

UNIVERSITY OF ABERDEEN

UNIVERSITY COURT

MINUTES OF MEETING HELD ON 26 SEPTEMBER 2023

Present: Julie Ashworth
Eleanor Bentley
George Boyne
Martina Chukwuma-Ezike (in the Chair for Minutes 1-3)
Owen Cox
Nick Edwards
Iain Mackay
Gary McRae
Helen Martin
Caryn Miller
Martin Mills
Anne Minto
Vanessa Mabonso Nzola
Iain Percival
Charlotte Pope-Williams
Joachim Schaper
Diane Skåtun
Otto Thoresen (via Teams)
Sai Shraddha S Viswanathan
Neil Vargesson
Ilia Xypolia

In attendance:

In-coming Court members:

Martin Barker
Susan Bodie
Iain Grant
Luke Halliday
Adaku Ufere
Alison Rankin

SMT members: Liza Boffen-Yordanov
Pete Edwards
Karl Leydecker
Tracey Slaven
Alan Speight
Ruth Taylor
Mark White

Clerk: Bruce Purdon

Apologies: Lyndsay Menzies
Robert Traynham
Iain Torrance KCVO

WELCOME AND RECTOR'S REPORT

- 001 The Rector opened the meeting and presented her report (CT20230926.1) to Court on activities that she had undertaken since the last meeting. In particular, the Rector noted recent meetings with members of the alumni community and the significant impact that they were making to advancing the reputation of the University.
- 002 The Rector welcomed a number of new members who were joining the Court for their first meeting. Sai Shraddha S Viswanathan (Students' Association nominated member) was attending her first Court meeting as a member while Alison Rankin, Adaku Ufere and Luke Halliday (independent members), Iain Grant and Martin Barker (elected staff members), and Susan Bodie (Governor Apprentice) were present in advance of their formal appointment, as part of their on-boarding activities.
- 003 The Rector and Senior Governor led the Court in expressing its thanks to Nick Edwards and Martin Mills (elected staff members) and Colette Backwell and Iain Percival (independent members) who were retiring from the Court, for their respective extensive service and contribution to the work of the Court and the University.

DECLARATIONS OF INTEREST AND REMINDER OF COURT AND MEMBER RESPONSIBILITIES

- 004 The Court noted the standing reminder of the responsibilities of Court and members as charity trustees (CT20230926.2).

MINUTES

- 005 The minutes of the meeting held on 21 June 2023 (CT20230926.3a) were approved subject to a rephrasing of minute 218 (Senate Report) being made.

ACTION LOG, MATTERS ARISING AND DECISIONS BY CIRCULATION

- 006 The Court noted a report on the updated Action Log (CT20230926.4). The Court noted that it had approved by circulation the appointment of three independent members of Court – Luke Halliday, Alison Rankin and Adaku Ufere.

Note by Clerk: *Subsequent to the meeting it was confirmed that the formal date of appointment as members, for all three positions, would be from 1 October 2023 to 31 August 2026.*

REPORT FROM THE SENIOR GOVERNOR

- 007 The Senior Governor provided an oral report on the meetings and activities she had undertaken since the last meeting. This included meetings with the Principal, the University Secretary and Chief Operating Officer; and other members of the Senior Management Team; the Chairs of several other Scottish universities; members of the UK shadow front bench. The Senior Governor also reported on several fora that she was participating in and in which she was making the case for the contribution the University and Higher Education could make to a range of Scottish economic and civic priorities.

GOVERNANCE AND REGULATORY

SFC OUTCOME AGREEMENT

- 008 The Court received the University's draft Outcome Agreement with the Scottish Funding Council (SFC) for 2023/24 (CT20230926.6.1), which had been subject to prior consideration by the Senior Management Team and the Finance and Resourcing Committee.
- 009 In discussion, it was noted that the SFC acknowledged the SIMD20 criteria had limitations as a measure of exclusion in the north-east of Scotland and this was likely to be a key consideration in any decision to apply penalties if the 'widening access' target were not met. The Court discussed the commitments made in regard to the Race Equality Charter and the Vice-Principal for Education agreed to reflect on whether the available resource to deliver some of its commitments was sufficient, or targeted, to the most appropriate areas.
- 010 It was noted that the agreement made reference to new commercialisation initiatives and committees and that it would be helpful for the Court or its Commercialisation Committee to understand how these all interlinked.
- 011 The Court approved and commended the proposed agreement and supporting document. It also noted that the process represented a significant demand on the University to produce annually and, therefore, would welcome more information on how the SFC used the document and that it was supportive of the SFC being asked to consider whether the report could be prepared over a three-year basis rather than annually. The Senior Governor agreed to take these points forward with SFC.

