

UNIVERSITY OF ABERDEEN

UNIVERSITY COURT

Minutes of meeting held on 11 December 2007

Present: Dr Mair (in the Chair), Principal, Mr A Amoore, Professor I Booth, Lady Catto, Ms J Craw, Dr P Edwards, Ms A Fraser, Professor C Fynsk, Mrs S Grant, Miss A Harper, Professor D Houlihan, Councillor P Johnston, Professor S Logan, Ms C Macaslan, Dr M Mackie, Mr M Moir, Professor G Robinson, Mr R Ruddiman, Professor C Secombes and Mr J Wilson, with Professor C Gane, Professor N Haites, Professor A Rodger, Mr S Cannon, Mrs C Banks, Ms I Bews, Mr A Donaldson, Mrs C Inglis, Dr G Mackintosh, Ms L Manders, Dr P Murray and Mr B Purdon (Clerk).

Apologies for absence were received from the Rector, Sir Don Cruickshank, Mr J Leiper, Mr M Lockhead and Professor B MacGregor.

DECLARATION OF INTEREST

80 Mr Ruddiman declared an interest in respect of the agenda item on Governance Reform as a Partner in the firm of solicitors providing legal advice to the University on this matter.

MINUTES

81 The Minutes of the meeting held on 30th October 2007 were approved.

STATEMENT BY PRINCIPAL

82 The Principal noted that the agreement with the City Council for the lease of Marischal College had been completed.

83 The Principal informed Court that the City Council had approved the planning application for the construction of the new Library.

84 The Principal informed Court that the Support Services of the University had been recommended for the award of Investors in People status. The University was working towards the Colleges receiving Investors in People accreditation.

85 The Principal also noted that in the recent Times Higher Education Supplement awards, the University had won the award for leadership development in respect of its International Leadership Development Programme.

86 The Principal also highlighted two significant new research grants that the University had been awarded. In systems biology, the University had been awarded jointly with Imperial College London a grant of more than £5m for work on fungal infection. The other award was in Engineering where a research contract worth £800k had been received from the Intermediary Technology Institute for Energy, with the potential to apply for further awards in the future.

GOVERNANCE REFORM

87 Mr Cannon introduced a paper that proposed possible next steps in taking forward the new governance model (based around an Operating Board reporting to Court) that had been welcomed in principle by Court at its informal strategy meeting in September.

- 88 The paper also set out in high level terms how the new structure might operate in practice. As a first step, it proposed establishing a Governance Committee as a Committee of Court, with it subsuming the responsibilities of the Nominating Committee and of the Conflicts of Interests Committee. It would then be for the Governance Committee to develop more detailed proposals regarding the modus operandi of the Operating Board.
- 89 The paper, therefore, recommended:
- (i) the establishment of a Governance Committee as a Committee of Court and approval of a draft remit and composition (enclosed as an appendix to this minute), and the abolition of the Nominating and Conflicts of Interests Committees.
 - (ii) to instruct the Governance Committee to develop proposals to take forward the creation of a new governance structure.
- 90 The Court discussed the issue of whether the Chair of the Governance Committee could also be the Chair of Court and whether members of the Governance Committee should be excluded from membership of the Operating Board. It was noted, that the Governance Committee would pursue both these issues further.
- 91 The Court approved the recommendations and noted that, as it might not be appropriate for the Nominating Committee to propose the membership of the Governance Committee, members of Court were invited to make nominations to the Clerk of Court, and the Convenor of the Audit Committee would bring back to Court for approval recommendations on the membership of the Governance Committee.

UNIVERSITY ANNUAL ACCOUNTS

- 92 The Court received the University's Group Consolidated Annual Accounts for the financial year 2006-07, which had been considered by the Audit Committee and forwarded by the Joint Planning Finance and Estates Committee with a recommendation for their approval by the Court (*See also Minutes 115 and 129-130 below*). The Court also received a commentary from the Finance Director which highlighted key audit and accounting issues; and the External Auditors' Report and Management Letter which provided a clean audit opinion.
- 93 The Director of Finance drew to the Court's attention a number of key points in the Accounts. The accounts reported an historical cost surplus of £4.3m, which included two exceptional items. Excluding these, the surplus was £4.9m. The budget target for 2006-07 had been £3.5m and excluding non-cash adjustments relating to Financial Reporting Standard 17 and an exceptional one-off gain on sale of equipment, the actual out-turn was £3.7m. Income for the year had increased by £15.6m (9.9%), with overseas fees increasing by £2.6m (24%) and Research Grants and Contracts income increasing by £3.3m (8%). The paper also highlighted two post balance sheet events, relating to gains on sale of fixed asset investments and to the lease of Marischal College to the City Council.
- 94 The Court approved the University's Annual Accounts for 2006-07.
- 95 The Court also noted the Annual Summary Report on Endowments which had increased in value in the year by 11.3% to £35.7m. This reflected the general improvement in the stock market in the course of the year.

