. We have worked with the student bodies, Police Scotland and others to address these concerns in a balanced way. The University has issued information to the

student and staff community, including details and contact points for campus safety matters and sources of support and advice. Fuller details are at https://www.gla.ac.uk/myglasgow/news/headline_700012_en.html Plans for wider campaigns on personal safety and sexual violence are under development.

B.3 *Student Experience Committee awayday*

The above will take place on 17 December, with a focus on the SEC Action Plan. Given the timings, we will report outcomes to the February 2020 meeting of Court, which is also the scheduled meeting for the SRC Annual report. As such there will be a particular focus on student and academic matters at that meeting of Court, including Senate matters.

B.4 *Students in Hong Kong*

Court members will have seen recent coverage of events in Hong Kong, including universities becoming the targets of violent protests. We have been in close contact with the 19 UoG students who are in Hong Kong, providing guidance on how they can stay safe. Most made plans to return home and we provided assistance including financial help where required.

B.5 *Media Report*

Court has previously agreed that a digest of media coverage and summary details of social media interaction with the University should be provided from time to time during the year.

B.6 *New Court member*

Teresa Baños, Mental Health Equality Officer, Students Representative Council, has been elected as SRC Assessor on Court, for one year.

B.7 *Summary of Convener's Business*

A summary of activities undertaken by the Convener since the last meeting is provided to Court members. The details are at **Annex**.

B.8 *Director of Research Institute/Head of School Appointments*

College of MVLS

Institute of Molecular, Cell and Systems Biology

Professor Neil Bulleid has been re-appointed as Director of the Institute of Molecular, Cell and Systems Biology for five years from 1 January 2020.

College of Science & Engineering

School of Engineering

Professor David Cumming has been re-appointed as Head of the School of Engineering for two years from 1 August 2020.

School of Chemistry

Professor Graeme Cooke has been re-appointed as Head of the School of Chemistry from 1 August 2020 until 31 December 2020.

To the University Secretary []

On the 15th September 2019, the Glasgow Guardian published an article exposing the University's £3.1 million investment in the arms trade. Such investment opposes the ideals that the University claims to stand for. We allege that the University is complicit in human rights violations, breaches of international law, and the destruction of our planet. Investment in such industries is currently facilitating two ongoing conflicts facing the Yemeni and Palestinian people at the hands of Saudi Arabia and Israel respectively. Given that investment in the military-industrial complex directly contradicts the University's recent commitment to Socially Responsible Investment, we therefore present this list of demands to ensure these inconsistencies are immediately remedied.

Demands:

- 1. We demand full divestment from the arms trade in adherence with the University's Policy on Socially Responsible Investment.**
- 2. We demand a pledge detailing a divestment timeframe of less than 2 years.**
- 3. We demand acknowledgement that investment in the arms trade will never comply with the University's Policy on Socially Responsible Investment.**
- 4. We demand a pledge to never again invest in companies that have any links to the arms trade, and to pursue greater accountability of fund managers and internal investment decisions.**
- 5. We demand a comprehensive and immediate ban of all arms companies from campus events and that the careers department and post-graduate schemes sever all ties with such companies.**

We denounce the £3,110,663 that Glasgow University has invested in 8 arms manufacturers directly or indirectly responsible for human suffering (Glasgow Guardian, Issue 1, 15th September 2019).

These companies claim human lives consistently within specific conflict zones. The use of their weaponry is driving the global refugee crisis. The University's purported support of refugees thus strikes us as unconvincing given that it is profiting from the production and propagation of the conditions which force people to flee their homes in search of safety. This ideological dissonance cannot be defended by an institution which claims to pursue liberty and academia.

The University additionally claims to be opposed to the Climate Crisis and, in 2014, pledged to divest from fossil fuels. However, given the damaging effects of war on the environment and the emissions of the military-industrial complex as whole, continued investment in the arms industry exposes another deep contradiction within Glasgow University.

The Policy on Socially Responsible Investment (SRI), published in July 2018, which the University claims to abide by states that fund managers are 'required to take account of any serious breaches of international law committed by companies'. However, SRI does not

express explicit concern about such law-breaking, instead stating only that fund managers must take account of it. Any illegality should result in the immediate cessation of all investment. The UK's arms agreement with Saudi Arabia, involving many of the companies listed, has recently been found to be in violation of international law. The policy alludes to fund managers upon whom it suggests the responsibility for bad investment decisions rests. We will not accept such obfuscation. The university itself, not outside firms, has direct responsibility to avoid such immoral investments.

The SRI lays out criteria for investment which are relevant to the submission of our demands:

1). A commitment to abide by 'the University's value systems either as reflected in the Mission Statement or the Strategic Plan':

Some references taken from their value system are listed below:

- 'We have a social and environmental responsibility to undertake our work in an ethical and sustainable manner.'
- 'We should use our work to benefit and enhance Glasgow, the West of Scotland and the global community wherever possible.'
- 'Being consistently honest and fair in our dealings with others.'
- 'Our authority is built on innovation, on academic rigour, and on the way we work together to find answers to the problems facing mankind today.'

2). The 'activities' and 'values' of companies, which we deem 'to be so far removed from the University's core values as to give grounds for serious concern':

We hold that investment in the arms industry directly contradicts all the examples listed above taken from the University's own policy. We reject the defence that not every act undertaken by these companies is directly involved in the arms trade and the chaos which it renders globally. We do not accept the argument that the sums of money are small, or that the proportions are insignificant. Be it minimal or extensive investments, direct or indirect responsibility; the universities relationship with the arms trade negates its core values.

Based on the university's plan for fossil fuel divestment, which allocates 10 years to divest £18 million, we expect full divestment of the £3.1 million to be completed within two years. We trust that you receive this petition due diligence, [], and that you act with appropriate speed to facilitate our demands.

Signed,

Glasgow University Arms Divestment Coalition

From: GUADC <GUarmsdivestmentcoalition@mail.com>

Sent: 02 December 2019 17:30

To: David Duncan <David.Duncan@glasgow.ac.uk>

Subject: Re: Notes from Coalition / COO - 15 November

Dear Dr Duncan,

The list of companies from which we seek full divestment follows. We are also seeking confirmation that our position will in fact be presented at the Court meeting.

Rolls Royce -	82,580
Northrop Grumman -	106,375
BAE Systems -	84,595
Boeing -	247,166
Lockheed Martin -	180,813
Raytheon -	99,052
General Dynamics -	100,717
Airbus -	179,839
Thales -	28, 874
Leonardo -	37,347
United Technologies -	247,170
L3 Technologies -	44,692
Honeywell -	215,799
Leidos -	45,111
Textron -	37,508
Booz Allan Hamilton -	17,584
General Electric-	760,303
Mitsubishi Heavy Industries	109,474
Harris Corp -	39,826
Saffran -	84,395
Kawasaki Heavy Industries -	27,709
Aecom -	26,766
Thyssen Krupp -	64,907
Transdigm Group -	50,178
Fujitsu -	87,654
DXC Technology Co -	56,853
Jacobs Engineering -	47,476
TOTAL:	£3,110,663

Convener of Court**Summary of Business – 14 October 2019 to 11 December 2019**

Date	Meeting	Location
30 October	Meeting with Mike Cantlay and Karen Watt, Scottish Funding Council	Edinburgh
12 November	Meeting with Rupert Younger, Said Business School	London
13 November	Committee of Scottish Chairs meeting with Mr Richard Lochhead, Minister for Minister for Further Education, Higher Education and Science	Edinburgh
	Lunch meeting - Committee of Scottish Chairs and Scottish Funding Council	Edinburgh
19 November	University of Glasgow Finance Committee	Phone call
21 November	University of Glasgow Campaign Leadership Board	London
22 November	Court Chairs/Officers Pre-Court Meeting	Phone call
	University of Glasgow Remuneration Committee	Phone call
26 November	Green Gown Awards	Glasgow
27 November	Launch of the Muscatelli Report: Innovation in Scotland – A National Mission	Edinburgh
3 December	University of Glasgow Court Webinar	University of Glasgow
11 December	Meeting: Kirsteen McCue, Court Member	University of Glasgow
	Meeting: Simon Kennedy, Court Member	
	Court Pre-Meeting	
	Court	
	Court Christmas Dinner	

Court Context Card 11 December 2019 - Student Experience Committee report

Speakers	Dr David Duncan and Scott Kirby	
Speakers' roles	Joint Conveners of the Committee	
Paper Description	Report of the meeting of the Student Experience Committee (SEC) held on 14 November 2019	
Topic last discussed at Court	Oct-19	
Topic discussed at Committee	See paper summary section below.	
Court members present	Scott Kirby	
Cost of proposed plan		
Major benefit of proposed plan		
Revenue from proposed plan		
Urgency	Low	
Timing		
Red-Amber-Green Rating	Green	
Paper Type	Information	
Paper Summary	Report of the fifth meeting of the Student Experience Committee (SEC), held on 14 November 2019. Court is invited to note the items, which include: recommendations from the International Student Experience WG (item 1); Sector reports relating Black, Asian and Minority Ethnic (BAME) students (item 2); Student wellbeing (item 3); room booking costs for student clubs and societies (item 4); the Draft Climate Change Strategy and Action Plan (item 5); and student numbers (item 6).	
Topics to be discussed	As Court wishes	
Action from Court	To note and discuss if desired.	
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 4 Student: Failure to offer an attractive, high quality and fulfilling student experience to UG and PG students	
Risk register - college level		
Demographics		
% of University	100% Students	
Operating stats		
% of		
Campus	All	
External bodies		
Conflict areas		
Other universities that have done something similar		
Other universities that will do something similar		
Relevant Legislation		
Equality Impact Assessment	Many areas covered aim to bring about enhancement to the student experience that will positively impact on equality and diversity and cover a number of the protected characteristics of the Equality Act.	
Suggested next steps	NA	
Any other observations		

University of Glasgow

Court – 11 December 2019

**Student Experience Committee – Report of meeting held on
14 November 2019**

Dr David Duncan & Mr Scott Kirby (Co-conveners)

1. International Student Experience: Report from Working Group (for noting)

Gayle Pringle Barnes introduced the report from the ISEWG which provided detail of the current activity to improve the experience of the University's community of over 10,000 international students who come from over 140 countries. In considering the support framework for our international students reference was made to the Cultural Adjustment Curve identified by the University of Cincinnati, also recognising that the largest proportion of non-EU students is at PGT level where there is a much shorter duration of time in which students are able to adjust to their new environment and to engage with appropriate support. The report focused on the research the working group had undertaken with international students to gain further insight into their experience and to identify actions that could be taken to enhance their experience. Themed focus groups were run based on priority areas which had been selected from current literature and feedback from staff and students identifying areas where potential improvement with the most benefit on the international student community at Glasgow had been identified.

The report presented findings and recommendations under the following themes:

Communication

Recommendations included review of pre-arrival information with a focus on programme-specific pre-arrival study support information; more effective use of social media to communicate with international students; and introduction of a weekly newsletter email to highlight upcoming events and opportunities.