ANNUAL REPORT ON INSTITUTION-LED REVIEW OF QUALITY

- 012 The Court received and approved the Annual Report on Institution-Led Review of Quality 2022/23 for approval for submission to the SFC (CT20230926.6.2).

COMMITTEE MEMBERSHIPS FOR 2023/24

- 013 The Court received a paper (CT20230926.6.3) with recommendations from the Governance and Nominations Committee for the composition and membership

of the Court's standing committees to take effect for the remainder of the academic year 2023/24.

014 The proposals included that the Senior Governor be appointed to Chair the Governance and Nominations Committee. This had been a recommendation of the Phase 1 Review of Governance, which had been implemented in 2021/22 but paused in 2022/23 to enable the Senior Governor to focus on chairing meetings of Court.

015 The Court approved the recommendations.

COURT SCHEDULE OF BUSINESS FOR 2023/24

016 The Court received a schedule of business for the year ahead (CT20230926.6.4). It was noted that this would be revised where necessary to reflect any priorities emerging from the Court's Strategy Day discussions.

REPORTS FROM COURT SUB-COMMITTEES

AUDIT AND RISK COMMITTEE

017 The Court received a report from the Audit and Risk Committee's meeting of 5 September 2023 (CT20230926.7.1).

018 The Court approved the Committee's updated remit, composition and terms of reference for 2023/24. The Court also noted the following items of business which had been approved by the Committee under its delegated authority:

- Its Schedule of Business for 2023-24;
- The Internal Audit Plan 2023-24 for implementation;
- The University response to the External Auditor's Letter to Those Charged with Governance.

019 Related to the Committee's review of the strategic risk register, the Court discussed the impact of artificial intelligence but noted that this was a development that had implications across a number of areas of the University rather than being a specific information technology risk. The Court noted that the Committee was monitoring, in particular, cyber risks from low levels of participation by staff in IT security training and that the University had recently issued a new campaign to improve this. It was suggested and noted that participation in the training be recorded as part of annual staff appraisal processes.

REMUNERATION COMMITTEE

020 The Court received a report from the Remuneration Committee's meeting of 10 August 2023 (CT20230926.7.2). The report detailed the Committee's consideration of:

- Recommendations from the Senior Staff Pay Policy and their implementation;
- A report on cases that had been progressed under the Severance and Retention Policy;
- The update of staff data relating to the University's salary bandings;
- The Principal's review for 2022/23 and the forward timetable and process for the Principal's review for the next academic year 2023/2024;
- The process for reflecting on the Committee's effectiveness.

021 The Court noted the report.

PENSIONS ADVISORY GROUP

022 The Court received a report of the Pensions Advisory Group's meeting of 4 September 2023 (CT20230926.7.3). This had been a single item agenda to consider a consultation from Universities UK regarding the technical provisions for the Universities Superannuation Scheme 2023 valuation. Due to the closing date of the consultation being 22 September, the Court was reminded that it had approved, by circulation, a recommended response from the Pensions Advisory Group to the consultation.

BUSINESS ITEMS INFORMING THE CONTEXT FOR THE STRATEGY DAY

REPORT FROM THE PRINCIPAL AND UPDATE ON THE SECTOR/OPERATING CONTEXT

023 The Court received a written report on developments within the University and in the wider higher education sector, which the Principal supplemented with an oral report (CT20230926.8).

024 The key points noted from the Principal's report to Court were:

- The announcement that Horizon Europe would be reopened to UK universities was very welcome news and would allow the University to once again benefit from the research funding, academic collaboration and partnerships which it offered.
- Research income in the University had increased 10% over the past year which was a positive sign of progress in the rebuilding of overall research strength, helped by initiatives such as the funded research leave scheme. The University's revised Research Excellence Action Plan was in development and would be discussed with Court at its next meeting.
- In education, the Principal noted the University's excellent ranking in the National Student Survey, where it was placed in the Top 10 in the UK for a 2nd successive year. This in turn had contributed to the achievement of Top 20 UK positions in The Guardian and The Times league tables. The Principal also noted, however, that the University's position in international league tables was more challenging due to these being weighted towards research performance/reputation indicators and by the rise of universities in other countries driven by major state backed investment.

- The Principal provided a commentary on the report on student recruitment for 2023/24 which followed later in the agenda. In the key area of international postgraduate taught students, as had been discussed in the Court Cast recorded for members ahead of the Strategy Day, the outcome for September 2023 entrants was disappointing. The Principal noted that with the exception of Russell Group universities, many universities were experiencing similar challenges in international student recruitment. The Principal added that this was due in large part to the UK Government's immigration policies and a perception that the UK was not a welcoming destination for international students. The Principal believed this was likely to now be a sustained change in the international student market and the University's response to this strategic challenge would be a key part of the Court's strategy discussion the next day.
- The Principal also reported on: the Aberdeen Investment Zone and the increased discussion of the economic growth agenda by the Scottish Government; early stage discussions between the Universities and Colleges Employers' Association and the University and College Union towards holding a joint review on pay and affordability; and forthcoming events to celebrate JJR Macleod, one of the University's five Nobel Prize winners.