UPDATED TEN YEAR CASH FLOW

- 96 The Court received an updated ten year cash flow plan which took account of revised cost projections, fundraising and rephrasing of some capital project budgets. The Court noted that the plan had been recommended for approval by the Joint Planning, Finance and Estates Committee (*See Minute 114 below*)

- 97 In discussion, it was noted that there remained a number of unprioritised capital projects which the University was considering whether or not to take forward.
- 98 The Court approved the updated ten year cash flow plan.

ROWETT RESEARCH INSTITUTE MERGER: BUSINESS PLAN

- 99 Professor Logan introduced a draft Business Plan for the proposed merger with the Rowett Research Institute that had been prepared at the request of the Scottish Rural and Environment Research Analysis Directorate (RERAD). (*See Minute 121 below*)
- 100 The Court noted that Professor Logan, together with senior representatives of the Institute, had held a positive meeting with the Cabinet Secretary and other senior officials from RERAD.
- 101 In discussion, it was noted that the merger at present included a number of significant potential risks for the University, although it was anticipated that as discussions progressed the extent of these could be reduced. The Court noted also that the current plan included a very significant capital project and that, as currently proposed, the extent to which this might add to the University's borrowings would need to be considered carefully.
- 102 The Court noted the draft Business Plan, further versions of which would be brought back and would form part of any final decision regarding merger.

SPENDING REVIEW

- 103 Professor Logan introduced a paper summarising the outcome of the Scottish Government spending review in respect of the higher education budget.
- 104 The Court noted that in terms of revenue funding the settlement was significantly below the amount that Universities Scotland's submission to the review had sought. Universities Scotland had asked for the higher education sector's baseline funding to increase by 15% in real terms by the end of the three year period. It was estimated, however, that the settlement would result in a 2.9% increase to baseline funding by that time.
- 105 Professor Logan indicated that with existing commitments to fund a pay award of 3.5% and annual incremental drift in salary costs above that, the settlement would be a challenging one for the University.
- 106 The Court also noted that the Cabinet Secretary for Education and Lifelong Learning had agreed to create a Joint Future Thinking Taskforce to include representatives of higher education to consider the longer term future of universities.
- 107 The Court also noted that the University and Colleges Employers Association was discussing the future of collective bargaining in the sector and that this important issue would be considered at future Court meetings, prior to the University finalising its position on the matter.

JOINT PLANNING FINANCE AND ESTATES COMMITTEE

Sustainable Buildings Policy

- 108 The Court received a paper from the Joint Planning, Finance & Estates Committee recommending approval of a University Sustainable Buildings Policy.
- 109 The Court approved the Sustainable Buildings Policy (*copy filed with the principal copy of the minutes*).

Utilities Policy and Targets

- 110 The Court received a paper from the Joint Planning, Finance & Estates Committee recommending approval of a University Utilities Policy, together with targets for carbon dioxide and water reduction. It had noted that the Policy underpinned the commitments made in the University's Environmental Policy, approved by Court at its meeting on 22 May 2007.
- 111 The Court approved the Utilities Policy and Targets.

Overseas Tuition Fees

- 112 The Court received a paper from the Joint Planning, Finance & Estates Committee which recommended the approval of proposed tuition fees for overseas students for 2008-09.
- 113 The Court approved the following recommendations:

- (i) That the following "headline" fees be approved for student intakes during academic year 2008-09:

Arts-based programmes	£9,000
Science-based programmes	£11,250
Clinical Medicine	£22,040
MBA	£11,500

- (ii) That the approved tuition fee be applicable for the whole of the programme of any student commencing a one-year full-time taught postgraduate programme during the academic year 2008-09.
- (iii) That additional incentives such as discounting of fees or payment of first year accommodation costs for fully self-funded students be considered further by Colleges, where appropriate, to deliver student numbers, and if considered appropriate, proposals for this be brought forward in due course.

10-year Cash Flow Plan

- 114 The Court noted that the Joint Planning, Finance & Estates Committee had received and considered an update to the 10-year Cash Flow Plan and had recommended its approval to Court. (See *Minutes* 96-98 above)

University Annual Accounts 2006/07

- 115 The Court noted that the Joint, Planning, Finance & Estates Committee had considered the audited University Annual Accounts for the financial year 1 August 2006 to 31 July 2007, together with a Commentary from the Finance Director, a summary of Endowments for the year, and the External Auditor's report. The Court further noted that the Committee had recommended, that the Annual Accounts be approved by Court. (See *Minutes* 92-95 and 129-130)

AUDIT COMMITTEE

Audit Committee Annual Report

- 116 The Court received and approved the Audit Committee's Annual Report for 2006/07 for submission to the Scottish Funding Council.