English Language Support

Recommendations covered further development of support for English language development including academic writing; extending opportunities for students to practise conversational English; improving feedback from academics on assessed work where language issues were highlighted; and exploring the provision of additional online writing support services by the University, for example in proofreading.

Social Integration

Recommendations involved encouraging participation in extra-curricular activities and volunteering from the start; considering how best to use current peer-based support and learning programmes to foster a sense of community; supporting and encouraging student clubs and societies to be more accessible to PGT students; and organising more events focused on sharing of cultures.

Support – various (careers, financial, welfare support & catering)

Recommendations included more targeted careers support for international students; provision of more in-country opportunities for recent graduates and current students to network with alumni; improving the transparency of financial support especially at the point of application; providing more support for international students seeking part-time jobs; further investment in key support services; and improving the quality and variety of catering on campus.

SEC commended the report which was considered to be an excellent piece of work, and it was agreed that given the increased numbers of international students, enhancement of their support and integration into the University was a key priority. It was also agreed that attention should be given to all campuses when considering the implementation of the recommendations in the report.

In relation to improvement of support services, members were advised that the Scottish Funding Council had provided additional funding for mental health support (£191k for four years) which would be used to enhance counselling and peer support provision within the Colleges and was therefore expected to provide significant benefits to all students requiring support, including international students.

In terms of the recommendations, it was suggested that recommendation 4 should not be confined to the College of Social Sciences and therefore consideration should be given to rolling out further provision in English language support in other areas of the University. It was noted that recommendation 8 could also be linked to recommendation 1 when it was taken forward. It was agreed that recommendation 11 should be taken forward by Bob Hay and also the new University Chaplain, once she was in post.

SEC approved the actions and recommendations detailed in the report and agreed that these should be incorporated into the SEC Action Plan.

2. Black, Asian and Minority Ethnic Students (BAME) (for noting)

SEC received for discussion two significant reports which had been issued for the sector relating to the BAME student experience:

Equality and Human Rights Commission – Tackling racial harassment: Universities challenged: <https://www.equalityhumanrights.com/en/publication-download/tackling-racial-harassment-universities-challenged/>

UUK/NUS Report (May 2019) - Black, Asian and Minority Ethnic Student Attainment at UK Universities #Closingthegap: <https://www.universitiesuk.ac.uk/policy-and-analysis/reports/Pages/bame-student-attainment-uk-universities-closing-the-gap.aspx>

Background information on the number of complaints the University had received on racial harassment from academic session 2015-16 up to February 2019 was also noted, along with the work commenced last year by the SRC to gain a better understanding of the BAME student experience.

Mhairi Taylor, Head of Equality, Diversity and Inclusion, introduced the item and advised that both reports had been reviewed by the Equality and Diversity Strategy Committee and that the Principal's request for the Race Equality Group to set up a Task Force to consider the

University's action in response to the 10 recommendations of the EHRC report had been agreed.

Members agreed that the reports provided sobering reading indicating unacceptable levels of harassment, inequality and disadvantage for BAME students across the UK Higher Education sector. Mhairi Taylor reported that Professor Satnam Virdee, co-chair of the Race Equality Group, had identified the need to address these issues by taking a continuum approach through which the University should seek to address racism within its structural framework. She also confirmed that action had commenced and was ongoing on significantly improving the data collected and reviewed by the University to inform its strategic planning and approaches to tackling racial inequality. This involved discussion with Planning, Insight & Analysis to agree on suites of data measurements to be provided covering BAME students and other protected characteristics under the Equality Act. It was suggested that data on applicants should also be reviewed where possible. Once the data sets were agreed there would be further discussion with Moira Fischbacher-Smith on where the data would be reported to ensure effective routes for action. Moira Fischbacher-Smith supported this approach and advised members that Inclusion was a key issue in the Learning and Teaching Strategy which was currently under development and the data would be taken into account in considering both practice and policy.

In terms of the recorded numbers of complaints at Glasgow about racial harassment, members agreed that the figures for the University were low and were very likely to indicate under-reporting which was known to be an issue generally. Tom McFerren reported that making a formal complaint was seen to be a last resort by many students. Members agreed that there should be further consideration of the anonymous online reporting tool to ensure that it was sufficiently publicised and also that preventative action was taken in response to information submitted through the tool. It was suggested that students' feelings of safety were focussed on both the University environment and the wider city.

In further discussion, the following points or suggestions were noted. There was felt to be some disjoint between the tone of the EHRC executive summary and the full report, with the executive summary particularly focussing on the negative experience for BAME students in Higher Education. Stephanie Mason, SRC PG representative, suggested that activities undertaken in other universities to improve student awareness and improve attitudes could be considered, such as the work in the USA on micro-aggressions, bias and prejudice; but she also considered it important to include a mandatory element to training and awareness-raising to ensure a full reach across the student body. It was also suggested that work on University-wide events, such as the recent Black History Month, to engage members of the University community should be continued.

SEC welcomed the University's response to these reports and looked forward to hearing of further developments from the planned Task Force. It was suggested that the approach taken by the International Student Experience Working Group in gathering information on priority areas for action could be considered as a potential model for the Task Force to adopt.

3. Student Wellbeing (for noting)

Robert Partridge introduced the second draft of the proposed Student Wellbeing framework for discussion. He indicated that the development of this statement would be an iterative process and highlighted new content in the current draft. Attention was drawn to the definition of wellbeing which had been drawn up in discussion with a range of staff and

students, and while the term 'happy' had been noted as potentially problematic it had been considered appropriate within the proposed definition:

At the University of Glasgow, we believe wellbeing should mean that we feel happy, healthy, valued and able to thrive.

SEC was advised that the term 'resilience' had been retained in the report, but the emphasis had shifted to clarify that it was not a fundamental requirement for wellbeing but to acknowledge that it could be a factor in supporting wellbeing. Members also noted that the six pillars of the framework had been retained, but changes had been made to the identification of groupings for targeted support to avoid an unduly lengthy list that included almost all student groups, while also recognising that some groups were particularly at risk. New information, including a series of actions, had been provided to show how the framework would be implemented and further consideration had been given to measurements for the effectiveness of the approach. Robert Partridge indicated that next steps would include identifying how to present this information to different audiences which would involve work with the Communications Office.

In discussion a number of points were raised. It was agreed that there needed to be sufficient connection with high-level University projects and initiatives, including the Transformation Project, to ensure that resources were agreed to implement significant developments, such as those around the improvement of the physical estate, in a way that focused on student wellbeing. There was some concern that the actions were generally reactive, responding to a lack of wellbeing and that further work on promoting good health and wellbeing would be necessary. It was suggested that some reference to the economic and financial hardship experienced by some students should be included, possibly within the section on targeted groups. Areas that had potential to benefit wellbeing were noted, including peer assisted learning which supported the development of community among students, and also sport and exercise. In connection with sport, it was noted that capacity with current facilities was stretched and therefore not all students were able to access clubs and other facilities for physical activity; this could be detrimental to wellbeing. A recent positive development was also noted where a one year post had been established within UoG Sport to encourage the use of exercise as a self-help resource to improve wellbeing. Bob Hay noted that there was potential for the work of some of the SRC services, such as the SRC Advice Centre, to be integrated into the framework, and agreed to discuss this further with Robert Partridge.

The actions from this framework would be incorporated into the development of the SEC Action Plan which would be discussed at the forthcoming Away Day on 17 December 2019.

4. Room Bookings and Janitorial Fees (for noting)

Kirsty Summers introduced a report which detailed ongoing challenges surrounding room booking costs and janitorial fees affecting the SRC clubs and societies. SEC heard that these issues were having a severe impact on a number of clubs and societies which were now under threat due to running costs related to room booking and janitorial support. Kirsty Summers reported that practice at Glasgow did not compare with practice in other universities as SRC clubs and societies were facing charges which were not made elsewhere.

In terms of room bookings it was noted that the lack of availability of University accommodation was driving societies to seek alternatives off campus which were costly. Janitorial costs were incurred when societies booked any University accommodation 'out of

hours' as overtime payments were an additional cost. It was noted that very few buildings on campus had extended opening hours which would provide free accommodation options for student clubs and societies.

David Duncan agreed that solutions should be found urgently and agreed to hold further discussions with SRC representatives and Karen Lee to ensure that appropriate arrangements were in place by the end of the current semester. Solutions would include identification of buildings around campus with extended opening hours to be bookable by the SRC clubs and societies, and the creation of a fund to cover janitorial costs where these were needed.

5. Draft Climate Change Strategy and Action Plan (for noting)

The Committee received for consideration the University's proposed Climate Change Strategy. Dr Stewart Miller was in attendance to advise on the report which provided data on the University's carbon emissions and forecast emissions up to 2045. It was noted that recent activity and initiatives had led to a reduction in emissions, and the draft strategy proposed continued focus on reducing emissions up to 2035, at which point the University would seek to achieve carbon neutrality through offsetting at a calculated cost of £620,000 pa for "gold standard" offsetting.

While members welcomed the report and endorsed the proposal to achieve carbon neutrality by 2035, it was felt that a lot more information and transparency about the action being taken by the University was required. It was also suggested that interim targets on carbon reduction between now and 2035 should be set and clearly communicated to the University community.

Stewart Miller also commented that a large number of changes would be needed over the first 10 years of the plan if the projected reduction in emissions was to be achieved. He also reported that currently international student travel was not in scope, and if this was to be included a further 26,000 tonnes of carbon emissions should be added to the plan and considered for offsetting. He also confirmed that the data included Dumfries campus and this could be extracted and provided to the School of Interdisciplinary Studies.

Scott Kirby drew attention to the University's prominence in this field noting that Glasgow was the first Scottish University to announce a climate emergency, and therefore the University's continuing activity in this area could set precedents for other institutions. He therefore encouraged a bold approach from the University in target-setting and suggested seriously considering the possibility of bringing forward carbon neutrality to 2030 potentially through additional off-setting.

Attention was also drawn to current student activity in this area, and members were advised that Glasgow students were participating in cross-university student union activity across the sector where students were considering New Green Deal proposals to bring to their universities. Scott Kirby advised that the SRC was currently working on recommendations to bring forward to the University and urged increased transparency around the current action being taken by the University to reduce its carbon footprint.

6. Update on Student Numbers (for noting)

Jonathan Jones provided an oral update on student numbers for entrants in 2019-20. He advised that the predicted numbers reported in September had not moved significantly and

the focus was now on finalising numbers for the December 1 HESA return. It was noted that there was significant growth between the 2018-19 and 2019-20 new student intakes at postgraduate level as follows:

Undergraduate: 2018 - 4,831; 2019 – 4884

Postgraduate: 2018 – 5,675; 2019 – 6,364

Members heard that Admissions were in dialogue with Planning, Insight & Analysis to improve the modelling and prediction of numbers, and also that the World Changing Glasgow Transformation Project on Student Forecasting and Enrolment included work to improve on number control, with some quick wins being considered for the next cycle of admissions followed by delivery of longer term approaches within a couple of years.