FINANCE

FINANCE AND RESOURCING COMMITTEE REPORT

- 025 The Court received a report from the Finance and Resourcing Committee's meeting of 14 September 2023 (CT20230926.9.1).
- 026 The Court approved, on the recommendation of the Committee, the following:
- Its remit, composition and terms of reference for 2023-24 (subject to confirmation of the Composition and Membership by the Governance & Nominations Committee).
 - The University's draft Outcome Agreement with the Scottish Funding Council (SFC) for 2023-24.
- 027 The Court also noted the following items which had been approved by the Committee via its delegated authority:
- The Committee's approval via circulation of a proposal to request the realignment of budgets to progress works to refurbish the Medical Physics Centre for Medical Imaging.
 - The Committee's Schedule of Business for 2023-24.
- 028 In discussion, the Court was updated on the position of two state debtors which were highlighted in the report and that two significant payments had been received since the meeting of the Finance and Resourcing Committee.

UPDATE ON YEAR-END POSITION AND 2023/24 FINANCIAL/RECRUITMENT UPDATE

Year-End Position

029 The Court received a report on the University's unaudited year-end financial position for 2022/23 (CT20230926.9.2a).

030 The Court noted that:

- The draft results for the financial year ended 31 July 2023 presented an underlying surplus of £0.4m. The underlying surplus for the year excludes non-controllable and other individual significant items such as the movement in pension deficits. This compares to the Court approved budget of a £1.9m underlying deficit.
- Research Grants performance has improved significantly by £2.3m since the May 2023 forecast was completed. This was mainly due to an additional Indirect Cost Contribution (ICC) of £0.7m and £1.3m of equipment capitalised at year end. This was not anticipated and was processed once a reconciliation of all grants (which were at final claim stage) were reviewed to ensure that all ICC had been claimed.
- The University had forecast within the Strategic Planning Forecast (SPF), submitted to SFC in July 2023, that cash balances at 31 July 2023 would be £39.5m. This compares to an actual cash balance at 31 July 2023 of £46m. This was due to the improvement in the operating position and less capital spend than forecast.
- The overall reported result is a loss of £3.8m. This figure includes non-controllable and other individual significant items such as the movement in pension deficits. This includes impairment write-offs amounting to £3.9m including Johnston (£1.8m) and Kings (£1.4m) capital projects. Unrealised gains on investments amount to £0.3m and unrealised losses on revaluation of properties of £0.6m.
- That the results were draft as subject to External Audit review and final adjustments; and excluded the results for the University's subsidiary the Rowett Research Institute Limited and the University's joint venture, Aberdeen Sports Village (ASV). In addition, the results excluded pension adjustments with that information not yet available from external parties.

Financial Implications of September 2023 Student Intake Projection

031 The Court received and noted a paper on the financial implications of the September 2023 student intake projections and actions being taken to mitigate the shortfall in fee income (CT20230926.9.2b). The key points reported in the paper were:

- The 2023/24 budget was for an increase in tuition fee growth (net) to £111m from £96m in 2022/23, an increase of 15%. The largest area of fee revenue within that was from International Postgraduate Taught fees, which was anticipated to grow to £58m from £47m (gross), an increase of 23%.
- For September entrants, the target was 1385 full time equivalent (FTE) students. Current projections were that the University would be 400-500 students short of that target. This would result in a £6m to £7.5m budget shortfall. The paper assumed that the January 2024 target would be met.
- The University had budgeted for a £3.9m deficit in the 2023/24 budget approved by Court. This level of budgeted deficit and the underlying

assumptions underpinning the budget, provided limited leeway to meet any significant shortfall on fees or other income, or cover any unexpected increases in costs, and still meet debt covenants. The paper noted, as an example, that staff cost savings of £6.8m were already included within the 2023/24 budget, and operating budgets were cut for Directorates and Schools by up to 10% within the approved budget.

- The University was required, however, to meet covenant compliance requirements and therefore mitigating actions for the projected adverse variance would need to be implemented immediately. The University would seek to maximise all sources of recurring revenue and control or reduce costs to the levels required to meet covenant. The paper outlined further mitigating actions including:
 - Additional payroll savings via stringent staff vacancy management;
 - Additional interest earned on cash balances, primarily bond funding;
 - Further operational savings at institution wide level;
 - Potential savings if USS Trustee proposals on pension scheme contribution rates are agreed from April 2024;
 - Generation of additional revenue from commercial services, commercialisation of academic work and philanthropic sources;
 - Potential disposal of any assets which are surplus to requirements although, if agreed, this was more likely to be realised in 2024/25.

