

UNIVERSITY OF ABERDEEN

UNIVERSITY COURT

Minutes of meeting held on 7 December 2010

Present: Sir Moir Lockhead (in the Chair), Principal, Mr A Amoore, Mr A Arthur, Professor P Edwards, Professor C Fynsk, Professor D Houlihan, Mr G Hunter, Mr B Lockhart, Professor S Logan, Dr M Mackie, Mr B Pack, Mr R Parker, Mr S Robertson, Professor G Robinson, Councillor J Stewart, Dr N Vargesson, Professor N Webster, with Professor C Gane, Professor N Haites, Professor P McGeorge, Professor B MacGregor, Professor P Morgan, Mr K Murray, Professor A Rodger, Mr S Cannon, Mrs C Banks, Ms I Bews, Mr A Donaldson, Ms E Forster, Mr L Forsyth, Mr P Haley, Mrs C Inglis, Dr G Mackintosh, Mrs L Manders, Ms J Sewel and Mr B Purdon (Clerk).

Apologies for absence were received from Dr A Baxter, Ms J Craw, Sir Don Cruickshank, Mr J Hall, Provost Howatson, Mrs K McPhail and Mr R Ruddiman.

MINUTES

88 The Minutes of the meeting held on 29 September 2010 were approved.

DECLARATION OF INTERESTS

89 Councillor Stewart declared an interest as a member of the City Council in any discussion of the disposal of the Rowett Estate.

REPORT FROM SENIOR GOVERNOR

90 The Senior Governor welcomed Mr Ken Murray, Member of the Audit Committee, to the meeting and noted that he would be in attendance at Court Meetings prior to the conclusion of Mr Amoore's term of office in September 2011.

91 The Senior Governor reported to Court with great sadness that Mrs Sheena Grant had recently passed away. The Court noted the longstanding and excellent service that Mrs Grant had given to both the University and the work of the Court and agreed that Mrs Grant would be greatly missed.

92 The Senior Governor noted that the Court had requested a discussion regarding remuneration policy for senior staff and an update paper on this was tabled. The Court noted that it would be several weeks before the extent of any reduction in funding from the Scottish Funding Council was known and that it would be the end of January 2011 before changes to the University Superannuation Scheme were known. The matter of the nationally agreed pay award was also still under discussion at a national level. The Court agreed that it would be more appropriate to await clarity on these issues before engaging in a discussion on remuneration policy.

93 The Senior Governor drew Court's attention to the audit requirement that attendance of Court members at meetings of Court and at its key committees should be disclosed in the annual accounts.

REPORT FROM PRINCIPAL

94 The Principal reported to Court that the University's Health Economics Research Unit had recently been reviewed by the Scottish Government and had received a highly favourable report. The Court agreed that the Principal should write to the Director of the Unit to convey Court's congratulations, and that the review would be circulated to Court members for their information.

- 95 The Principal reported to Court on the publication of the Browne Report into Higher Education and Student Funding in England and its potential subsequent consequences for higher education funding in Scotland as a result of the Barnett funding formula. The Principal also reported that the Finance Secretary for Scotland's budget announcement had indicated the budget available to the Scottish Funding Council (SFC) for the Higher Education sector was to be reduced by 5.8% for 2011/12. The SFC were expected to provide detail on how this would impact on individual institutions in late December.
- 96 The Principal also reported on the forthcoming Green Paper on Higher Education in Scotland. He expected this to include three major themes namely, efficiency savings, a rationalisation of the learner journey and the question of a graduate contribution. The Court noted that the paper would be published before the Scottish Parliament elections but that only after the election would any decisions be reached. It was noted that the University would work with Universities Scotland in lobbying all political parties in Scotland as to the issues facing universities in the run up to the elections.
- 97 The Court discussed some of the implications of these changes and noted that it was possible that changes in England could increase the number of applicants to the University.

REPORT FROM OPERATING BOARD

- 98 Mr Pack introduced a report from the Operating Board meetings of 20 October and 24 November 2010.

10-Year Plan: New Student Accommodation Project

- 99 The Board, in its report to Court on 29 September, had indicated that it had approved a budget increase of £1.6M to allow the Student Accommodation project to deliver a further 200 bed spaces, subject to a review of the 10-year Plan showing that the borrowing capacity could accommodate the revised project.
- 100 The Board, had considered an updated 10-Year Plan at its meeting on 20 October, which had shown how the project would be accommodated within existing borrowing. The Board had approved, in principle, a revised budget of £7.1M, and noted that the project was currently at the planning application stage, and that there would be opportunities for review before the tendering stage.
- 101 The Court approved the Board's recommendation to proceed with the project on this basis. The Court also agreed that it should receive an update on the University's accommodation strategy at a future meeting.