There was detailed discussion on the increased number of PGT students, a significant number of whom were international students, and the impact this had on the student experience. Many of the student representatives present expressed concern at the strain on capacity that was being seen around campus in relation to learning and teaching activity, and other areas such as sporting facilities. SEC also heard that SRC was experiencing strain at the delivery of extensive activity, including freshers events, to increasing numbers of students with little additional resource. It was noted that the numbers provided by Admissions did not include students from Glasgow International College who also used the campus. It was noted that in some areas, such as medicine, increased numbers were generated through government targets and workforce requirements.

Scott Kirby called for a strategic approach to be taken to funding growth to try and address the current lag between increased numbers and resources to ensure the student experience was not adversely affected. David Duncan reported that the current session would be the peak year for challenges around space and accommodation as the new James McCune Smith Learning Hub would be open for session 2020-21. He also suggested that issues relating to the capacity for sport and exercise facilities could be included in discussion at the forthcoming Away Day.

While acknowledging that increased numbers added strain to the system, Robert Partridge advised that in many respects student growth was positive for the University, and he considered that the University's response had been better than some other institutions, noting that the level of investment was not out of line with comparators in the sector. However he acknowledged the need to take a systematic and strategic approach in scaling up provision to ensure that levels of service were sustained for the increasing numbers of students. As with other institutions, there was a lag in the growth of estates provision to accommodate increased numbers which created challenges for the larger student cohorts and those teaching them.

Court Context Card 11 December 2019 - Audit & Risk Committee Report

Speaker	Ms Heather Cousins
Speaker role	Audit & Risk Committee Chair
Paper Description	Minute of Committee meeting 7 November 2019 Audit & Risk Committee Annual Report to Court 2018/19, which will be presented to Court by the Committee chair
Topic last discussed at Court	Last Audit & Risk Committee report October 2019
Topic discussed at Committee	See paper summary section. Heather Cousins, Dr Simon Kennedy, 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 2018/19 (Annex)
Paper Summary	<p>The Committee received the University's financial statements for the year ended 31 July 2019. 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: Capital Spend follow-up review; Transformation Programme; and Procurement Data Analytics: Value for Money. The internal auditors provided the Committee with an annual report, which concluded that for 2018/19, 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.</p> <p>The Committee received the updated University Risk Register. Final refinements to the format will be implemented for the March meeting, with Court to receive the register in April 2020.</p> <p>The Committee's annual report to Court was finalised following the meeting and is provided to Court for the present meeting.</p>
Topics to be discussed	As Court wishes
Action from Court	To note and discuss if desired. Attention is drawn to the annual report
Recommendation to Court	To note.
Relevant Strategic Plan workstream	
Most relevant Primary KPI it will help the university to achieve	
Most relevant Secondary KPI it will help the university to achieve	
Risk register - university level	
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 Thursday 7 November 2019
in Room 132, Main Building

Present:

Mr Simon Bishop (SB), Ms Heather Cousins (HC) (chair), Mr Vincent Jeannin (VJ), Dr Simon Kennedy (SK), Ms Lesley Sutherland (LS), Mr David Watt (DJW)

In attendance:

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), Mr Rob Jones (Ernst & Young) (RJ), Ms Deborah Maddern (Clerk) (DM), Professor Sir Anton Muscatelli (Principal) (AM), Ms Lindsey Paterson (PWC) (LP), Mr Stephen Reid (Ernst & Young) (SR), Dr Dorothy Welch (Deputy Secretary) (DAW)

Apologies: None

AUDIT/2019/12. Declarations of Interest

There were no declarations of interest.

AUDIT/2019/13. Minutes of the meeting held on 17 September 2019

The minutes were approved.

AUDIT/2019/14. Matters Arising

14.1 A&RC annual schedule of business

The schedule was noted.

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

A link to the recent Audit Scotland report *Finances of Scottish Universities* had been provided for information.

14.3 Admissions Review

The Committee had been provided with the management comments on the report of the Admissions review, which had been on the agenda at the September meeting. There were no questions from the Committee arising from the comments. Members had received a briefing from Admissions senior management, earlier in the afternoon; this had covered a number of the points that had been brought out in the report. The Committee recorded its thanks for the briefing.

14.4 IT Investment review – action plan

The drafting of the action plan was in hand.

AUDIT/2018/15. University Financial Statements

15.1 Review of University Financial Statements for the year ended 31 July 2019

The Committee received the financial statements for the year ended 31 July 2019.

GC summarised the position, highlighting the strong financial performance and growth during the year, with a management account surplus of £41.5M (£23M in 2018). Particular items of note in the year were the significant budget movement relating to pensions, specifically a £109M increase in USS deficit provision; and grants and donations having increased by £10.4M compared to the previous year.

The Committee noted the main movements within the Management Accounts, which included: an increase in tuition fees of £16.9m, mainly as a result of an increase in overseas students; lower-than-budgeted expenditure on staff costs of £4.4m, mainly due to delays in filling vacant posts; and higher-than-budgeted expenditure on consumables of £9.4m. The Committee also noted the main movements between the Management Accounts and the Statutory Accounts, which included: an increase in the market value of investments of £4.0m; an increase in endowments of £1.3m, with new endowments and investment income being partially offset by expenditure and a decrease in the market value of investments; a pension charge of £5.9m, reflecting current service cost and interest, mainly in the UGPS pension scheme; the £109.0m increase in the USS deficit provision (referred to earlier in the meeting); and an actuarial gain of £32.7m, mainly due to improved return on assets within the UGPS pension scheme.

The Committee further noted: the main underlying movements in the Operating Surplus; movements in the Balance Sheet; and Cash & Deposits (cashflow) movements. With regard to the latter, the key matters were: total funds available had increased by £1.2m in the year; the underlying operating surplus was £40.8m; non-cash movements were £39.6m, predominantly due to the depreciation charge of £33.5m; and Land and buildings capital expenditure of £81.7m was an increase of £46.6m compared to 2018. The latter expenditure was primarily related to £30.7m for the Learning & Teaching Hub, £17.2m for the Research Hub, £3.9m for Joseph Black Building and £11.1m on Infrastructure.

In discussion, the Committee heard that there had been very limited changes to accounting procedures compared to the previous year. A small number of minor changes were suggested for the narrative in the main financial statements, relating to providing some more context around the reference to meeting primary KPIs (relative importance and impact) and including a reference to exclusion of exceptional items (USS) in a chart; and very minor changes were suggested to text in the subsidiary accounts.

ACTION GC

15.2 Reports of the External Auditors for the year ended 31 July 2019

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 external auditors, Ernst & Young (EY), ahead of the present meeting, to discuss the financial reports in detail.

The audit had been designed to express an opinion on the 2019 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 misstatement due to fraud or error; and risk that revenue might be misstated due to improper recognition of revenue. 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 the valuation of the capital development programmes; and accounting for pension obligations with regard to the University of Glasgow Pension Fund and Strathclyde Pension Fund. Areas of audit emphasis had also included accounting for the Universities Superannuation Scheme (USS) provision, where the auditors' actuarial team had tested assumptions and been satisfied that provision was within acceptable ranges; and reviewing disclosures around senior staff remuneration received in the financial year. With regard to the capital plan, it was noted that the current pace – which was slower than originally planned – impacted on the cash balance, but the pace should increase and be reflected in the 2019/20 financial statements.

The auditors had reviewed the management's assessment of compliance with the Scottish Code of Good HE Governance and were satisfied that, in all material respects, the University had met the requirements placed on it.

The auditors had considered the arrangements that the University had to ensure compliance with the Scottish Funding Council financial memorandum. The auditors had not identified any significant or material circumstances of non-compliance.

A report containing draft representations by Management was noted.

Details of the 2017/18 audit debrief and agreed actions for the 2018/19 audit process, and 2018/19 agreed KPIs for the external audit service, were noted.

On the basis of the work performed, the auditors anticipated issuing unqualified audit opinions on the Group and University's financial statements and on the University's subsidiary financial statements. The paper provided for the present meeting included some qualifications that had remained to be addressed at the time of writing, and had been so addressed. The paper would be reissued for the record, indicating an unqualified opinion.

ACTION E&Y

In discussion, it was confirmed that with respect to the audit input to the materiality of the USS deficit, the analysis had involved both a process and a judgement, based on sectoral data, and had included analysis of the appropriateness of the discount rate. It was also confirmed that financial treatment of and arrangements relating to leases entered into by the University, which were referred to in the financial statements, had been examined by the auditors and were not considered a material issue or inherent risk in terms of the report to the Committee.

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

AUDIT/2018/16. Accounts: Subsidiary Companies/University Trust, year ending 31 July 2019

The Committee noted the accounts for subsidiary companies and the University Trust, noting also that Kelvin Nanotechnology Ltd had been impacted by USS provision but that the auditors were satisfied that the company remained a going concern. It was further noted that GU Holdings Ltd.'s profit had decreased markedly since the previous year, when there had been a significant gains on investments and the disposal of assets.

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

AUDIT/2019/17. Internal Audit Update

17.1 Internal Audit Update Reports

17.1.1 Capital Spend follow-up review

There had been a number of high risk findings identified from previous reviews of the area. It has therefore been agreed that a follow-up review would be conducted to consider the progress made by management against recommendations made in the earlier reports.

The overall rating was High risk. There had been three high-risk and three medium-risk findings, the former relating to: inaccuracy of project budgets and cash-flow forecasting, with both forecast total expenditure and timetable for completion for some individual projects having changed significantly over their lifetime; RAG reporting provided to the Estates Committee containing some inaccuracies due to manual compiling of information and thus being at risk of some subjectivity and reducing read-across comparability; and no overarching Project Management Office PMO structure being in place to ensure practice was consistent across the University, with such an office having the potential to help manage and prioritise resources appropriately. With respect to the first of the findings, it was noted that Court would be receiving a revised capital plan. The main changes total expenditure arose from inflation, design

changes and new opportunities arising from increased student numbers, which also affected staff numbers. The reduced actual expenditure on the capital plan (affecting accuracy of cashflow projections) had been primarily driven by delays in the construction timetable for the James McCune Smith Learning hub, caused partially by additional fire suppression requirements; and by estates maintenance matters – where a more structured approach to budgeting was required.

Management had agreed with the findings and would action the recommendations relating to them, which would include management building upon the current project management arrangements to ensure all projects (Estates, IT and WCG Transformation) were aligned in approach, strategy and decision making processes.

In discussion, it was agreed that governance structures for estates projects might be simplified/streamlined, for example by combining governance boards that contained similar personnel. There would be a detailed lookback/lessons learned exercise in relation to the increased costs. As the Committee had heard, Court would be receiving details about the revisions to the capital plan. A more systematic and structured approach to estates maintenance was to be taken. Procurement for estates matters would be reviewed, particularly in relation to fuller documentation being required for requisitions, to avoid delays.

