

UNIVERSITY OF ABERDEEN

UNIVERSITY COURT

**MINUTES OF MEETING HELD ON 24 APRIL 2024**

**Present:** Julie Ashworth  
Martin Barker  
Eleanor Bentley  
Susan Bodie  
George Boyne  
Owen Cox  
Iain Grant  
Luke Halliday  
Vanessa Mabonso Nzolo  
Iain Mackay  
Gary McRae  
Helen Martin  
Lyndsay Menzies (via Teams for items 181-231 and 237-238)  
Caryn Miller  
Anne Minto  
Charlotte Pope-Williams (via Teams)  
Alison Rankin (via Teams from item 237)  
Joachim Schaper  
Diane Skåtun  
Otto Thoresen (via Teams to item 231)  
Robert Traynham  
Adaku Ufere  
Neil Vargesson  
Sai Shraddha S Viswanathan  
Ilia Xypolia

**In attendance:** Iain Torrance KCVO  
Seonag Mackinnon (via Teams)  
Louise Thomson (As Deputy for the University Secretary)

Senior Management Team members:

Karl Leydecker (for items 181-228 and 237-238)  
Alan Speight (for items 237-238)  
Mark White

Acting Clerk: Jan Whitfield

**Apologies:** Martina Chukwuma-Ezike (Rector)  
Tracey Slaven (University Secretary & Chief Operating Officer)

## WELCOME AND RECTOR'S REPORT

181 Court noted the Rector's apologies and it was confirmed that the Rector's update would be presented at the next scheduled meeting.

## DECLARATIONS OF INTEREST AND REMINDER OF COURT AND MEMBER RESPONSIBILITIES

182 Court noted the standing reminder of the responsibilities of Court and members as charity trustees (CT20240424\_02).

183 Owen Cox declared an interest in items on the agenda as a Trustee of the University of Aberdeen Superannuation and Life Assurance Scheme.

184 Diane Skatun declared an interest in items on the agenda as a connected person to the Head of the University's Business School.

## MINUTES

185 The minutes of the meeting held on 28 February 2024 were received (CT20240424\_03).

186 In discussion, it was agreed that the following amendments should be made:

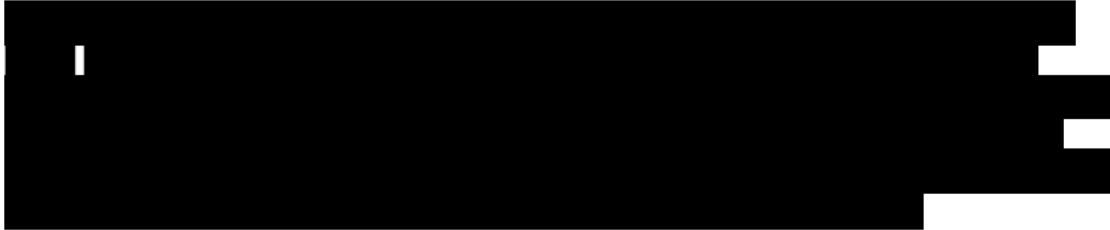
- Minute 153: to re-word admissions entry rates to admissions entry tariffs.
- Minute 157 point 4: It was queried whether Court had suggested that the Director of Research should be a member of the Implementation Group (Modern Languages). The Senior Vice-Principal confirmed that it had been agreed that a suitable representative for the University's central Research function would be invited to join the group.
- Minute 160: to amend the wording of this item to reflect that consideration had been given and confirmed as to the Principal's capacity to take on the role of Chair of the University and College Employees Association (UCEA), given their other key priorities.
- Minute 163: to include additional wording to reflect that concern had been expressed by a Court Member that the issue (to discuss the re-appointment of the Senior Governor) had not been brought forward to Court's 28 February 2024 meeting.

187 The following potential amendments were considered, but not agreed:

- Minute 147 point 7: A Court Member queried whether the minute should be extended to express concern regarding any potential impact on students of the inability to protect all widening access provisions. In discussion, the Court confirmed its satisfaction that the minute as presented was a fair reflection of the discussion.
- Minute 157 point 3: A Court Member requested an addition to the minute to the effect that Court had not received information regarding the debate in the Scottish Parliament on the future of Modern Languages at the University. In discussion, the Court confirmed its satisfaction that the debate in parliament was appropriately noted within the minutes.

188 General discussion took place regarding the purpose of the minutes, and it was highlighted that good practice indicated they should provide a summary of the business conducted at each meeting, rather than a verbatim transcript of the proceedings. It was noted that it was not usual practice to attribute comments in order to protect individual confidentiality and in support of Court's collective responsibility.

189



190 In respect of minute 179, it was requested that the date of circulation of the Report from the Remuneration Committee should be confirmed. The Head of Governance & Executive Support reported that this had been following the Committee's meeting on 13 February 2024.  
[Clerk's note: the date of circulation is confirmed as 29 February 2024.]