Borrowing Facility

- 102 The Court approved a recommendation from the Board that, following the advice from the University's independent financial advisors on the likelihood of significant increases to interest rates by the third quarter of 2011, the University should utilise the revolving credit facility with Barclays to borrow £10M for 3 years at a margin above LIBOR, forward fixing the rate for July 2011, based on 0.2% above 3 year LIBOR.

Risk Management Committee

- 103 The Court noted that the Risk Management Committee had received and considered revised risk management procedures, which had addressed the recommendations made by the University's internal auditors, Mazars. A plan for roll-out of the new procedures accompanied by training had also been developed.
- 104 The Court approved the recommendation that the University's Risk Appetite be calibrated according to the parameters set out in the report.

- 105 The Court noted that the Board had been advised that the Risk Management Committee had received a sample of the New Style Risk Register, and that this would be finalised once the Strategic Plan had been approved. The Court was also advised that in due course the issue of 'velocity of risk' would be incorporated in the University's approach to risk management.

Annual Accounts

- 106 The Court noted that the Board had discussed the University Group Consolidated Accounts for the year to 31 July 2010. It had noted that the Accounts had been approved by the Audit Committee on 11 November 2010 subject to minor amendments, and that the accounts would now require to be approved by Court. (See *Minutes* 123-127 and 139)

Financial Environment and scenario planning

- 107 The Court noted that the Board had received and considered updates on the financial environment, and the scenario plans that were being developed by the Colleges and administration to address future funding cuts, together with updates on the Voluntary Severance Scheme. (See *Minutes* 132-133)
- 108 The Court noted that the Board had discussed the impact of the UK Comprehensive Spending Review announced on 20 October, and the Scottish Government budget statement made on 17 November.
- 109 The Court noted that the Board had discussed the need to use realistic budget assumptions in Scenario Planning agreeing that these should be kept under continuous review.

Monthly Management Accounts

- 110 The Court noted that the Board had discussed the monthly management accounts for the period ending 31 October 2010. (See *Minutes* 129-131)

Student Population Planning

- 111 The Court noted that the report presented to the Board on the student population had reflected the fact that postgraduate and international student numbers were both lower than budgeted for, and lower than this time last year.
- 112 The Court noted that in contrast, the undergraduate UK/EU population remained buoyant. Efforts had been made to start to bring this population back within the consolidated limit applied by the Scottish Funding Council for these students, and the 2010/11 intake had been around 400 FTE less than last year. However, the total UK/EU undergraduate population continued to exceed the SFC limit by around 700 FTE. Under current SFC policy, the University would not be eligible for tuition fees for student numbers in excess of the limit.
- 113 The Court noted that the Board had discussed the changed approach that would be taken to student admissions in 2010/11, to both raise the quality of entrants and to better manage the University's overall population requirements. Applications for 2011 entry would be more closely monitored with a "gathered field" in operation until the UCAS closing date of 15 January.

Pensions

- 114 The Court noted that the Board had received updates on the current consultations on pension scheme changes, and noted that the period of consultation on proposed changes to UASLAS scheme benefits had opened with a series of staff meetings led by the Director of HR and the Director of Finance, and would run until 30 November 2010. The consultation on changes to USS scheme benefits had begun on 20 October 2010 and would run for a period of 60 days.

Update on Capital Projects

- 115 The Court noted that the Board had received and considered reports on ongoing Capital and Estates Projects as follows:
- Rowett Institute of Nutrition and Health Building (RINH)
 - Library
 - 50/52 College Bounds
 - Refurbishment of Fraser Noble Building
 - Oceanlab: Post Occupancy Evaluation

Robert Gordon University

- 116 The Court noted that the Board had received updates on the continuing discussions between the two Universities on the creation of a Joint Institute of Engineering. It had reiterated that a range of models for governance and management of such an entity should be developed, and these would be considered by the Board.