It was noted that the key driver of changes to costs of the capital plan had been the increase in student and staff numbers, which had affected the calculation of space required and thus the overall campus vision, including scoping of buildings. As such, the initial capital plan in 2016, which has been broader in scope, would be effectively superseded by a second plan. This plan would be more focused and coherent, and would reflect the changed scale of activity, while at the same time giving flexibility and adaptability, as well as opportunities for income generation and increasing interdisciplinary activity. Critically, the plan would allow the University to deliver on the new strategic plan. The campus masterplan remained in place. The financial constraints were acknowledged by the University management, and were an integral part of the information that Court would be receiving at its next meeting. Estates and Finance Committees would be kept advised.

With regard to inflation costs, it was noted that this remained a challenge to manage in the context of a complex and long-term capital plan, but that the next major project (the ASBS/PGT building) would have cost certainty in the full business case to be presented to Court in December.

17.1.2 Transformation Programme

The audit had reviewed the controls and processes in place in relation to the (World Class Glasgow WCG) Transformation Programme. Examples of good practice had been noted, including significant project documentation in existence to support each of the individual project areas. There were also areas where the auditors considered that improvements could be made. The overall rating was High risk, with two high risk findings, relating to there being inconsistent views at SMG level about the importance of cost savings as part of the Transformation Programme; and there currently being no measurable KPIs in place at a project or programme level, the current KPIs being descriptive in nature with no quantitative measures, making the success of the programme difficult to monitor.

The management response referred to the recommendations relating to savings and KPIs being inter-related and that a key factor was to ensure that the five main University budget holders (the four Colleges and University Services) committed to deliver savings, working in partnership with the WCGT team and colleagues especially in Finance, striking the right balance between the key themes for WCGT, namely: significantly improving the quality of services provided to the University community; improving value for money and efficiency to support greater investment in the University's strategic imperatives; and enabling a culture focused on service excellence and collaboration.

It was noted that the 2016 capital plan had included £8M savings arising from the Transformation Programme, but that this had been revised, and removed from the cashflow, in light of the greater focus on effectiveness outcomes, including resilience and flexibility, that were now attached to the Programme.

Examples were the improvements arising from the revised HR/Recruitment system and the outputs of the project on Assessment and Feedback. Savings targets for the main budgetary units in future were less likely to be associated directly with the Programme. It was agreed that the relationships between the Programme's activity and outputs associated with effectiveness required to be better articulated in future descriptions of the Programme.

17.1.3 Procurement Data Analytics: Value for Money

The review had used data analytics to analyse the patterns of expenditure across the University over the financial years 2016/17 and 2017/18 in order to consider the value for money (VFM) being achieved by the University. Expenditure by category had been undertaken and sample testing had been performed. The auditors had not identified any expenditure that had raised concern, with no expenditure that had insufficient supporting evidence and none that appeared to be poor value for money. The overall report rating was Low risk.

The report noted that management had invested significant time and effort in building a monitoring tool that could be used by the Colleges and University Services to review and challenge expenditure on a monthly basis.

In discussion, the Committee noted that it was pleased to see the reference to VFM considerations within the report.

17.2 Internal Audit Annual Report 2019/20

The Financial Memorandum between the Scottish Funding Council and Higher Education Institutions required that the Head of Internal Audit provide a written report and annual internal audit opinion to the institution's Audit and Risk Committee and that a copy be sent to the Scottish Funding Council. As such, the report presented the internal auditors' view on the adequacy and effectiveness of governance, risk management and control; and economy, efficiency and effectiveness (value for money) arrangements. This was achieved through a risk-based plan of work, agreed with management and approved by the Audit and Risk Committee.

The opinion of the auditors 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 and non-compliance with processes in the framework of governance, risk management and control and value for money arrangements which potentially put the achievement of objectives at risk. Improvements were required in those areas to enhance their adequacy and effectiveness.

The key factors that had contributed to the opinion were: the high- and medium-rated findings related to distinct areas of the organisation, and there was no indication that these were endemic throughout the University; and that 71 recommendations had been followed up, with 54 recommendations implemented and 17 in progress where management had suggested revised completion dates. While there had been 11 high-risk findings across six overall high-risk reports, the majority of the individual recommendations were considered to be in isolated or specific areas.

In terms of improvements required, some reviews had identified that while processes were in place within the University, there was a lack of formal documentation of these processes, or guidance documentation required to be updated. In other reviews, it has been noted that staff did not comply with the controls and processes in place. Additionally, some reviews had identified a lack of adequate monitoring or oversight of processes and performance.

The report noted that the auditors' opinion for the University was comparable with that for other research-led Higher Education Institutions in the UK, the Committee noting also that it would be highly unusual for such a HEI to receive a wholly unqualified opinion. The opinion also reflected the fact that the audit programme focussed 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.

In discussion, it was reconfirmed with the Head of Internal Audit, LP, that she was content with the overall assessment as expressed in the auditors' opinion, LP explaining that as indicated in the report, high-risk ratings had been in narrow areas and were not endemic. In terms of the overall opinion as expressed on year-to-year basis, LP was content that it was appropriate to classify the current in the same way as the previous years. LP noted that 2019/20 would be a key year in relation to the capital plan and that it would be important for management to take forward recommendations relating to associated audit reviews. It was possible that if High ratings remained intense, the overall opinion would be reviewed, depending on the circumstances.

The report was noted.

AUDIT/2017/18. Audit Committee Annual report to Court

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

ACTION DM

AUDIT/2017/19. USGAAP – Restated Financial Statements

In line with previous years, the Committee was not required to approve the restated financial statements prepared under US GAAP. The statements were noted.

AUDIT/2017/20. Risk Register (Strategic Risk Summary)

The Committee heard that the review of the methodology and content of the register was ongoing, to arrive at an approach that was better co-ordinated and embedded throughout the University. The finalised information would be provided to the March 2020 meeting, with the Committee agreeing that the April 2020 Court meeting would receive the details, rather than the February meeting as previously discussed, given the respective timings of A&RC and Court meetings.

The University Risk Register was noted, the Committee recording that it was pleased to see continuing progress, while looking forward to the final iteration after what had been a considerable time.

AUDIT/2019/21. Any Other Business

There was no other business.

AUDIT/2019/22. Date of Next Meeting

Wednesday 11 March 2020 at 2pm in Room 132, preceded by briefing on the Capital Plan review, 12 noon.

Audit & Risk Committee Annual Report to Court

December 2019

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 2019.

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 (to 31 July), Mr Vincent Jeannin, Dr Simon Kennedy (from 1 August), Ms Lesley Sutherland and Mr David Watt.

The above are external members, apart from Professor Lindsay Farmer and Dr Simon Kennedy (both elected academic staff members/previously called Senate Assessors). Two of the external members, Heather Cousins and Lesley Sutherland, are also on Court. The Committee has an appropriate balance of skills and experience to address its remit.

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. It was reviewed again in 2019.

The Committee undertakes an annual self-evaluation process. The outcome of this year's exercise was generally positive, with no very significant criticisms. There were some comments about the committee's sight of Value for Money (VFM) matters, and an agreement that University management should provide an assessment of VFM, to include assurances about, and demonstration of, how this area is addressed, including coverage of procurement. The Committee received these details in September; further details appear below.

Last year, as part of its self-evaluation, the Committee indicated it would keep under review the strategic processes around risk and how particular risks were being managed; and the approach to assurances about the University's corporate governance processes, including capability reviews and procurement evaluations. The former area is covered in section 2.7. The latter continues to be the subject of interaction with the auditors both in terms of agreeing the annual plan and meeting with the auditors both through the scheduled full meetings and on an individual basis.

2.3 Internal Audit

PricewaterhouseCoopers PwC continued in their role as internal auditors.

Following refinements to internal audit processes last year, the internal audit charter is now attached to all terms of reference for audits undertaken at the University; this covers the purpose, authority and responsibilities of the function and is provided to units or areas where the audits are being undertaken.

Performance against KPIs for the internal auditors is now provided to the Committee, as agreed at the end of the 2017/18 session. In addition, feedback forms are now issued to all employees who are key contacts for internal audit reviews conducted, with a summary provided to the Committee a part of PwC's regular report.

2.4 Internal Audit Activity 2018/19

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; and 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: Risk Management, IT matters (in particular security) and Admissions, with relevant senior management attending to provide details and respond to questions.

The 'rating' system for internal audit findings and reports is 'Critical', 'High', 'Medium', 'Low' or 'Advisory'. In 2018/19 there were no 'critical risk' findings (and none in the previous 3 years), and 11 'high risk' findings (14 in 2017/18, 8 in 2016/17, 7 in 2015/16). 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 19 medium risk findings (21 in 2017/18, 20 in 2016/17, and 40 in 2015/16) and 11 low risk findings (17 in 2017/18, 28 in 2016/17, and 24 in 2015/16).

No reviews resulted in an overall report classification of 'critical' (there was one in 2017/18 and there were none in the previous 2 years). 6 reviews resulted in an overall report classification of 'high' (4 in 2017/18, 4 in 2016/17, and 5 in 2015/16).

The internal auditors have 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 2018/19, which includes an opinion on the adequacy and effectiveness of governance, risk management and control, and of the University's economy, efficiency and effectiveness (value for money) arrangements. The opinion is based on all audits undertaken during the year; any follow up action taken in respect of audits from previous periods; and the auditors' wider understanding of the University and the HE sector. The opinion for 2018/19 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 with processes in the framework of governance, risk management and control and value for money arrangements which potentially put the achievement of objectives at risk. Improvements are required in those areas to enhance 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;

- 71 recommendations were followed up, with 54 recommendations implemented and 17 in progress where management had suggested revised completion dates.

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

Particular areas of interest and/or 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 follow-up review of Capital Spend, where high-risk findings related to: project budgets and cash-flow forecasting inaccuracies, with both forecast total expenditure and the timetable for completion for some projects having changed significantly over the lifetime of projects; RAG reporting provided to the Estates Committee containing some inaccuracies due to manual compiling of information; and no overarching Project Management Office structure in place to ensure consistency of practice across the University, which could help to manage and prioritise resources appropriately. The Committee has noted that management has advised that it is addressing these matters, and that Court will be briefed on the full context, rationale and detail of the revised capital plan. It has been agreed that governance structures for estates projects might be simplified/streamlined, for example by combining governance boards that contain similar personnel. The Committee has heard that a more systematic and structured approach to estates maintenance is being taken which should assist with forecasting expenditure. Procurement for estates matters will also be reviewed, particularly in relation to fuller documentation being required for requisitions, to avoid delays.
- A review of the WCG Transformation Programme, where there were examples of good practice but areas for improvements identified by the auditors, relating to inconsistent management (SMG) views around the importance of cost savings and currently no measurable (quantitative) KPIs in place at a project or programme level. The Committee has noted management's response that the review was undertaken at a relatively early point in the development of the WCGT programme and the findings demonstrating the team and the University making a strong start towards realising the transformation strategy. The management response also commented that WCGT is an ambitious programme to help prepare the University for the future and it has started to transform people, structures, processes and systems so they can better respond to and shape the new environment; and acknowledged the need to reforecast the target savings and the role of the WCGT Programme in enabling these. The Committee has heard that initial savings estimates in financial terms have been revised, in light of the greater focus on effectiveness outcomes, including resilience and flexibility, that were now attached to the Programme. The Committee has requested that the relationships between the Programme's activity and outputs associated with effectiveness should be better articulated in future descriptions of the Programme.
- A review of the migration of IT Services to the Cloud, which found examples of good practice but also instances where expected controls were either absent or required strengthening, around technical security controls for suppliers and a lack of ongoing assurance to confirm that controls applied by suppliers remained effective. The Committee noted management would improve tender specifications and future-proof authentication methods, leading to a stronger position from an information security perspective.
- A review of sub-leasing arrangements, which noted a lack of formal contracts for a number of areas reviewed, leading to risks for the University; and a lack of clarity about the completeness and accuracy of the tenancy schedule, including in relation to arrangements entered into by Colleges, with insufficient controls being in place, again leading to risks to the University. There were value

for money issues associated with the incomplete tenancy schedule, given the potential for rent reviews being missed and for dilapidations costs to increase. Management are actioning the recommendations.