191 Subject to the changes above being made, the Court approved the minutes.

#### ACTION LOG AND MATTERS ARISING

192 Court received and noted a report on the Court Action Log (CT20240424\_04), with updates noted as follows:

- The policy governing the procedure for Collections Deaccessioning and Repatriation was still undergoing consideration and updating and would be provided to Court for approval in due course.
- A further report on the REF Action Plan was scheduled to come forward to Court following the completion of the Annual Report & Accounts process 2022-23. The Senior Governor had held discussions with the Vice-Principal Research regarding the timeline for presentation.
- It was drawn to Court's attention that the Audit and Risk Committee had requested a timeline and milestones for the implementation of phases and actions under the Financial Recovery Plan for presentation to both the Committee and Court during the June 2024 meetings cycle.
- The process for the review to identify any lessons learned from the recent consultation regarding the future provision of Modern Languages education at the University was pending input and comment from both the Joint Committee for the Avoidance of Redundancy (JCCRA) and Senate. The process had been co-designed by the Director of People and representatives from the School of Language, Literature, Music and Visual Culture (LLMVC). In response to a query from a Court Member, it was confirmed that the Director of People was leading the process for the establishment of the review, but that the review itself would be led by an individual with no direct involvement in the earlier consultation process. The process would be conducted under the oversight of JCCRA and therefore subject to the agreed procedures of this arrangement.

The Court indicated its satisfaction that an independent individual should

lead the process, but urged that input should be sought from a wide range of stakeholders with experience of the consultation process that was undertaken. It was requested that the recommendations resulting from the review should return to Court for noting once available.

**Action:** Head of Governance & Executive Support, Clerk.

- 193 Court requested that for future reporting, the action log should include indicative dates for the conclusion of outstanding elements, plus details of any follow-up actions required. **Action:** Head of Governance & Executive Support, Clerk.
- 194 The paper also provided a formal record of the appointment of a number of external members of Court Sub-Committees, that, following a recruitment exercise and interview process had been approved by the Governance and Nominations Committee.
- 195 Detailed discussion took place regarding the role of externally co-opted members of Court's Sub-Committees and the rationale for the recent appointments, particularly in respect of the joint appointment of one candidate to two Sub-Committees. It was confirmed that the appointment of external members was a long-standing and successful practice adopted by the Audit and Risk Committee, in order to ensure it had an appropriate balance of skills to fulfil its remit. It was felt that co-opted members brought a valuable external perspective which could be very helpful to discussions. The practice had now been extended to other Court Sub-Committees to provide additional breadth and depth of expertise, supporting Committees to fulfil their responsibilities to the necessary level and to offer additional scope for existing Court Members to reduce the burden of multiple memberships. It was noted that co-opted members had full voting rights in respect of the decision-making of their respective Committees, given their skills and experience to undertake the role, but not in respect of wider Court business.
- 196 Members of the shortlisting and interview panel for the appointments reported that all new appointees had been selected on the basis of their specific skills and expertise with direct relevance to the work of each Committee. The individual offered a dual appointment had highly relevant skills in respect of both Committees and had been the most suitable candidate for appointment in each case. The recruitment exercise had been informed by Court's most recent skills audit and effectiveness review processes, and it was noted that a very strong applicant field had been achieved, however the gender balance of candidates had been disappointing. A range of new measures and recruitment channels had been incorporated into the current recruitment exercise for independent members of Court to encourage additional diversity of applications wherever possible. Court also noted the intention to progress additional Court Equality, Diversity and Inclusion training in the new academic year 2024-25, following the appointment of new independent members.
- 197 It was agreed that the Terms of Reference for each Sub-Committee should be further reviewed to ensure a very clear understanding of the role of external members in the context of each Committee remit.  
**Action:** Head of Governance & Executive Support

- 198 Reporting was also provided by the Head of Governance & Executive Support to confirm that the Terms of Reference of the Remuneration Committee had been recently updated to provide further assurance regarding meeting quoracy and the attendance of members with appropriate stakeholder insight to inform decision-making. Additionally, Court was reminded that the recently appointed Senior Independent Member had the right to attend meetings of the Governance and Nominations Committee.
- 199 It was noted that the CVs of all new external appointees had been provided to the Governance and Nominations Committee via circulation, in support of their ratification of the recruitment decisions of the selection panel, and agreed that these should also be circulated to Court for information.  
[Clerk's note: The CVs were subsequently provided to Court Members within Decision Time on 1 May 2024.]

#### REPORT FROM THE SENIOR GOVERNOR

- 200 The Senior Governor provided a report to Court on meetings and activities they had undertaken since the last meeting (CT20240424\_05), with particular reference to discussions held with Government Ministers regarding the funding landscape for Higher Education in Scotland. The Court indicated their support for the work of the Senior Governor in respect of the continued lobbying of key decision-makers at national level. The Senior Governor informed Court that they had written a note of congratulations to the University's Excellence Award winners.

#### ANNUAL REPORT AND ACCOUNTS

- 201 The Chairs of the Audit and Risk and Finance and Resourcing Committees reported on the consideration and endorsement of all elements of the Annual Report and Accounts 2022-23 by both Committees at their additional meetings on 22 April 2024. It was confirmed that all elements were now recommended to Court for approval for signature and submission to the Scottish Funding Council by the revised deadline of 30 April 2024.

#### REPORT FROM THE COURT SUB-GROUP FOR THE APPROVAL OF THE REFINANCING AND COVENANT AGREEMENT WITH LENDERS

- 202 Court received and formally noted a report (CT20240424\_06.1) which provided an overview of the business conducted by the Sub-Group of Court, established under delegated authority for the consideration and approval of the University's refinancing agreement with its lenders and associated borrowing covenants.
- 203 The Chair of the Sub-Group reported on the Group's meetings on 18 and 28 March 2024 to consider and advise on the draft Revolving Credit Facility and Note Purchase Agreements. The main focus of members' consideration had been the four financial covenants included within the facility agreement, and assurance had been confirmed regarding the stress-testing of covenant compliance undertaken by the University. A number of covenant amendments had been requested and incorporated into the final draft agreement by the

University's lenders, which had been subsequently reviewed and approved by the Group via circulation on 17 April 2024.