Reporting Committees

- 117 The Court noted that the Board had received reports from its reporting Committees, in addition to the Risk Management Committee as follows:

Health and Safety Committee

- 118 The Court noted that the Health and Safety Committee had reviewed its remit and composition and that the Board had approved the Committee's recommendations resulting from the review:
- that in order to fulfil its role of providing a forum for discussion and to allow full consultation on health and safety matters the current remit and size of the Health and Safety Committee was appropriate
 - that in order to ensure that significant issues or those relating to University policy could be discussed in detail prior to discussion papers being presented to the full Committee, a Convener's Advisory Group be established.
- 119 The Court noted that the Board had also discussed the role that the Health and Safety Committee had in promoting health and wellbeing, noting that this was a role fulfilled by the Staffing and Development Committee. The Court noted that the Board had agreed that this was an area over which there should be some link between the two bodies.

Strategic Business Ventures Group

- 120 The Court noted that the Strategic Business Ventures Group had provided an update to the Board on University spin-out activity where the University held shares in the company, for the period February to November 2010.

Update from the Redundancy Committee

- 121 As agreed by Court, the Board had received a report from the Redundancy Committee. It had considered an update on the Redundancy Process and the implementation of the University policy on the avoidance of redundancy. The Board had noted the number of staff identified as being at risk of redundancy (typically because a fixed-term contract was drawing to a close due to the expiry of external research funding) and the number subsequently dismissed.

Aberdeen Sports Village Monitoring Group

- 122 The Court noted that the Board had noted an update on the work of the ASV Monitoring Group, the role of which was to monitor performance under various agreements between the ASV and the University, reporting on progress to the Operating Board at least twice a year. A key task of the Group was to ensure that all outstanding agreements between the University and the ASV were finalised. These were now reaching conclusion and the Group's role going forward would be to monitor ASV's performance under the agreed criteria in the Operating Agreement.

ANNUAL ACCOUNTS

- 123 Ms Bews introduced the University's Group Consolidated Annual Accounts for the financial year 2009/10, which had been considered by the Audit Committee and by the Operating Board (*See also Minutes 106 and 139*). The Court also received a commentary from the Finance Director which highlighted key audit and accounting issues; the External Auditors' Report which provided an unqualified audit opinion; and the Annual Summary Report on Endowments. The Court noted that the management letter to the auditors would be circulated following the meeting.
- 124 Ms Bews drew to the Court's attention a number of key points in the Accounts. The University had produced a historical cost surplus of £5.5M for the year. Before exceptional items, the surplus target had been £5M and the actual achieved was £4.8M. Significant movements in income in the year had included a 7.9% increase in the University's teaching and research recurrent grant, which was primarily due to the increased funding flowing from the results of the Research Assessment Exercise. The Court noted that the University's Superannuation and Life Assurance Scheme (UASLAS) had been prepared to reflect Financial Reporting Standard 17 and this resulted in a deficit of £25.5M with an actuarial gain of a £6.5M. This was, however, a reduction in the deficit on the prior year level of £30.9M.
- 125 Mrs Bews also noted that the University's new external auditors had raised the issue of the non-consolidation of the Development Trust and this was to be reviewed for July 2011 year end. It had also been agreed with the auditors to change the accounting treatment of Rowett Negative Goodwill from 2010-11 and this would result in a net reduction of £562k in the annual release.
- 126 In discussion, it was agreed that that for the next year it would be helpful for Court members to have an analysis of staff numbers showing the impact of the voluntary severance scheme and with appropriate detail to assure Court that these had not been replaced. The disclosure of the attendance of Court members at meetings of Court and at key Court committees was discussed and it was agreed that the University should make more provision to enable members to join meetings remotely.
- 127 The Court approved the University's Annual Accounts for 2009-10. Mr Amoore also recorded his appreciation of the work that the Finance section had undertaken this year in preparing the accounts.

FINANCE

Voluntary Severance Scheme

- 128 Mrs Inglis introduced an update on the progress of the Voluntary Severance scheme. The Court noted that by the closing date 401 enquiries were processed and at the time of the meeting 252 members of staff had translated their expression of interest into a formal application, of which the Panel had approved 162 applications. The total cost of approved applications was £4.389M giving a net cost in 2010/11 of £550k and delivering net recurrent savings of £5.114M from 2011/12.