- A review of Admissions, which found that the MyCampus system had some operational weaknesses that meant it struggled to cope with the volume and complexity of applications received, causing delays in processing applications. The Committee has noted that the WCGT programme is reviewing this area.
- A review of the IT Investment Plan, which identified a lack of up-to-date IT strategy. The Committee noted that management were taking forward the recommendations and preparing an action plan to take them forward; this would align with the refreshment of the IT strategy planned for 2019/20.

The Committee notes that there is some evidence of larger scale projects at the University, with associated higher levels of materiality, resulting in less positive audit reviews than those for more established or 'routine' areas of activity. The Committee is reassured by management's addressing of the issues identified in these former types of reviews (and indeed in all reviews), but will keep a close watch on this area and will continue to be guided also by the auditors' overall assessment of direction of travel.

The Committee was pleased to note the outcome of a follow-up review relating to Graduate Teaching Assistants, which reviewed the controls around the Graduate Teaching Assistants (GTA)/Demonstrator onboarding process, as a follow-up to a previous audit which had recommended a number of changes, following problems experienced with processes including issuing of contracts and timely payment. Areas of good practice were identified in the follow-up audit, including GTA/Demonstrator contracts having been changed to cover a period of 2-3 years rather than one year, which meant that new contracts would not require to be issued as frequently and that administrative processes, including onboarding, were more efficient and consistent. The creation and issue of contracts is now done solely by the central HR team instead of by individual Colleges, reducing workload at School/College level and increasing consistency in the process. A deadline system has been introduced for Schools to provide GTA details to central HR, so that contracts could be issued in good time. Communication between central HR, Schools/Colleges and relevant stakeholders has increased, including the holding of a briefing session to discuss processes, and lessons learned sessions.

2.5 External Audit

Ernst & Young continued in their role as external auditors, and have been reappointed for three years from March 2019.

2.6 Financial Accounts 2018/19

The Committee has reviewed the University's financial statements for 2018/19 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 2019. The report summarised E&Y's assessment of the key issues which drove the development of an effective audit for the University and its subsidiaries (collectively 'the Group'), considering relevant market factors coupled with the operational, finance, and business risks which drove the University's and the Group's financial statement risks. The audit approach and scope was aligned with these areas.

When planning the audit, 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. This included consideration of IT and automated controls, in particular around the design and implementation of non-payroll expenditure controls. To gain greater assurance over the populations to be tested, bespoke data analysers would be used to enable capture of whole populations of financial data, in particular journal entries. The findings from the process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, would be reported to management and to the Committee. 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 a 'dashboard' overview summarising the significant accounting and auditing matters outlined in the report. This sought to provide the Committee with an overview of the auditors' initial risk identification for the upcoming audit and any changes in risks identified in the current year. The main risks connected to fraud related to misstatement due to fraud or error, and risk of fraud in revenue recognition. There were also inherent risks, including: those relating to property, plant and equipment (capital expenditure and impairment); accounting for defined benefit obligations in pension schemes; accounting for Universities Superannuation Scheme provision; and disclosures relating to senior management remuneration/benefits. The auditors' response and proposed approach to each of the risks were narrated in more detail.

The report discussed levels of materiality that would be applied; these would be held at the 2017/18 level in terms of %. It was noted that these levels would continue to be reviewed annually, based on University growth. A separate materiality level would be used for the subsidiary entities, reflecting both the key drivers of their activity and the scale of their operations.

With regard to the audit of the University's Singapore subsidiary, E&Y would provide the local auditors with group instructions in respect of the procedures that required to be completed.

Specialists (E&Y actuaries) would provide input in respect of the pensions valuations.

As part of its review of the financial statements in November, the Committee reviewed the major reporting issues and judgments relating to the 2018/19 financial year, covering:

- significant risks considered during the course of the external audit, which included risk of misstatement due to fraud or error; and risk that revenue may be misstated due to improper recognition of revenue;
- areas of audit emphasis that included: accounting for the valuation of the capital development programmes; and accounting for pension obligations with regard to the University of Glasgow Pension Fund and Strathclyde Pension Fund. In relation to this area, the Committee noted details of the EY actuarial view on University assumptions for pension obligations – University of Glasgow Pension Fund, and the EY actuarial view on University assumptions for pension obligations – Strathclyde Pension Fund. Areas of audit emphasis also included accounting for the Universities Superannuation Scheme (USS) provision; and reviewing disclosures around senior staff remuneration received in the financial year;
- the auditors' review of management's assessment of compliance with the Scottish Code of Good HE Governance, where the auditors were satisfied that, in all material respects, the University had met the requirements placed on it;
- the auditors' consideration of the arrangements the University had to ensure compliance with the Scottish Funding Council financial memorandum, where the auditors did not identify any significant or material circumstances of non-compliance.

The Committee noted the satisfactory audit conclusions of Ernst & Young.

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.

Over the past 2 years the risk register has undergone a 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.

Over the summer of 2019, the Risk Register has been further redesigned and repopulated, in discussion at SMG and with input from a colleague in the WCGT office, which has expertise in the area. The scoring method has been reviewed and score minima/maxima and averages have been analysed to identify disparities where greater differentiation might be needed. The mitigation section of the register has also been examined, and is likely to include refinements in the future, including trend analysis, more regular re-scoring and re-prioritisation and formal closing off. Opportunities and leverage associated with risks are being considered in greater detail, alongside negative aspects of risks. The framework of risk management across the Colleges will be reviewed with a view to aligning methodology, categorisation and presentation across the institution; this will also better enable identification of trends or patterns and introduction of escalation processes. IT aspects associated with risk will be included more systematically. Mapping to KPIs will also occur, together with consideration of possible development of KRIs.

The Committee has welcomed these further developments and looks forward to their finalisation in the relatively short term, with management's future focus fully on risk management.

During 2019 the Committee also approved a change to the Risk management policy, involving the addition of a section on Risk Appetite.

As in previous years, there was representation from Court and the Committee at the annual SMG strategic risk workshop, which has informed the content of the refreshed Risk Register.

The updated Register will be included in Court papers for April 2020, when the review is fully complete and the Committee has reviewed the detail (March 2020).

2.8 Value for Money VFM Overview

The Committee received a report on management's assessment of how VFM is addressed. The report defined VFM as whether the University had optimised cost (quantity and price) and whether the results of this spend had achieved its objective (quality, delivery, return). The report provided an overview of how both elements are managed and areas of focus for the future; this included a summary of expenditure, broken down into key elements such as staffing costs, which are closely monitored through both the budget process and cash flow forecast to understand the impact and affordability of costs such as pension increases and whether investment levels are appropriate balancing supporting growth with the need to generate sufficient operating cash to fund capital investment and sustainability.

With regard to external expenditure, the Committee heard that procurement plays a leading role in ensuring VFM in this area, and noted key elements including the tendering process and monitoring of such expenditure. Analytics in this area are produced within the institution, including a dashboard

provided to heads of finance.

With regard to capital expenditure, capital and estates spend in general is a significant area of focus for VFM. As well as use of the tender process, the NEC3 contract framework with target prices is used for the campus redevelopment programme to incentivise the supplier to deliver on time and on budget. A number of governance boards are in place to monitor the different projects, including one for each building; and an overall programme governance board.

In terms of capturing VFM in both policy and general visibility, there are KPIs with regard to project objectives which demonstrate this. Capex projects set out and report on benefits.

The Committee has requested that VFM aspects should be foregrounded further in University business cases and in reporting, including in areas in which the WCGT programme is involved.

The Committee will continue to take an active interest in this area.

2.9 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 one matter that been notified under the relevant policy, with the internal auditors involved in looking into the details and investigating the matter, including supplementary comments received on their initial report.

2.10 Annual Statement on Compliance with the Concordat to Support Research Integrity

The Universities UK Concordat to Support Research Integrity was launched in 2012 to ensure that research organisations promote good research practice and maintain the highest standards of rigour and integrity in how they plan, conduct and report their research. Compliance with the Concordat, which has as its signatories the main UK funders of research, requires institutions to publish a statement of the activities undertaken over the previous academic year to promote a culture of research integrity. It also requires institutions to summarise any investigation into research misconduct carried out over the same period.

The Committee has received the latest report, noting that good research practice will be a prominent thread in the REF2021 submission at unit and institutional level. The University will be required to show that it has effective structures and incentives to promote good-quality, transparently reported, open, and reproducible research; this is in addition to the REF open access requirements for articles and conference proceedings. In the past year, the policies of funders and lobby groups have increased their scrutiny of the way in which HEIs create a culture in which good practice became the norm, including the incentive and reward structure, the responsible use of metrics in research assessment, the support provided for career development and for the wellbeing of staff and students. The University is in a strong position to address sector expectations in this area. The 2018–2019 assurance statement had shown external recognition for Glasgow leading the national agenda. A set of initiatives had commenced to support a positive research culture, e.g. through the launch of culture awards, a culture survey, and a sector event involving funders, lobby groups, academics and managers to look at the future of research culture.

The Committee noted that one formal investigation relating to research misconduct had been completed during the 2018/19 academic year (two in the previous year).

One formal investigation relating to research misconduct was completed during the 2018/19 academic year (two in 2017/18 and four in the previous year).

4 The Committee's plans for 2019/20

An internal audit plan was provided to the Committee at its May 2019 meeting and was approved subject to some minor changes. The plan was driven by the University's organisational objectives and

priorities and the risks that might prevent the University from meeting these. The methodology included: analysis of an 'audit universe' through identification of all of the auditable units within the University, be they functions, processes or locations; assessing the inherent risks in these areas, based on impact and likelihood criteria; assessing the strength of the control environment within each auditable unit to identify auditable units with a high reliance on controls; and calculating an audit requirement rating which would inform the finalised plan. Determination of the timing and scope of audit work was also based on the University's risk appetite.

The plan indicated proposed audits for 2019/20. Details of outcomes will be provided within minutes included in Court papers in the current session. Internal audit work during 2019/20 will be performed in accordance with PwC's Internal Audit methodology, which is aligned to Scottish Funding Council Financial Memorandum requirements.