- 204 Court noted that all legal documentation relating to the agreement had been signed and executed by the University and its lenders on 18 April 2024. Formal thanks were offered to the members of the Group for their work to support the successful conclusion of the borrowing renegotiations.
- 205 It was highlighted that the Sub-Group had asked that future reporting on the Financial Recovery Plan should include a timeline and milestones for delivery, alongside further details of the additional levers that could be employed should targeted cost savings not be met.
- Action:** SMT, Chief Financial Officer.

#### GOING CONCERN ANALYSIS

- 206 Court received and endorsed a paper (CT20240424\_06.2) which outlined the University's projected cash flows and short-term financing risks, and presented management's conclusion that the University could continue to operate on a going concern basis for the period to 31 July 2025.
- 207 Court noted that the Audit and Risk and Finance and Resourcing Committees had endorsed the finding and were recommending that the University could be considered as a going concern for at least 12 months after the date of the 2022-23 accounts to 31 July 2025, and that the accounts could be prepared on that basis. This finding was also endorsed by the External Auditor.
- 208 Members' attention was drawn to the material uncertainty disclosure within the Annual Report and Accounts, which had been included on the basis that if the additional financial risks identified by the University came to fruition, there remained a significant risk that covenant thresholds may be breached. The material uncertainty disclosures were therefore provided to ensure transparency, in line with the requirements of Court as Trustees of the institution with legal responsibility for going concern. It was clarified that the external auditor's opinion was unqualified or 'clean' with regard to the accounts and the University's demonstrated going concern status, but that the inclusion of the material uncertainty disclosure represented a modified opinion to highlight the degree of remaining risk in respect of income.
- 209 Court noted with concern the financial uncertainty in the sector as a whole, with significant further declines in International Postgraduate recruitment continuing to be seen. Members stressed the importance of achieving the targeted outcomes set out within the Financial Recovery Plan for the forward sustainability of the University.

#### COVENANT AND DEBT REPORT FOR YEAR END 31 JULY 2023

- 210 Court received and formally noted a paper (CT20240424\_06.3) which outlined the University's long-term financing and assessed compliance with both internal and external covenants. In particular, the paper confirmed that:

- The University had met both the internal and external debt service and gearing financial covenant tests for the financial year to 31 July 2023;
- Due to the financial covenants being met, no further action was required, however the 2023-24 and forward position was covered under the Financial Recovery Plan paper provided later under the current agenda (items 229-232 refer).

## ANNUAL REPORT AND ACCOUNTS FOR YEAR END 31 JULY 2023

- 211 Court received the University's Annual Report and Accounts 2022-23 (CT20240424\_06.4), noting that following the confirmation of refinancing approval by the Court Sub-Group on 17 April 2024 and the subsequent signature and seal of the refinancing agreement, the documentation was not subject to any material changes from the External Auditor.
- 212 Court noted that the University Group reported a surplus of £12.1m for the year ended 31 July 2023 due to the £13m decrease to the Universities Superannuation Scheme (USS) and £3.7m to other pension liabilities. The underlying surplus from normal operating activities was £0.4m.
- 213 Members were reminded that it was Court's legal responsibility to ensure that the Annual Report and Accounts presented a fair, balanced and understandable view, and provided the necessary information for stakeholders to assess the University's strategy, performance and sustainability. It was the view of the Audit and Risk and Finance and Resourcing Committees that these elements were covered satisfactorily within the document presented for approval. In addition, all queries and amendments requested by the Committees had been appropriately addressed by the Finance team, and the Audit and Risk Committee had confirmed its satisfaction to recommend the Statement of Corporate Governance and Internal Control for Court's approval. In response to a Member's request for confirmation that all identified changes had been made, it was agreed that assurance would be provided on this point. **Action:** Chief Financial Officer
- 214 A Court member queried whether a specific Subsequent Events Note should be included within the financial statements in respect of the University's refinancing arrangements. It was agreed that the Chief Financial Officer would confirm any further technical requirement with the external auditor. [Clerk's note: It was subsequently confirmed to Court via circulation that as a specific reference to the refinancing had been included within the Creditors' Note, a separate entry was not required.]
- 215 Clarification was also requested to ensure that context was provided within the report to explain the University's connection to the Strathclyde Pension Scheme. [Clerk's note: The following additional wording was included prior to finalisation and submission of the Annual Report on 25 April 2024: "The University became an employing organisation within the Strathclyde Pension Fund (SPF) following a merger with the Northern College of Education in 2001. The scheme was closed to new entrants at the point of merger and as of 31 July 2023, there were 19 active members employed by the University."]

- 216 Court urged proactive communications and media engagement around the Annual Report and Accounts to ensure that the material uncertainty disclosure could be appropriately understood and interpreted. It was confirmed that the Senior Management Team had a full communications plan in place for implementation following the submission and publication of the documents, including an email release to the University staff and student community as part of the new programme of weekly updates on the work of the Financial Recovery Group.
- 217 Subject to the clarification requested above, Court was satisfied to approve the Annual Report and Accounts 2022-23 for signature and submission.