Quarterly Management Accounts

- 129 Ms Bews introduced the quarterly management accounts for the period to 31 October 2010. These reported a cumulative deficit before exceptional items of £2M against a budgeted deficit for the year to date of £0.6M. Of the year to date variance of £1.4M, £1M related to a shortfall in tuition fees as a result of lower than anticipated postgraduate and international student numbers. Current forecasts predicted a deficit before exceptional items of £2.3M against a target surplus of £5.5M giving a negative variance of £7.8M.
- 130 In discussion, the Court noted that some of the shortfall in student recruitment was, in part, the result of targets being set on top of year on year increases in previous years. Going forward the University would adopt a more flat-line assumption in its approach to budget setting.
- 131 The Court noted that management actions would be put in place to make significant improvements to the situation and the Operating Board would receive a report with details of an action plan to address the forecast shortfall, although there were significant challenges in meeting savings targets. The capital plan would also be kept under review against any change to the University's cash position. (See *Minute 110*)

Finance Director's Update

- 132 Ms Bews introduced a paper which summarised the key points of the UK Government's Comprehensive Spending Review and the Scottish Government's Budget Announcement for 2011/12 (with Ministerial Letter on Government Priorities to the SFC) and provided an update on financial scenario planning and pensions issues for the University.
- 133 The Court noted the paper. (See *Minutes 107-109*)

STRATEGIC PLAN

- 134 The Principal introduced an updated draft of the Strategic Plan including strategic targets, and a risk analysis together with summaries of draft Operational Plans, and feedback on the Strategic Plan from staff and students. The views of staff had also been sought in relation to any changes in structures or processes that may be needed to deliver the Plan's objectives. The Court also received written comments from Ms McPhail.
- 135 The Court discussed the papers in depth. The principal points of discussion were as follows:
- It would be crucial to engage staff with the Strategic Plan to deliver it effectively and the University was encouraged to consider ways of doing this as it launched the Plan. The Court agreed that it should receive an update on the University's plan to communicate and launch the Plan in 2011.
 - It was suggested that either through the Strategic Plan or the Operational Plans more reference be made to engagement with Industry and the aligning of the University's objectives with those of organisations in the North-East.
 - It was suggested that reference to Aberdeen as a University City could be developed further.
 - The difficulty of measuring how far research influenced teaching, and the importance of finding ways to measure the quality of graduates were noted.
 - It was argued that the Plan exposed a tension for academics between pursuing excellence in their individual research area, and participating in interdisciplinary research from which they might not achieve optimal success and recognition; and that this should be recognised as an important issue by the University in pursuing a themed approach to research.
 - It was agreed that the University should consider using case studies to highlight areas of strength in the published version of the Plan.
 - A number of members suggested the targets be developed further in both the Strategic and Operational Plans.
 - It was suggested that consideration be given to increased reference in the Plan on key global challenges and the increasing importance of *'the East'*.

- The importance of diversification of income streams and the opportunities for increased fundraising were highlighted.
- It was suggested that the University should continue to look at ways of providing performance and cultural space to enhance its attractiveness to students.
- It was noted that the Plan had to be a 'living document' and that it and the associated targets had to evolve. It was agreed that the Court should review the Plan at least once per year.
- It was suggested the Plan also offered an opportunity to signal, in the context of changing university landscape in England, the values that Aberdeen considered to be important for a university.
- It was suggested that the Court should also keep under consideration whether its own membership had the right mix of skills to oversee the University's implementation of the Plan. It was noted that the Governance Committee was keeping this under review.
- It was suggested that the Operating Board give consideration to performance measures to show progress in delivery of the Plan.

136 The Court approved the Plan and the strategic targets, subject to appropriate revision to incorporate points made in the discussion. The final published version would be brought to Court on 29 March 2011 and would be publicly launched immediately thereafter.

COMPOSITE REPORT FROM COURT COMMITTEES AND JOINT COMMITTEES OF COURT AND SENATE

AUDIT COMMITTEE

Audit Committee Annual Report 2009/10

137 The Court approved the Committee's Annual Report 2009/10 for submission to the Scottish Funding Council and noted that the Committee had been satisfied with the work of the internal and external auditors.

Internal Auditors' Annual Report 2009/10

138 The Court approved the Internal Auditors' Report for 2009/10.

Annual Accounts for 2009/10

139 The Court noted that the Committee had considered and approved the Annual Accounts for 2009/10, subject to some minor amendments. (*See Minutes 106 and 123-127*)

External Auditors' Report

140 The Court noted that the Committee had received and considered the External Auditors' Report and noted that the auditors had indicated that they anticipated an unqualified audit opinion in respect of the consolidated accounts.