5 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.

Court Context Card - Remuneration Committee Report to Court 11 December 2019

Speaker	June Milligan
Speaker role	Remuneration Committee Convener
Paper Description	Remuneration Committee Report to Court
<i>Topic last discussed at Court</i>	Jun-19
<i>Topic discussed at Committee</i>	
<i>Committee members present</i>	Court members present at last meeting: June Milligan (Convener), Ronnie Mercer, Elizabeth Passey Other members present Kerry Christie, Rob Goward
<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 22 November 2019 at which was discussed the Principal's report relating to SMG performance and reward; the Convener of Court's report on Principal's performance and reward; Grade 10 professorial and professional staff performance and reward; 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
<i>Recommendation to Court</i>	
Relevant Strategic Plan workstream	
Most relevant Primary KPI it will help the university to achieve	
Most relevant Secondary KPI it will help the university to achieve	
Risk register - university level	
Demographics % of University	
Operating stats % of	
Campus	
External bodies	CUC
Conflict areas	
Other universities that have done something similar	HE sector as a whole
Other universities that will do something similar	
Relevant Legislation	Scottish Code of Good HE Governance
Equality Impact Assessment	
Suggested next steps	
Any other observations	

University of Glasgow

Remuneration Committee

Minutes of the Remuneration Committee held on 22 November 2019 at 1300 hours in the Principal's Meeting Room

Present: Dr June Milligan (Convener), Elizabeth Passey (via conference phone), Kerry Christie, Rob Goward, Ronnie Mercer

Apologies: Dr Craig Daly, Scott Kirby

Attending: Christine Barr (absent for item 4 where it related to her own remuneration), Dr David Duncan (absent for item 4 where it related to his own remuneration, and absent for rest of the meeting thereafter), Professor Sir Anton Muscatelli (absent for item 4 where it related to his own remuneration, and absent for the rest of the meeting thereafter), Deborah Maddern (clerk)

1. Welcome and Introductions

Members introduced themselves. Apologies had been received from Dr Craig Daly and Scott Kirby. It was noted that Christine Barr had met Dr Daly ahead of the meeting by way of preparatory briefing and that the Convener June Milligan would meet him on 11 December. Scott Kirby had had to tender apologies relatively close to the date of the meeting. It was confirmed that comments had been invited from both.

2. Notes from the meeting held on 23 May 2019

The notes from the meeting held on 23 May were approved as an accurate record. Christine Barr had met Scott Kirby following the previous meeting to discuss the reporting of SMT expenses to Committee meetings.

3. Matters Arising

There were no matters arising.

4. Remuneration Committee Annual Report

It was noted that the Principal, Christine Barr and David Duncan would leave the meeting at the point when their own remuneration was to be discussed.

The Director of HR introduced the report, advising that its format had been determined by CUC guidance and the Scottish Code of Good HE Governance.

Current Strategic Context and Institutional Performance

Christine Barr summarised details of: the Committee's terms of reference, remit and membership, which it was noted included new members Dr Craig Daly (staff) and Scott Kirby (student); current strategic challenges; current HE context including the risks posed to HEI recruitment by the proposed post-Brexit immigration system; institutional performance; the University's financial sustainability and budgetary position; KPIs and league table performance; and statistics relating to employment expenditure and pay progression at the University.

In discussion, it was noted that there would be an increase this year of around 4-5% in total workforce salary costs when promotion and incremental progression were taken into account alongside the base salary increase of 1.8% effective from 1 August 2019. The higher percentage of academic staff at the University (64%) who remained eligible for incremental progression compared to the average across the sector (53%) in the 2018/19 year, was in part explained by the local Early Career Development Programme assisting progression for academic staff pursuing the Research & Teaching and the LTS career tracks. It was also noted that, as had been referred to at the May 2019 meeting, any review of the overall reward structure – currently including salary, incremental progression and recognition and reward – at the University would be undertaken in discussion with the recognised campus trade unions. Such a review would be overseen by the HR Committee.

With regard to institutional performance data that had been presented, the University was performing well across 14 of its 22 KPIs. The Committee noted that the Staff Engagement KPI (for 2017/18) had not been met and indeed had been significantly lower than in the previous staff survey (2015/16); it was noted however that the methodology used by the survey provider had not been the same, therefore there was no direct comparison possible with previous years. In future years the use of the new provider would allow the University to benchmark across the sector. With regard to gender pay equality, while the aspirational target had not been met in 2017/18, the trajectory was positive and it was anticipated that it would be met in 2020.

It was noted that although the University had performed relatively well in the main domestic league tables, it had dropped two percentage points in the NSS, to 86% overall satisfaction, which had been disappointing given the strong performance in previous years. One of the possible causes was the disruption across the campus because of the ambitious capital development that was ongoing. The Principal noted the significance of this indicator for league table compilation and advised the Committee of continuing efforts to address the downwards trajectory.

Senior Performance and Reward – Remuneration Principles

The Committee noted the remuneration principles relating to the annual performance review of the Principal and members of the SMG, noting also that these principles were consistent with the remit of the Committee and were informed by historical salary data and benchmarking across the sector in accordance with the methodology previously agreed by the Committee. Benchmark comparative data had been sourced through various salary survey providers including the CUC.

Senior Performance and Reward – SMG (Principal's Report)

With respect to SMG, the Principal outlined the team-based approach that had been applied: a single outcome for the whole team, with a number of team-based targets having been used to assess performance.

Most team targets for 2018/19 had been achieved, including those relating to financial performance and student recruitment. The team target relating to the NSS had not been achieved. Progress had been made in relation to the World Changing Glasgow (Transformation) programme and the Capital Programme, which remained work in progress.

Christine Barr was absent for the remainder of the discussion on SMG performance and reward. David Duncan was absent for the remainder of the discussion on SMG performance and reward, and for the rest of the meeting thereafter.

The Principal provided a report on the performance of SMG. His overall assessment of the SMG team was that it had displayed a Strong Contribution. The Principal proposed a pay increase of 1.8% for SMG, in line with the uplift received by other colleagues at the University.

In further discussion of the NSS outcome, it was noted that its use as a KPI was becoming more difficult owing to the boycott of the survey by some HEIs, such that benchmarking against it would potentially no longer be possible. It was also noted that the result did not appear to have affected student recruitment to the University; and that the University remained relatively highly placed in the NSS rankings.

The Committee agreed that it supported the proposed 1.8% pay increase for SMG members.

Christine Barr returned to the meeting.

Two individual salary adjustments outside the team assessment rating were proposed, both related to recent re-appointments where salary levels were inconsistent with the market median. These deviations from the market median had been evident in data presented to the Committee at previous meetings and the readjustments on re-appointment were supported and approved by the Committee. It was requested that all relevant contextual information be provided for such salary adjustment requests to assist with decisions in future.

Action AM/CB

The Principal left the meeting.

Senior Performance and Reward – Principal

Christine Barr reminded the Committee that arrangements for the Principal's remuneration had been agreed by Court for a three year period, at the time of his reappointment; these arrangements were subject to satisfactory performance.

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 feedback invited from all members of Court. The Principal's performance review for 2018/19 had been conducted by the Convener of Court and the Convener of the Remuneration Committee. Ms Passey noted a strong focus had been given to the strategic context in which the Principal was operating.

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.

With respect to future arrangements for the Principal's remuneration, given that the three year period covered under contractual terms would come to an end in 2020, the Committee would be provided with relevant benchmark data at its next meeting, to inform Remuneration Committee deliberations in making future recommendations to Court. It was agreed that the data should include Russell Group and global HEI related data.

Action CB

The Committee accepted the report of the Convener of Court with regard to the Principal's performance and agreed the salary uplift in accordance with the terms of his contract.

Senior Performance and Reward – Grade 10 Professorial and Professional Staff

Remuneration principles applying to Grade 10 Professorial and Professional Staff, and a summary of the proposed P&DR approach to these categories of staff in 2018/19, were noted. The Committee noted that, on an annual basis, Grade 10 remuneration levels were benchmarked against UCEA salary survey data to ensure the University maintained its competitive position in terms of policy and practice. The University continued to maintain its position against the market median.

While not contractually entitled to benefit, all Grade 10 staff except clinical staff had received the salary uplift of 1.8% that had been applied to other University staff from 1 August 2019, subject to satisfactory performance. Grade 10 clinical staff had received an average of 2.8% or a (lower) capped amount over a three year period, depending on salary level; the arrangements for clinical staff were linked to NHS terms and conditions.

It was noted that the 'team objectives' approach to P&DR had been cascaded across the campus during 2018/19. It was also noted that budgetary decisions for reward and recognition purposes (for exceptional and sustained performance) for Grade 10 staff – who do not have incremental progression scales – were delegated to each College and to University Services (on a proportional basis). These units adopted different methods for allocation.

The Committee approved the proposed approach to remunerating exceptional and sustained professorial and senior professional (Grade 10) performance in 2018/19.

The Committee approved an overall remuneration budget of 0.5% of the Grade 10 (professorial & professional services) salary bill for the purposes of Grade 10 staff reward and recognition.

5. Recent Voluntary Severance Approvals

Voluntary Severance Approvals

Since the last meeting of the Committee on 23 May 2019, 23 severance packages had been approved within the standard terms of the University's voluntary severance scheme. The split by College was as follows: Arts 2; MVLS 3; Social Sciences 6; and University Services 12. The total cost of the package was £552,755.76 with an average payback period of 7.91 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.

The Committee noted the information provided about severance packages approved.

6. Salary Augmentation Policy

Remuneration Committee had agreed in 2016 that the University should make provision for high earning staff, who were affected by a breach of the Lifetime Allowance threshold and who decided to withdraw from their occupational pension scheme as a result, 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 the Remuneration Committee should routinely receive a report on the number of applications approved.

The level of salary augmentation was normally reviewed by the Committee in the spring, to ensure that it remained cost neutral; this level varied in accordance with any increase or decrease in employer costs. There had been a review in April 2019 when USS employer costs had increased from 18% to 19.5%. With employer contributions having recently increased to 22.5% (from 1 October), the Committee considered implementing a review in the shorter term rather than waiting until the spring meeting.

The Committee noted the paper and the request for an exceptional review. The Committee decided that it would welcome an opportunity to have a fuller discussion on the policy and on the associated data given the significant changes to the USS since the policy was agreed in 2016, including the numbers involved and the wider implications for the University. Lay members of the Committee had experience of arrangements in place elsewhere to offer as part of that consideration. It was agreed that these fuller details would be provided, with the requested review carried forward until the next meeting.

Action CB

It was noted that since the last meeting in May, nine requests for Salary Augmentation had been approved.

7. Contractual Changes

The Committee noted a number of SMG contractual changes including three re-appointments, three new appointments and a demission of office.

8. Expenses Report

A summary of expenses incurred by SMG members over the period 1 February 2019 to 31 July 2019 was noted. The Committee noted that the details now included travel expenses booked on behalf of SMG members for University business, as well as expenses claimed.

The Committee noted that the sustainability agenda was relevant to University travel and recruitment and was the subject of wider discussion within the institution.