#### EXTERNAL AUDITOR'S REPORT AND REPRESENTATION LETTER

- 218 Court received and endorsed the audit results report 2022-23 from its External Auditor, together with the University's Management Letter of Representations (CT20240424\_06.5a/b).
- 219 In accordance with the discussions earlier in the meeting regarding going concern (minute 208 refers), Court noted that the external audit process was complete, with an unqualified opinion having been reported. However, whilst the External Auditor had concluded that it remained appropriate that the financial statements continued to be prepared on a going concern basis, and that the University had put in place appropriate actions to address the immediate financial challenges, they agreed with the University's and Court's conclusion that the outcomes were not yet assured to avoid a future breach in covenant. They had therefore returned a modified opinion to confirm the further material uncertainty in respect of the University's ability to continue to operate the current planned services to the period ending 31 July 2025 and had endorsed the going concern analysis and the inclusion of appropriate disclosures within the Annual Report and Accounts.
- 220 The agreement of final external audit fees for the additional work undertaken to conclude the 2022-23 external audit process was nearing completion, with final fee levels to be confirmed within the Annual Report and Accounts prior to submission.
- 221 It was confirmed that University management were aware of no further issues related to the representation letter which the Court should be notified of. The representation clauses contained within the letter were in line with usual practice and included appropriate confirmation of the external auditor's assessment of any risks around the presence of Reinforced Autoclaved Aerated Concrete (RAAC) within the University estate. The Audit and Risk Committee were therefore satisfied to recommend that the Senior Governor could sign the letter on behalf of Court.

#### AUDIT AND RISK COMMITTEE ANNUAL REPORT

- 222 Court received and approved the annual report from the Audit and Risk Committee (CT20240424\_06.6), which provided Court with the assurances recommended under the HE Audit Committees Code of Practice regarding all elements of the University's Annual Report and Accounts and the Accounts



Direction from the Scottish Funding Council in respect of the University's Corporate Governance Statement.

- 223 Court also noted the Committee's report on matters that it had scrutinised and approved during the reporting period under the authority delegated to it, and the Chair of the Audit and Risk Committee confirmed their satisfaction that the report met the requirements of the Scottish Funding Council. It was noted that, during the Committee's consideration of the draft report, one member had queried whether the report sufficiently reflected the challenge and questioning offered by the Committee at each meeting in respect of its agenda items, but that the Committee had agreed that the minutes of meetings provided appropriate further detail and assurance on this point.
- 224 Court members queried the position with regard to the timely closure of internal audit actions. It was confirmed that regular detailed reporting was provided to the Committee in respect of the progress and pace of the completion of outstanding audit recommendations. Since the introduction of this reporting from 2022-23, excellent progress had been made in closing down a significant number of outstanding elements. It was agreed that a copy of the next tracking report would be provided to Court for information alongside the Audit and Risk Committee Report. **Action:** Clerk

#### INTERNAL AUDITOR'S ANNUAL REPORT

- 225 Court received and formally noted the Internal Auditor's Report 2022-23 (CT20240424\_06.7), noting that it was unchanged since its initial presentation in November 2023.

#### GENERAL POINTS – ALL ANNUAL REPORT AND ACCOUNTS ELEMENTS

- 226 Following their scrutiny and approval of all individual elements of the Annual Report and Accounts, Court Members offered general comment and queries as follows:
- The Court noted the significant number of items requested for further action and follow-up by the Audit and Risk and Finance and Resourcing Committees, and the Court Sub-Group during their consideration of the Financial Recovery Plan, Going Concern analysis and refinancing arrangements. Clarification was sought that appropriate tracking was in place to ensure and report on their completion. It was confirmed that all groups had live action logs which were closely monitored and updated. It was agreed that a summary of the key action points relating to these processes would be provided to Court via circulation for assurance.  
**Action:** Head of Governance & Executive Support, Clerk
  - Members sought confirmation that the Scottish Funding Council had been satisfied to extend the deadline for the submission of the University's Annual Report and Accounts. It was confirmed that the SFC had granted a submission extension to 30 April 2024, which also aligned with the deadline for submission of the accounts to the Office of the Scottish Charity Regulator (OSCR).

- A query was raised regarding the presentation of the University Development Trust SCIO. It was confirmed that the external auditor, as part of their enhanced review during their first year of appointment, had reviewed the Trust's relationship with the University following the Trust's award of SCIO status and associated changes to its legal and operating structures. The external auditor had been satisfied that the Development Trust remained out with the control of the University and should therefore not be consolidated within the Group accounts.
- Court offered formal thanks to the Chief Financial officer and Finance team for their work to in support of the Annual Report and Accounts, external audit process and Financial Recovery Plan.

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

227 Court received a written report (CT20240424\_07) on developments within the University and in the wider higher education sector, which the Principal supplemented with an oral report.

228 In discussion, the following key points were noted:

- Following the previous postponement of the REF exercise from 2028 to 2029, and due to delays with the pilot exercise for the new REF component of People, Culture and Environment, it was now anticipated that the timing for the next exercise may be put back further to 2030. Although this would enable more time for the University to rebuild its research capacity, it would also mean a continued period of reduced research funding, and the Vice-Principal Research was in discussion with the SFC to seek reparation for this extended period of financial adjustment. It was noted that the University was actively pursuing individual and collaborative bids for Horizon Europe funding and that the Finance and Resourcing Committee had received an update on the Horizon Europe programme and additional research funding opportunities at its last meeting on 9 April 2024. The Committee had been encouraged by the level of activity being undertaken by the University to attract new funding streams, but had noted that there remained work to be done to recover funding income to pre-Brexit levels.

It was agreed that the presentation provided to the Committee would be shared with Court for information. [Clerk's note: The presentation was uploaded to Court's Decision Time resources area on 25 April 2024.]