STRATEGY AND FRAMING FOR STRATEGY DAY

STRATEGIC RISK MANAGEMENT FRAMEWORK

- 032 The Court received a paper which set out proposals for the further development of the University's approach to strategic risk management, under its Risk Management Framework (CT20230926.10.1). The key proposals were:
- A proposal to establish, monitor and report on 8-12 major strategic risks at institutional level, drawing on and informed by a refined version of the current strategic risk register (SRR). Included with the paper were an initial set of nine major risks which were subject to further development;
 - A proposal to establish, monitor and report on these risks to the Audit and Risk Committee (ARC) and to the Court, as part of the bi-annual reporting process. Under this arrangement, these bodies would no longer receive updates on the current strategic risk register (SRR);
 - Initial outline proposals under consideration for refining the SRR, as part of changes to the Risk Management Framework more broadly.
- 033 In discussion, some initial comments on the major risk areas were made, noting that these would be subject to further development including the outcomes of the strategy day.
- 034 The Court agreed to:
- (i) Approve the approach and principle of 8-12 major, strategic risks.

- (ii) Approve the proposal to establish, monitor and report on these risks to the Audit and Risk Committee (ARC) and to University Court, as part of the bi-annual reporting process and that under this arrangement, these bodies would no longer receive updates on the current strategic risk register (SRR).

STRATEGIC RISK BI-ANNUAL UPDATE

- 035 The Court received and noted the bi-annual update on risk management at an institutional level (CT20230926.10.2). The report included a short update on risk management generally and a more detailed analysis of the University's strategic risk register.

ABERDEEN 2040: SUMMARY OF PERFORMANCE 2022/23

- 036 The Court received an update on progress made over 2022/23 with the priority objectives set for the year under Aberdeen 2040 (detailed in the paper) as well as a wider update on performance in delivering the Aberdeen 2040 Operational Plan for 2022/23 (CT20230926.10.3), including key performance indicators.
- 037 In discussion, the 10% increase in research income was welcomed and attributed to the range of actions to enhance research activity that had been taken and the investment in research focused staff appointments made in 2019/2020.

ABERDEEN 2040: OPERATIONAL PLAN FOR 2023-24

- 038 The Court received a paper which provided a summary of key priorities identified for enhanced focus within the proposed Aberdeen 2040 Operational Plan for 2023/24, with a summary of planned actions against each, together with the proposed Operational Plan for 2023/24 (CT20230926.10.4). The key priorities identified for the year reflected the objectives that had been set by Court for the Principal.
- 039 The Court was reminded that it would, at the conclusion of the strategy day, be asked to approve the Operational Plan for 2023/24 and that it might require adjustment depending on the outcome of that further Court discussion. With that point recognised, the following key points from the discussion that followed were recorded:
- that consideration be given to whether enhancements to the University's systems for welcoming international students were required;
 - that the target of growing non-SFC revenue by £20m was potentially a stretching one and might need to be revisited in year;
 - whether the operational plan was deliverable both in terms of resource and senior management and staff workloads;
 - it was noted that in some other settings the organisational priorities were not the same as the Principal's priorities but it was acknowledged that the Court had adopted the approach set out in the paper. It was also noted

that not all of the Principal's personal objectives were part of the key institutional priorities highlighted in the paper;

- whether the fundraising actions were sufficiently aspirational although the Principal noted that they reflected that the University had not been in active campaign mode for a number of years;
- that it would be helpful to map the objectives to the key pillars of Aberdeen 2040;
- reflecting on the previous report on 2022/23, it was suggested that the progress that had been made towards Aberdeen 2040 should be promoted to, and celebrated with, the staff who will all have made contributions towards their achievement.

040 It was also noted that some members would welcome a more accessible document that was easier to navigate digitally.

Note by Clerk: *Following further detailed discussion at the Court strategy day, it was agreed that the Aberdeen 2040 Operational Plan would be updated and brought back to Court for approval.*

UPDATE ON RE-IMAGINING THE CAMPUSES

041 The Court received an update on the Re-imagining our Campuses Project (CT20230926.10.5).

042 In discussion, it was noted that together with a background paper on the University estate, it set out clearly the position of the University's estate and where future investment might be required and that there was a good asset base to support that investment. It was confirmed that the project also included the future digital infrastructure. In further discussion, it was suggested that there was a significant opportunity to engage with the wider community through the project and that the energy efficiency of the campus be part of the scope of the project.

DATE OF NEXT MEETING

043 It was noted that the next meeting of Court would be on Tuesday, 21 November 2023, 9am to 3pm.

Note by Clerk:

Members of Court, with the Secretary present, then held a short self-reflection discussion to consider the effectiveness of the meeting, which is a new regular exercise introduced in 2023/24 to support the continual improvement of Court's effectiveness.