9. Any Other Business

There was no other business

10. Date and time of next meeting

The next meeting will be held on 13 May 2020.

Court Context Card 11 December 2019 - Report from Estates Committee

Speaker	Mr Ronnie Mercer
Speaker role	Estates Committee Convener
Paper Description	Report from Estates Committee (22 October 2019)
<i>Topic last discussed at Court</i>	Last report to Court was October 2019
<i>Topic discussed at Committee</i>	Various
<i>Court members present</i>	Mr R Mercer (Convenor), Mr D Milloy, Dr B Wood, Mr S Kirby, Prof K McCue
<i>Cost of proposed plan</i>	Various; £86m envelope for Adam Smith Business School/PGT hub full business case
<i>Major benefit of proposed plan</i>	see full business case provided under agenda item 5 in Court papers
<i>Revenue from proposed plan</i>	
<i>Urgency</i>	Various
<i>Timing</i>	Short, Medium and Long Term
<i>Red-Amber-Green Rating</i>	Not Applicable
<i>Paper Type</i>	Information
<i>Paper Summary</i>	Minutes including update on Capital programme and Project progress/approval. An in depth presentation and discussion took place regarding the Capital Plan Review and the Full Business Case for Adam Smith Business School & PGT Hub. See in particular ss 12.1 and 12.2 in minutes for summary of substantive discussion at meeting
<i>Topics to be discussed</i>	Capital Plan Review and Adam Smith Business School/PGT Hub Full Business Case; other items as Court wishes
<i>Action from Court</i>	<p>Court's approval of the Capital Plan review and the Full Business Case for the Adam Smith Business School/PGT hub is invited separately under item 4 of the Court agenda.</p> <p>Court is asked to note Estates Committee's approval of other CapEx applications as follows:</p> <p>Sprinkler Tank and 11kv Switchroom in the sum of £6.996million. (EC/2019/13.1.1 and 15.2.3 refer); Gilmorehill / Sir James Black Building / Spinal Cord Group lab refurbishment in the sum of £645k (EC/2019/15.2.1 refers); James McCune Smith Learning Hub – Catering in the sum of £1.71million (C/2019/15.2.2 refers); 5G Testbed and Partner in Scotland 5G in the sum of £1.210million (to be fully funded from external sources) (EC/2019/15.3.1 refers)</p>
<i>Recommendation to Court</i>	
Relevant Strategic Plan workstream	People, Place and Purpose
Most relevant Primary KPI it will help the university to achieve	All
Most relevant Secondary KPI it will help the university to achieve	Effective use of the Estate
Risk register - university level	Risk 9 Estates: Failure to define and implement a coherent, holistic campus development programme which is transformational and offers value for money
Demographics	
<i>% of University</i>	100% staff and students
<i>Campus</i>	Entire University Estate (all campuses)
<i>External bodies</i>	Glasgow City Council; external contractors
<i>Conflict areas</i>	Not Applicable
<i>Other universities that have done something similar</i>	
<i>Other universities that will do something similar</i>	
<i>Relevant Legislation</i>	Building and Planning legislation
<i>Equality Impact Assessment</i>	On a building by building basis/by CapEx, where applicable
<i>Suggested next steps</i>	
<i>Any other observations</i>	

UNIVERSITY OF GLASGOW

Estates Committee - Summary

Meeting of Estates Committee 22nd October 2019

Substantive matters:

1. Prof Juster provided an update on the capital plan review. Challenges of new opportunities, cost increase and project development discussed. The balance of spend between, new build, refurbishment of the existing estates, maintenance and investment in the digital Infrastructure noted. The priorities being reviewed between projects that must be done, projects that should be done and projects to consider for other funding streams. Estates committee views will inform SMGs ongoing consideration of the capital plan.

2. All recognised that the ASBS/PGT project is a current priority as it supports PGT growth. The full business of the project were presented to the committee. The full business case, subject to final agreement of target price, will be considered by Court in December

3. Capital Programme report - noted

4 The following CapEx applications were approved:

Sir James Black Building/Spinal Cord Group (Full Business Case) in the sum of £0.645million

James McCune Smith Learning Hub - catering (supplemental application) in the sum of £1.71million

5G Testbed and Partner in Scotland 5G (Full Business Case) in the sum of £1.21million

A CapEx application for Western Infrastructure – Combined Central Sprinklers and 11kv Switchroom Facility and Associated Infrastructure in the sum of £6,996,229 was considered by email and approved.

UNIVERSITY of GLASGOW

Estates Committee

Minute of the meeting held in the Melville Room, on Tuesday 22 October 2019

Present: Mrs A Allen, Dr D Duncan, Professor N Juster, Mr S Kirby, Prof K McCue, Mr R Mercer (Convenor), Mr D Milloy, Mr A Seabourne, Mr D Smith, Dr B Wood

In Attendance: Mrs N Cameron, Mr P Haggarty, Mr D Hall, Mrs S Gilmartin, Ms D Maddern (Clerk)

Apologies: Mr R Fraser, Professor A Muscatelli (Principal), Mrs M Hipkin

EC/2019/9 Prof Kirsteen McCue (elected academic staff member on Court) was welcomed to the meeting.

EC/2019/10 Minute of the meeting held on 3 September 2019

The minute was approved as an accurate record.

EC/2019/11 Matters Arising

There were no matters arising.

EC/2019/12 Substantial Matters for Approval

12.1 Major Projects Capital Plan

Professor Neal Juster provided an update on the review of the capital plan, which it was noted would also provide relevant context to the Committee for consideration of the ASBS full business case. The revised plan would also be going forward to the Finance Committee and Court, with additional briefings to be arranged before the December Court meeting.

The anticipated total figure for Phase 1a remained at £410.8m, as outlined at the previous meeting. The Committee noted details of projects that SMG considered were now categorised as 'must occur': Boyd Orr M&E; Boyd Orr fire compliance; PGT/ASBS; GIC move; and Provision for uncompleted plots. It was requested that more details be provided on the Boyd Orr fire compliance requirements if a case was further developed. It was noted that the requirements included both evacuation and suppression arrangements.

In response to a question about other options being considered for the Boyd Orr building, it was noted that alternatives were being looked at, including more significant refurbishment of the building, or new build, but that there were practical, cost-related and sustainability issues that needed to be carefully considered. There would be further testing done around possibilities. A full business case would be required for any new major capital project arising. The possibility of decant space, both short and longer term, would be considered as part of the options appraisals. At present, design work was being undertaken in order to establish what was workable. There were currently several other aspects of the capital plan review which were interconnected, and if some of these came to pass, it would simplify the decision-making about the Boyd Orr building to some degree. The Committee would be kept updated, with requests for input sought as the matter progressed.

Projects categorised by SMG as 'should be done' were Lab Teaching Block; Boyd Orr Refurbishment; JBB Roof; and Biological Services. SMG had determined that projects to seek other funding were: Church Street Innovation Zone; CWIC; and Plot E Hotel/Accommodation.

The Committee noted that SMG had agreed to move locally managed space into centrally managed space as part of measures to optimise usage of existing space. The Committee also noted that there was also a long term asset strategy under development, which included sustainability, compliance and maintenance considerations.

It was agreed that with regard to the proposed finalised capital plan, Court should be provided with information on all the options considered and with reassurance that appropriate scenario planning had been undertaken, with the preferred option being presented to Court.

The Committee noted long-term cashflow projections, based on numbers growth arising from increased teaching space provided by the JMS Learning Hub and ASBS/PGTs, noting also that Schools would require support for additional staffing and planning arising from increased numbers. It was also noted that there was a plan in hand with regard to maintenance over the next 5-10 years. At its meeting in December, as part of the capital plan review, Court would be provided with the financial projections, details about existing borrowing repayments and about any discussions on further borrowing. In the meantime, there would be further analysis involving the Estates and Finance Offices.

It was noted that some capital projects, including Arts and Engineering, had been stopped. Staff had been advised.

12.2 Western/New Build/Adam Smith Business School and PGT Hub Full Business Case

The project would provide a new 11,453 sqm building with teaching seats for 1400 PGT students FTE to support student and income growth for the University, 3,000m² research and work space for the Adam Smith Business School, and collaborative space for specialist uses, such as executive education and industry engagement. The maximum cost envelope for the project was £86m and cashflows showed delivery of a positive return by 2036/37.

Professor John Finch briefed the Committee on the ASBS/PGT building, members noting the key visions relating to: PGT students; the University's ambitions around impact and reputation; and the building enabling more interactive learning in a facility than optimised links between teaching, research and collaboration both internally (e.g. to develop interdisciplinary offerings) and externally. The building was designed with flexibility, people circulation and public spaces in mind, together with areas for executive and professional education. Adaptability and capability had been factored in to manage potential growth of student and staff numbers.

In discussion, it was confirmed that any charges arising from the Plot change for the building were factored into the overall cost envelope. It was also confirmed that discussions with Multiplex about target price would have concluded by the time of the December Court meeting. It was noted that the Design Guardian fees were relatively high since the appointment had been later than normal and because all aspects of stage 4 were being reviewed to ensure good quality control. It was agreed that a review would be undertaken to ensure that all aspects were covered but that there was not duplication of review/costs.

With regard to projections for the income growth associated with the building, the Committee noted ongoing work internationally to diversify recruitment, consolidate 'brand loyalty', achieve accreditations and develop further connections globally.

It was agreed that the CapEx application should be revised ahead of the Finance Committee and Court meetings, to include:

- further information about the changes that had occurred to the specification for the building since the earlier iteration, and the reasons for the changes, to provide more contextual information about the increases in size and cost;
- enhanced references to sustainability, to refer to all relevant aspects of the building that would provide strong sustainability performance;
- a review of the wording in the risk section, relating to the risk around failure to get building warrants, to ensure that it was more strongly expressed; with regard to risks around ground condition, it was noted that a clarification log was currently under discussion with Multiplex, with residual risks being priced in the coming weeks. The Governance Board would be advised of any issues;
- expansion on the text around sustainability of growth, based on the discussions at the present meeting, regarding the work being done internationally;
- more information on plans for attracting 'early career' workers for CPD activity after 5-10 years;
- more information on the building's flexibility;
- articulation on the potential interactions with/space for collaboration with the Research Hub;
- more reference to the Adam Smith legacy, in the vision statement, e.g. to cover economic growth and responsible management education; while retaining a balance with the other aims of the building including its PGT role;
- details about the square meterage being vacated elsewhere on the campus for future development;
- augmentation of financial returns information, in particular for the Finance Committee.

The Committee approved the application based on a maximum cost envelope of £86m.

EC/2019/13 Capital Programme Update

EC/2019/13.1 Programme Governance Board Update

EC/2019/13.1.1 Convenor's Update

At the last meeting, the Committee had acknowledged that the CapEx application for the Infrastructure project in relation to the Sprinkler Tank and 11kv Switchroom had still to be approved by the CapEx Committee. It had been agreed once this approval was obtained, the application would be circulated to the Committee for an out of cycle approval. This had now occurred, in the sum of £6.996million.