- The financial situation within the Higher Education sector continued to be of significant concern due to declining international student numbers and further cuts in SFC funding income. The importance to the University of the identification of new and diverse revenue streams from Transnational Education (TNE) and philanthropy was highlighted.
- Court sought clarification of the current position of the UK Government's planned review of post-study work visas, expressing concern at any likely further detrimental impact on student recruitment and the experience of

international students. It was confirmed that the Migration Advisory Committee (MAC) continued to review the current arrangements and it was anticipated that future immigration policy developments would be dependent on the outcomes of the forthcoming UK general election. [Clerk's note: It was subsequently confirmed by UK Government on 23 May 2024 that no immediate changes would be made to the student visa route.]

- Following the presentation to Court in February 2024 on recent activity by the Development and Alumni Relations Team, it was confirmed that a legacy gift of \$4m US had been granted to the University by the Bernard and Ruth Smith Legacy Fund. In addition, an anonymous donor had confirmed their commitment to the renewal of a previous philanthropic arrangement which had donated £1m of funding to the University. Relationship management continued in support of this fast-growing area of key income generation. In response to a Court member's query, it was agreed that an update on previously reported staffing challenges within the Development and Alumni Relations Team would be provided out with the meeting. **Action:** Principal
- Court noted with concern the findings of the London Economics and Nuffield Foundation report on HE fees and funding across the UK, with regard to the disparity between graduate income levels for University alumni identifying as male and female (item 10.1 of the paper refers).
- Work continued towards the delivery of the Financial Recovery Plan, and based on the savings achieved to date, the Senior Management Team was confident that the overall savings target of £19.7m could be met under the phased approach outlined within the Plan. It was reported that the approval of final applications under the Voluntary Severance/Enhanced Retirement (VS/ER) Scheme would take place in late May, which would enable confirmation of the total staffing cost savings achieved to date. As part of the ongoing restructuring of Professional Services required to achieve the University's academic and financial objectives, it was anticipated that some individuals may be placed at risk of compulsory redundancy, but this could not be confirmed until the VS/ER outcomes were known and fed into modelling.

An update on progress would be provided to Court at its June 2024 meeting, and any subsequent actions required would be considered in the Autumn 2024 once the student recruitment numbers for 2025-26 were confirmed.

- One member of Court queried why the notice of possible compulsory redundancy issued to LLMVC staff in late 2023 had been lifted in March 2024 if there remained a possibility that compulsory redundancies may yet be required. The Principal reported that the decision had been taken following careful consideration of initial evidence regarding the uptake of the VS/ER scheme and of the credible income generation plan that had been presented to the Senior Management Team by the School. The initiation of formal change processes to support the reshaping of Professional Services may result in individuals being at risk of compulsory

redundancy, as a result of restructuring within teams to address the impact of any gaps left following the VS/ER scheme and reshaping in support of key strategic objectives. Every effort would be made, in line with University Policy, to provide alternatives or access to a voluntary severance package.

## FINANCIAL RECOVERY PLAN

- 229 Court received a paper (CT20240424\_08) to provide an update on the current position with regard to the Financial Recovery Plan, which had last been considered by Court in February 2024.
- 230 The report also outlined updates to the assumptions underpinning the Plan, following further sector intelligence, horizon scanning and the output from the first round of the 2024-25 budgetary process with Schools and Directorates, including an assessment of forward financial risks and the range of options and additional actions for their mitigation.
- 231 During discussion and in response to members' queries, the following key points were noted:
- The total savings target for 2024-25 was £19.7m, which would be met through a reduction in operating costs of £7.7m and a reduction in staff costs of £12m. Staff cost savings would be achieved primarily via the VS/ER Scheme, the continuation of the recruitment freeze and the professional services restructuring exercise, with a combined total of £9.8m in savings having been achieved to date and further applications for VS/ER still to be confirmed. Operational savings of £5.2m had been seen to date, but had been challenging to achieve. It was therefore the belief of the Senior Management Team that the full cost savings target could be met via the additional actions and levers identified to close the remaining gap. Members sought assurance that the assumptions were subject to rigorous critical analysis, and it was reported that the numbers had been subject to significant challenge by the Senior Management Team. Revised figures had been included within the Plan on the basis of challenge and testing by the Audit and Risk and Finance and Resourcing Committees. Estimates had also been produced for the SFC and external auditor for their review and endorsement. However, it remained a time of low confidence for the sector and therefore a full range of contingencies would still be required to be built into forward budgets.
  - The Financial Recovery Plan outlined a deficit of £12m in 2023-24 against a deficit of £3.9m originally projected. Despite the increase, significant in-year cost savings had been made to offset an £18m reduction in tuition fee income, to ensure that the Court-approved £12m deficit could be achieved. For future reporting, Court asked that, alongside the delivery timeline already requested, original and re-forecast points and levels should be clearly identified to demonstrate movement over time. This should include an indication of any areas of the Plan that would need to be reprioritised in line with the current cost saving position. **Action:** Chief Financial Officer