GOVERNANCE COMMITTEE

141 The Court noted that the Committee had considered a paper on the terms of a proposed gift as reported to Court on 29 September 2010.

142 The Secretary also highlighted to Court that a number of vacancies on Court and Joint Court-Senate Committees would be circulated to members for expressions of interest.

STUDENT AFFAIRS COMMITTEE

143 The Court noted a report of the principal items of business considered by the Student Affairs Committee at its meeting on 8 November 2010.

COMMITTEE ON RESEARCH, INCOME-GENERATION AND COMMERCIALISATION

- 144 The Court noted a report of the principal items of business considered by the Committee on Research, Income-Generation and Commercialisation at its meeting on 8 October 2010.

UNIVERSITY COMMITTEE ON TEACHING & LEARNING

- 145 The Court noted a report of the principal items of business considered by the University Committee on Teaching & Learning at its meeting on 3 November 2010.

CHAPEL COMMITTEE

- 146 The Court noted a report of the principal items of business considered by the Chapel Committee at its meeting on 23 November 2010.

ROUTINE BUSINESS REPORT

SENATE

Rectorial Election

- 147 The Court approved the schedule for the Rectorial election as outlined below:

Deadline for nominations	Friday 25 March 2011 at 5.00 p.m.
Campaigning to open	Monday 18 April 2011 at 0001hrs
Opening of Election	9.00 a.m. on Tuesday 26 April 2011
Close of Election	5.00 p.m. on Tuesday 3 May 2011
Announcement of results	By 6.00 p.m. on Tuesday 3 May 2011

Articulation Agreement with Aberdeen College

- 148 The Court approved, on the recommendation of the Senate, a Progression and Articulation Agreement with Aberdeen College and noted that the agreement provided direct entry routes for students undertaking HNC and HND qualifications in particular subject areas at Aberdeen College and would be effective until 31 August 2015 in the first instance.

Draft Ordinance No 141 [Amendment of Powers of the University Court]

- 149 The Court noted that Senate had, for its part, approved the draft Ordinance No 141 [Amendment of Powers of the University Court].

DRAFT RESOLUTION NO OF 2010
[THE JOHN SIMPSON CHAIR IN MEDICAL EDUCATION]

- 150 The Court received the draft Resolution [The John Simpson Chair in Medical Education] and agreed to invite Senate, to pass the Resolution forthwith in accordance with the provisions of Section 6(2) of the Universities (Scotland) Act 1966.

THE DOROTHY MARY MACDONALD BEQUEST

- 151 The Court received a recommendation from the University Librarian that the accumulated revenue of the Dorothy Mary MacDonald Bequest (c.a. £470k), together with additional annual revenue (c.a. £30k p/a) generated during the lifetime of the reporting period for the Heritage Lottery Fund's support for the Conservation Centre (10 years in the first instance), be released to support the work of the Special Collections Centre and the Glucksman Conservation Centre in the new library, by supporting the staffing and resourcing of both centres.

- 152 The Court approved the recommendation subject to legal advice being received that this was appropriate in relation to the terms of the bequest.

STAFF TRIBUNALS

- 153 The Court approved, in accordance with The University Commissioners (Statute Modifications) (University of Aberdeen) Order 1992, the appointment of an internal tribunal to hear the case for dismissal against a research member of staff (School of Divinity, History and Philosophy).
- 154 The Court also approved, in accordance with The University Commissioners (Statute Modifications) (University of Aberdeen) Order 1992, the appointment of an appeal panel under Part V Section 28 (4) of the Order to hear an appeal against dismissal on the grounds of redundancy from a member of administrative staff.

APPOINTMENT OF VICE-PRINCIPAL

- 155 The Court approved, on the recommendation of the Principal, the re-appointment of Professor MacGregor as Vice-Principal for a further period until 31 March 2011.

DRAFT ORDINANCE NO 141 [POWERS OF THE UNIVERSITY COURT] AND DRAFT ORDINANCE NO 142 [EMPLOYMENT]

- 156 The Court noted that Draft Ordinance No 141 (Amendment of Powers of the University Court) had now been formally submitted to the Privy Council for approval by Her Majesty in Council. The Court also noted that immediately thereafter, the necessary powers having been obtained, Draft Ordinance 142 would be formally submitted to the Privy Council.

DATE OF NEXT MEETING

- 157 The Court noted that the date of its next meeting was Tuesday 29 March 2011 at (9.00am-12noon).