EC/2019/13.1.2 Lay Members' Update

EC/2019/13.1.3 Summary Report

With regard to Infrastructure work, a full review of the programme had identified additional items of works at a cost of £12million; this was included in the reviewed capital plan, with challenge and oversight being provided by the Governance Board. It was confirmed that this sum included the additional costs (£303k) associated with trenching works for the new incoming 11kva cable, that would require to be undertaken outwith normal hours to ensure access along Dumbarton Way was maintained, in the context of the main gate closure continuing. This would be mitigated as far as possible.

The tight timescale for delivery of the JMSLH building, given some recent time losses, was noted; meetings were being held to discuss schedules and key issues.

EC/2019/13.1.4 Major Project Dashboard Reports

The Committee noted the reports which, as had been mentioned at the previous meeting, were being reshaped by the Estates Programme Office with a new format being piloted.

EC/2019/13.1.5 Cost Report

The report was noted.

EC/2019/14.2 Capital Projects Governance Board

EC/2019/14.2.1 Convenor's Update

The ASBS/PGT had been the main focus for the board. IHW planning permission was awaited. The JMSLH timescales referred to earlier in the meeting had been discussed.

EC/2019/14.2.2 Lay Members' Update

EC/2019/14.2.3 Summary Report

The Committee noted the summary report and key activities.

EC/2019/14.2.4 Dashboard Reports

The Committee noted the current status of all major projects.

EC/2019/15 CapEx Committee Report

EC/2019/15.1 CapEx Application Summary

The summary was noted.

EC/2019/15.2 Estates CapEx Applications

EC/2019/15.2.1 Gilmorehill / Sir James Black Building / Spinal Cord Group

The Committee approved the application in the sum of £645,437 for ASPA-designated lab facilities as part of a staged refurbishment of Neuroscience space on level 1 of the building.

EC/2019/15.2.2 James McCune Smith Learning Hub – Catering

The Committee approved the application in the sum of £1.71million for supplementary funding to taken forward procurement and installation of catering infrastructure and fitout as part of the JMSLH. It was noted that it had originally been intended to outsource provision but that it would now be done in-house, with a completion date later than the main building. The details would be provided for discussion by the capital projects governance board.

EC/2019/15.2.3 Sprinkler Tank and 11kv Switchroom

As referred to earlier in the meeting, the application had been circulated for Committee approval between meetings. Approval had been given in the sum of £6.996million.

EC/2019/15.3 Equipment Applications

EC/2019/15.3.1 5G Testbed and Partner in Scotland 5G

The Committee approved the application in the sum of £1.210million (to be fully funded from external sources), for testbed component delivery and installation and related room refurbishment.

EC/2019/16 Control and Monitor Reports

EC/2019/16.1 RAG Report

The report, containing details of 54 live project over the value of £100k, was noted. The Committee noted that during the September reporting period 12 projects had been reported with a full or partial red status and 13 with a full or partial amber status.

EC/2019/16.2 Risk Register

The Committee noted the current Risk Register which contained four **red** risks even with mitigating actions.

EC/2019/16.3 Programme

The Committee noted the current Master Programme.

EC/2019/16.4 Health and Safety Dashboard

The Committee noted the Health and Safety Dashboard.

EC/2019/17 Any Other Business

There was no other business.

EC/2019/18 Schedule of Meetings for 2019/20

The schedule of dates was noted:

Tuesday 14th January 2020

Tuesday 3rd March 2020

Tuesday 5th May 2020

University of Glasgow

University Court – Wednesday 11 December 2019

Communications to Court from the meeting of Senate held on 10 October 2019

Dr Jack Aitken, Director, Senate Office

(All matters are for noting)

1. Establishment of the new Senate

Members of Senate were reminded that the 'new' Senate was officially established on 1 August 2019, following the approval of an Ordinance by the Privy Council. Members were also reminded that the Council of Senate had been established by Senate in 2014 and empowered to carry out the normal day-to-day business of Senate. Given that the Council was a committee of Senate, it was proposed that the Council should be dissolved, and that the 'new' Senate should assume its full responsibilities from this point onwards.

Senate agreed to formally dissolve the Council of Senate. Senate also agreed to formally reappoint all Council of Senate committees as Committees of Senate. It was noted that these committees would retain their prior remits, compositions and memberships until revised by Senate either directly or on the recommendation of the committees themselves.

2. Summer Powers

2.1 Approval of change of name for Politics

Senate noted that a change of name for the Subject of Politics from 'Politics' to 'Politics and International Relations' had been approved under Summer Powers.

3. Sustainability Working Group - Report to Senate – Presentation by University Secretary and Professor Dan Haydon

Dr David Duncan, Chief Operating Officer and University Secretary, and Professor Dan Haydon, Director of the Institute of Biodiversity, Animal Health and Comparative Medicine, provided Senate with an update on recent work being carried out by the University's Sustainability Working Group (SWG) to reduce the University's Carbon Footprint.

Mr Scott Kirby, President of the Students' Representative Council, reported that students were increasingly engaged in environmental issues, and that these issues had become particularly topical following the recent activities of Extinction Rebellion and the environmental activism of Greta Thunberg. He also argued that it was important that the University reflected the environmental values of its students by setting ambitious targets for reducing carbon dioxide emissions.

Mr Blair Anderson, Glasgow University Environmental Sustainability Team (GUEST) Coordinator, informed Senate that the University's proposal to reduce its carbon footprint was a welcome first step and that students and other young people had the biggest stake in the planet's future. Mr Anderson also noted that Glasgow needed to be a world-leading University when it came to taking action to reduce its carbon footprint in order to fulfil its ambition to be 'world-changing'.

Members of Senate raised a number of questions regarding the University's targets to reduce carbon dioxide emissions and suggested that the targets could be more ambitious, particularly

in relation to recycling, improving the range of meat-free catering options, improving infrastructure for cycling, and reducing the number of flights to partnership institutions overseas. It was also suggested that the University could increase its investment in teleconference and IT facilities to reduce staff travel to international conferences, and that the University should consider generating its own renewable energy on under-utilised parts of the estate such as Cochno Farm and Research Centre.

In response to these questions, it was acknowledged that the University could consider adopting a more ambitious target for reducing its carbon footprint and that it might be possible to reduce emissions from the procurement of goods and services in addition to existing targets. It was also noted that SWG could be given more decision-making power regarding sustainability and environmental planning matters and that options for sustainable energy generation on the University estate could be considered as part of the University's plans. Senate was informed that GUEST would be holding a Climate Emergency workshop on 31 October 2019. Members were also informed that SWG would take Senate's feedback into account and develop a proposal for reducing the University's carbon footprint. This proposal would be presented to Senate in early 2020.

4. Estates Strategy – Presentation by Executive Director of Estates and Commercial Services and the Senior Vice-Principal

Mrs Ann Allen, Executive Director of Estates and Commercial Services, provided Senate with an update on the new campus plans. Mrs Allen reported that construction of the James McCune Smith Learning Hub was progressing well and that the building would be fully operational by the start of the 2020-21 academic year. Regarding the Research Hub, it was noted that building work was well under way and that the building was scheduled for completion in Spring 2021. It was also reported that piling work would commence for the Claris Pears Institute of Health and Wellbeing Building in November 2019, with completion of the building expected in 2021. In addition to this, it was reported that construction of the Adam Smith Business School and postgraduate space was being brought forward as a priority project, with completion expected in 2022. The building would contain 11k square metres of space and would allow the Business School to continue expanding.

Following the presentation, members of Senate expressed concerns that the noise generated from recent building work on campus had disrupted teaching. Mrs Allen acknowledged that the current phase of building work had been particularly noisy and noted that Space Management and Timetabling had been investigating solutions to minimise the disruption. However, Mrs Allen reported there was insufficient space on campus to ensure that all teaching rooms were free from construction noise and suggested that the noise disruption could be further minimised if all teaching spaces were fully utilised. Members of Senate also noted that the accessibility and suitability of the University's existing estate was problematic for students with disabilities, particularly those with visual and auditory processing disabilities and that this had been exacerbated by the recent construction noise. Mrs Allen informed Senate that the current construction noise was only expected to be short-term and highlighted that the new campus would contain a range of quiet spaces for students and staff. Mrs Allen also reported that the new buildings on campus would meet the accessibility requirements of all students and staff.

Concerns were expressed by members of Senate that student numbers had been higher than expected and that this had placed additional strain on the University estate. Senate was informed that the University's ability to accurately forecast student numbers in future years was being examined by the Student Forecasting and Enrolment World-Changing Glasgow Project.

5. Convener's Business

5.1 New Head of College and Vice-Principal for the College of Social Sciences

Professor Neal Juster, Senior Vice-Principal and Deputy Vice-Chancellor, informed members of Senate that Professor Sara Carter had been appointed as the new Head of College and Vice-Principal for the College of Social Sciences and welcomed Professor Carter to her first meeting of Senate.

5.2 Scottish Funding Council (SFC) Outcome Agreement

Professor Juster reported that the University was currently working on its Outcome Agreement for SFC. This work was being led by Professor Coton and an update would be provided at a future Senate meeting.

5.3 Brexit

Professor Juster informed Senate that the University was assisting members of staff with applications for Settled status under the EU Settlement Scheme. The University was also working with External Relations to assess support for EU students who had been resident in the UK for less than five years with applications for pre-Settled status.

5.4 Universities Superannuation Scheme

Professor Juster reminded Senate that the Universities Superannuation Scheme (USS) had formally consulted Universities UK (UUK) on behalf of employers on its updated funding assumptions. Three options had been submitted to UUK for consultation and university employers had expressed a preference for a combined contribution rate of 30.7% (21.1% for employers and 9.6% for employees), which was introduced in October 2019.

USS were currently undertaking a 2020 valuation and, subject to that and ongoing discussions between stakeholders, the contribution rate would remain unchanged until 1 October 2021.

6. Clerk of Senate's Business

6.1 Honorary Degrees 2019

The Clerk of Senate reported that the following acceptances had been received from nominees to receive Honorary Degrees in 2020:

DOCTOR OF LAWS (LLD)

Professor Dr Sonja SNACKEN
Vice Rector International Relations, Vrije Universiteit, Brussel

DOCTOR OF LETTERS (DLitt)

Professor dr hab. Zdzislaw MACH
Jagiellonian University, Poland

Fintan O'TOOLE
Literary Editor, The Irish Times

DOCTOR OF SCIENCE (DSc)

Professor Elisabeth GIACOBINO
Université Pierre et Marie Curie

Professor Gunnar VON HEIJNE
University of Stockholm

Professor Martin LOHSE
Scientific Director, Max Delbruck Center for Molecular Medicine

DOCTOR OF ENGINEERING (DEng)

Johann-Dietrich WORNER
Director General, European Space Agency

DOCTOR OF THE UNIVERSITY (DUniv)

Donald TUSK
President of the European Council

The names noted above of those who had accepted the offer of an Honorary Degree were now in the public domain.

Further replies were awaited and would be reported to the next meeting of Senate.