- A further £2m in financial pressure was anticipated for 2024-25 as International PGT recruitment was now forecast to drop by 25% year on year rather than the 15% originally projected in the assumptions. Court sought assurance that the revised forecast was not expected to drop further, and it was reported that the planning process had factored in the detailed reconciliation of School and Student Recruitment Team projections, against the current picture of applications, offers and acceptances to achieve the best modelling possible with the evidence available. It was therefore felt to be a realistic assessment of the likely 'floor' for tuition fee income.
- The University's indicative funding allocation for 2024-25 had been received from the Scottish Funding Council week commencing 15 April 2024, with the final funding letter yet to be received. This confirmed a £1.6m reduction in the main Teaching Grant from 2023-24 to 2024-25, a cut of £620k via the complete removal of the Upskilling Fund for the provision of short courses, and a £700k reduction in funding from the Knowledge Exchange and Innovation Fund, representing a further reduction in income of approximately £1m against the projections factored into the Financial Recovery Plan.
- Court Members raised queries regarding the degree to which ongoing cost saving and restructuring activity posed potential risk in respect of fairness and equity across Schools, and the high numbers of Professional Services staff leaving under the VS/ER scheme. It was reported that the budget planning process had aimed to ensure equity across Schools for the preservation of their fundamental activities, taking into account what each School was able to achieve in the context of their specific markets and the support required by each School to achieve their academic objectives. All applications for VS/ER were being individually assessed prior to acceptance to ensure that a balanced risk management approach could be taken to preserve key projects and areas of activity, and in support of investment in areas essential to income generation and diversification. Court requested that future reporting should include an indication of any risks identified around the removal, postponement or rescoping of key projects, particularly those relating to student support services and IT/digital. **Action:** Senior Management Team
- Court urged the careful consideration of VS/ER applications to ensure that key staff could not be lost in areas of operation essential to the University's financial recovery, and that staff reductions could be balanced as far as possible across professional services and academic areas. Reductions in Student Recruitment staff numbers were discussed. It was confirmed that while some structural changes were facilitated through VS/ER, reductions had mainly been due to natural staff turnover and that the introduction of third party support for key admissions activity, which was now being conducted at greater pace and quality in support of essential recruitment income was enabling reshaping of the team. It was confirmed as a stated priority to further invest in the team once sufficient savings headroom had been achieved to commence recruitment.

- Confirmation was sought as to whether the delays in confirmations of UASLAS pension projections required by staff applying for VS/ER had now been resolved. It was also queried whether, in order to attract additional applications, the scheme could be extended to accept applications from staff with 2 years of continuous service rather than 5, as had been seen to be the approach adopted by other institutions recently. It was reported that all UASLAS quotes had now been issued in response to expressions of interest for the VS/ER scheme, and the current requirements of the scheme could be reviewed alongside any decision to extend the deadline if required later in May. [Clerk's note: Subsequent to the Court meeting on 24 April 2024, the Chair of UASLAS confirmed that 18 quotes were outstanding and requested an extension to the application deadline for those individuals. HR is supporting the individuals and appropriate extensions are being agreed on an individual basis.]
- Court noted there was a dedicated Risk Register for the Financial Recovery Plan, and that it included 13 red-rated risks. It was confirmed that the Audit and Risk Committee would scrutinise a redeveloped draft of the Register at its next meeting on 28 May 2024, for onward presentation to Court at its June meeting alongside the institutional Risk Register which was also scheduled for return at this point. The Senior Governor reported that risk awareness and management had been identified as an ongoing development priority for Court members, and it was planned to hold a further Court Risk Workshop later in 2024-25.
- It was noted that the forward budget to be presented to Court for approval in June 2024 would contain forecasting for only two outer years to 2025-26, and not three years as previously provided. This was in line with the SFC requirement to provide two years of forecasting within its Strategic Planning Forecast. The Chair of the Audit and Risk Committee confirmed that two years was an appropriate timeframe for forecasting given the current volatility and uncertainty within the sector which made accurately predicting beyond this point extremely difficult.

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232 Following extended discussion on the above points, Court:

- Noted the actual and projected progress against the 2024/25 savings target of £19.7m and managements' belief the full target would be met.
- Approved the changes to the underpinning assumptions, the updated financial risks and the mitigating actions/phased approach provided within

the paper to ensure the savings target, covenants and targeted deficit could be met.

## REPORTS FROM THE SENATE AND COURT SUB-COMMITTEES

### AUDIT AND RISK COMMITTEE

[Clerk's note: As the Chair of the Audit and Risk Committee would require to leave the meeting prior to its close, it was agreed to bring forward this item.]

- 233 Court received a report on the main items of business considered by the Audit and Risk Committee at its meeting on 25 March 2024 (CT20240424\_10.1), to provide an overview of the assurances obtained.
- 234 It was noted that the Committee had considered and approved the University's Whistleblowing and Fraud Annual Report, with nothing of concern to bring to Court's attention. In response to members' questions, it was confirmed that case numbers for the current reporting period were in line with those of previous years.
- 235 Following a presentation on current Health and Safety activity across the institution, the Committee had requested additional high-level assurance reporting to ensure compliance with all legislative requirements in this key area. Further reporting would proceed to Court in due course. In response to queries it was reported that the University's membership of the Safe Space Scheme had been renewed for a further year.
- 236 Members queried the new requirement for quarterly compliance certificates in respect of the University's borrowing covenants. It was confirmed that, under the new revolving credit facility agreement the University had a duty to provide quarterly confirmation of its compliance with the minimum cash covenant. This would be provided directly to the lenders by the Finance team and was out with the process for the reporting of annual covenant compliance to Court alongside the Annual Report and Accounts.

### REPORT ON TRANSNATIONAL EDUCATION AND INTERNATIONAL PARTNERSHIPS

- 237 Court received and noted a paper (CT20240424\_09) which provided an update on current Transnational Education (TNE) and international partnerships, proposed TNE and international partnership activity in progress and further potential activity in this area as the University sought to diversify its portfolio with a view to revenue growth.
- 238 In discussion, the following key points were noted:
- The University's existing partnership with South China Normal University (SCNU) was approaching a steady state of operation, and possibilities were now being explored to extend Postgraduate provision. Court asked regarding the level of possible risk now associated with the Chinese market, given the UK Government's emerging view of the country as one which may present a risk to the safety or interests of the UK. Caution was

urged to ensure that the University would not carry financial liability if new partnership arrangements could not progress, noting that previous difficulties had been experienced by the University with regard to its extraction from a previous partnership arrangement in South Korea. In response to Members' requests for assurance, it was confirmed that lessons learned from previous activity had been reviewed to inform current proposals. It was noted that the scale of the Chinese market remained a significant opportunity. However, the University was diversifying risk by not associating primarily with one country and had exit strategies and detailed due diligence processes in place to ensure that the avoidance of downside costs for extraction were built into its approach.

- Contractual renewal was ongoing with regard to the University's partnership with AFG College, Qatar and planning approvals had been received by AFG for its proposed new campus. A feasibility study for the Phase 2 expansion of the partnership was nearing completion, alongside the development of a marketing and recruitment plan for July 2026 onwards. The final business case would be presented to Court for consideration at its June 2024 meeting. [REDACTED]

[REDACTED] The Partnership's Qatar Strategic Planning Board had recently authorised the commencement of a transition phase for the Qatar partnership, prior to the establishment of the new Qatar campus, to seek to grow market share in the region and to capitalise on developing student recruitment opportunities via a new student visa route announced by Qatari Ministry of the Interior.

- A full review of the University's partnership agreement with Study Group had been completed in 2023 and a revised contract had subsequently been agreed and signed by both parties. The new arrangements sought to strengthen performance targets and provide further articulation routes for students in respect of the existing International Study Centre (ISC), and advanced negotiations were now being undertaken to explore further engagement with Study Group under new student recruitment models, including further ISC hubs and active campuses in a number of regions. Business plans would return to Court for consideration and approval once available. [REDACTED]

[REDACTED] It was highlighted that the numbers of students successfully completing their studies with the ISC were very high, with over 93% of students completing their foundation programme with ISC going on to progress to their University of Aberdeen degree studies.

- The projected net income for TNE for 2023-24 was [REDACTED], with growth of [REDACTED] projected in 2024-25 reflecting the maturity of the SCNU partnership arrangement, and a further [REDACTED] in 2025-26 across all existing partnerships. Intensive work was ongoing to identify new TNE partnership development opportunities, with [REDACTED] new articulations in development and



proceeding to agreement in support of September 2024 and 2025 entry points. It was anticipated that an additional [REDACTED] could be achieved by the second year of operation, with revenue attributed across both the 2024-25 and 2025-26 financial years. The University was in discussion with a number of brokers for managed campuses for UK universities in key expanding markets such as [REDACTED], with the intention of developing a replicable model to ensure economies of scale and speed of establishment. [Redacted]

- Members sought assurance of the University's capacity to agree and operate new partnerships. It was reported that timeliness was key and the University needed to be able to progress multiple partnership opportunities simultaneously and at speed in order to meet its revenue growth targets. However, significant resource constraints existed in terms of both professional services and School capacity to support the considerable work that was required to underpin and embed routine arrangements. As a result, the University was currently ranking opportunities for progression according to risk-benefit analysis. An additional update would return to Court in June 2024 to provide assurance that capacity issues were being addressed.
- Court asked regarding the possibility of delivering more content online to international students. It was reported that current Home Office requirements around the ability of international students to study UK degrees were primarily based on in-person study. Consultation as ongoing regarding additional online study opportunities for international students, but a maximum level of 20-40% of online study would still be applied.

## REPORTS FROM THE SENATE AND COURT SUB-COMMITTEES

### SENATE

239 Court received a report on the main items of business considered by Senate at its meeting on 27 March 2024 (CT20240424\_10.2). The following key points were noted:

- Senate had voted in favour of a request for an additional meeting to discuss the Financial Recovery Plan and its implications for education and research. The additional meeting was to take place on 8 May 2024.
- Senate had received a presentation on progress to date with regard to the Reimaging our Campuses Project. Concern had been expressed by academic senators at the possibility of losing single occupancy offices and moving to open plan workspaces and hot desking arrangements.
- Senate had held an open debate on the conflict situation between Israel and Palestine, which had included discussion around freedom of speech and the extent to which parties felt able to express personal views across campus regarding the conflict. Senate considered and voted to pass four motions (detailed in section 3.4.1 of the paper). Court's particular attention was drawn to the second motion which called on the University to take action to support Palestinian academics and students workers via

scholarship arrangements and financial support, and to consider how such support could be extended to students and academics in Gaza. It was noted that the Senior Management Team would consider and review what may be possible in the first instance, with any recommendations that may require Court approval to be brought forward in due course.

- Court noted the third motion passed by Senate with regard to academic freedom and freedom of expression, seeking confirmation of whether any specific incidences of potential suppression of freedom of speech had been reported at the University. It was confirmed that some concerns had been raised during the Senate discussions, for which further detail and evidence had been requested. However, to date, no responses or submissions had been received. It was highlighted that, under the University's legal responsibility to uphold academic freedom of speech and expression, formal processes were in place for the confidential reporting of any incidences of racism, intimidation, or harassment, and that any complaints received were fully investigated, whilst maintaining personal confidentiality for complainants.
- On the recommendation of Senate, Court approval was sought and given for the draft Resolution *Changes to Regulations for Various Degrees*, for introduction from the academic year 2024-25. Court noted that the amendments were required to effect the change from Half-Session to Term previously approved by Senate to the academic year structure. Also included were updates to the guidelines for the award of compulsory credit and new regulations governing the introduction of the Master in Science (MSci) in Counselling Psychology.

#### FINANCE AND RESOURCING COMMITTEE

240 Court received a report on the main items of business considered by the Finance and Resourcing Committee at its meeting on 9 April 2024 (CT20240424\_10.3), to provide an overview of the assurances obtained. Key points were noted as follows:

- The Committee had formally endorsed the USS debt monitoring results and metric calculations for 2022-23, which were now recommended to Court for final approval. Court noted that although the University had exceeded two of the metrics in 2022-23, there was no requirement for it to enter into further engagement with the USS Trustee as all four of metrics A-D must be exceeded in any year, or any three of these metrics in consecutive years in order to trigger a requirement to notify. Court was therefore satisfied to approve the compliance report.
- The Committee had been monitoring the situation regarding the outsourcing of key admissions processes, and had received reporting to confirm the significant cost savings and service improvements made as a result of the adoption of third-party services in this area.
- An update had been provided by the Director of Student Recruitment, and whilst concern had been expressed at the significant downturn in International Postgraduate student recruitment levels, the Committee had

been satisfied that significant levels of diversification activity were ongoing under the developing institutional Recruitment Strategy.

- The Committee had received reporting on progress towards the completion of the refurbishment works to the Biomedical Physics Centre for Medical Imaging, including the construction of the University's new Fast Field Cycling MRI scanner. It had been agreed to hold the Committee's next scheduled meeting at the Foresterhill site, to include a visit to the facility. Court noted that individuals from the membership of both the Finance and Resourcing and Commercialisation Committees had met with the University's intellectual property advisors to discuss the patent strategy for the scanner technology, with a number of areas of focus having been identified for progression. Further reporting and developments would be progressed appropriately by the two Committees.
- Under its delegated authority from Court, the Committee had approved the annual disbursement to the Aberdeen Sports Village (ASV) and had requested further information regarding the level of staff uptake of the Village's reduced rate membership offer. [REDACTED]  
[REDACTED]  
[REDACTED] It was reported that work continued in support of the partnership arrangement and continued investment in the facility, and that it remained a strategic priority for the University. [REDACTED]  
[REDACTED]
- The Committee had considered and endorsed reporting from the Investment Committee, indicating their satisfaction with the ongoing management and performance of the University's investment portfolio.

#### PENSIONS ADVISORY GROUP – 19 MARCH 2024

241 Court received a report on the main items of business considered by the Pensions Advisory Group at its meeting on 19 March 2024, (CT20240228\_10.4). In discussion, the following key points were noted:

- The Group had sought confirmation from UASLAS Trustees as to why the scheme remained in deficit, and it was noted that this was primarily due to a previous fund hedging strategy. A new investment strategy was currently under discussion, which would be developed in the context of new rules for defined benefit pensions shortly to be introduced by the pensions regulator, and the University would be fully consulted on forward investment proposals.
- Court noted that the UASLAS Scheme Trustees would have welcomed earlier engagement by the University regarding the VS/ER scheme, and that this had led to delays in responding to requests for applicant pension projections. Members urged the timely involvement of pension providers in all future activity relating to the scheme.

- The Group had also reviewed and endorsed the USS debt monitoring results and metric calculations for 2022-23, with a number of queries having been submitted to the USS Trustee Board to seek assurance of the fund's forward management strategy to ensure that the significant swing between deficit and surplus positions experienced over previous years would not recur in future.
- The Group had received reporting regarding potential alternative pension offerings to enhance the University's offering and seek to address the significant number of staff who were not enrolling in current pension schemes. As part of this work, consideration would be given to forward options for the treatment of the Strathclyde Pension Fund. Further reporting and proposals would be presented to Court in due course.

## ANNUAL REPORT ON PREVENT DUTY

242 Court received a paper (CT20240424\_11.1) to provide an update on the University's activities relating to the Prevent Duty for the academic year 2022-23, and the roll-out of revised Prevent training in the year since its launch. In discussion, the following key points were noted:

- The University had a legal duty to engage with the Prevent agenda and was required to undertake Prevent training.
- As a result of changes to the duties of key safeguarding officers across the University, 11 out of 20 individuals had completed training. Generally, there had been a good take up of training.
- There were very few incidences of reporting under Prevent recorded across the sector in Scotland.
- New laws under the Protect Duty (Martyn's Law) were anticipated to come into effect within the coming year, which would be of particular relevance to any University estate holding more than 800 people. Further updates would be provided in due course.

## RESOLUTION FOR FORMAL APPROVAL: SENATE ELECTIONS

243 Court received a report (CT20240424\_11.2) on the outcome of the statutory process of consultation regarding the Resolution to give effect to changes to the elected staff membership of the Senate.

244 Court noted that it had previously received the draft Resolution at its meeting in November 2023, and had approved the proposals subject to the further consultation required by the Universities (Scotland) Act 1966 being undertaken. That process had now been concluded, with General Council Business Committee providing its endorsement and no further comments having been received from the draft Resolution made available to the public.

245 The Resolution was therefore unchanged from the version provided to Court in November 2023, and as such Court was satisfied to give its formal approval for implementation.

## AOCB

- 246 Court noted that this was the last in-person attendance of Iain Mackay, whose term of office was coming to an end. All present thanked Mr Mackay for his significant contribution to the work of Court over a number of years and wished him well for the future.

### DATE OF NEXT MEETING

- 247 Wednesday, 19 June 2024, 9am to 3.30pm.

[Note by Clerk: Members of Court, with the Head of Governance & Executive Support (as Acting Secretary) and Acting Clerk present, then held a closed session to approve the minutes of the closed meeting of 18 March 2024. A record of this session is provided as a separate confidential minute.]