Internal Auditors' Annual Report

- 117 The Court received and approved the Internal Auditors' Annual Report for 2006/07 for submission to the Scottish Funding Council.

Appointment of External Auditors

- 118 The Court approved a recommendation from the Audit Committee to re-appoint PricewaterhouseCoopers as External Auditors for two years commencing 1 January 2008.

STAFFING AND DEVELOPMENT COMMITTEE

Disclosure Scotland Appeal Process

- 119 The Court received a paper from the Staffing and Development Committee which recommended the approval of amendments to the Disclosure Scotland Appeal Process.
- 120 The Court approved the amendments to the Disclosure Scotland Appeal Process.

JOINT PLANNING, FINANCE AND ESTATES COMMITTEE

Rowett Research Institute

- 121 The Court noted that the Joint Planning, Finance & Estates Committee had endorsed a draft Business Plan for the planned merger with the Rowett Research Institute. (See also Minutes 99-102 above)

University Spin-Out Company Holdings

- 122 The Court noted that the Joint Planning, Finance & Estates Committee had received a report on the University Spin-out Company Holdings. It had noted that the Court, at its meeting on 22 May 2007, had approved the establishment of a new JPFEC Sub-Committee, the Strategic Business Ventures Group, which would report every 6 months to JPFEC. This Group, currently in the process of being formalised, would have the responsibility for decision-making around investments in, and exits from, spin-out companies. There would be a requirement for the Board of AURIS Ltd to continue to meet concurrently with this new Group, as AURIS still held some existing company equity; however, the shares held by AURIS in most of the remaining companies would be transferred to the University during 2007/08.

Monthly Management Accounts

- 123 The Court noted that the Joint Planning, Finance & Estates Committee had received copies of the Monthly Management Accounts for the period ending 31 October 2007.

Capital Expenditure Sub-Committee Report

- 124 The Court noted that the Joint Planning, Finance & Estates Committee had received a report from the Capital Expenditure Sub-Committee. The report had indicated that, in general, spend against the annual capital programme and institutional projects in 2006/07 had been as planned. The Court noted that the Joint Planning, Finance & Estates Committee had approved a recommendation that a number of capital budgets be rolled forward from 2006/07 to 2007/08.
- 125 The Court noted that the Joint Planning, Finance & Estates Committee had discussed the projected overspend for the Central Heating Station Project of £436K, plus an additional £230K, based on a risk assessment of outstanding claims. Improvements had since been made in the robustness of contract documentation and in the assessment of cost plans. A provision for the overspend was included in the updated 10-year plan.
- 126 The Court noted that the Joint Planning, Finance & Estates Committee had received progress reports on various other projects including Zoology, the New Library, Hillhead, Matthew Hay, the Regional Sports Facilities and Marischal College.

Risk Management Committee Report

- 127 The Court noted that the Joint Planning, Finance & Estates Committee had received a report from the Risk Management Committee and had approved a number of changes to the Risk Register.

Entry Requirements

- 128 The Court noted that the Joint Planning, Finance & Estates Committee had approved changes to the 2009 entry requirements for Divinity, Law and Medicine.

AUDIT COMMITTEE

University Annual Accounts: Year ended 31 July 2007

- 129 The Court noted that the Audit Committee had considered the University's Draft Annual Accounts for the financial year 2006/07, together with a commentary from the Director of Finance and a summary of Endowment funds.
- 130 The Court also noted that the Committee had received the External Auditors' Report to the Audit Committee, had considered the conduct of the audit and had noted that an unqualified audit opinion in respect of the consolidated accounts would be issued. (See also Minutes 92-95 and 115)
- 131 The Court noted that the Committee was satisfied with the work of the external auditors and that the accounts represented an accurate statement of the University's position for the 2006/07 financial year.

SENATE REPORT

Role of the Rector on Court: Draft Ordinance

- 132 The Court noted that the Senate, for its part, had noted the decision which the Court had taken to remove the right of the Office of Rector to be automatic Chair of Court, and had approved a draft Ordinance to effect this.

Information Strategy Committee

- 133 The Court noted that the Senate, for its part, had approved a recommendation from the Information Strategy Committee to amend its composition to include the Vice-Principal for Learning and Teaching and the Vice-Principal for Research and Commercialisation as members of the Committee.

QUARTERLY FINANCIAL REPORT

- 134 The Court noted the management accounts for the first quarter to 31 October 2007 which reported a surplus before exceptional items of £1.9m against a budgeted surplus of £0.6m.

RESPONSE TO SFC JOINT QUALITY REVIEW

- 135 The Court noted the University's response to the Scottish Funding Council's consultation on the report of the Joint Quality Review.

CURRICULUM REFORM

- 136 The Court noted an update on the progress of Curriculum Reform which summarised the main issues to have emerged in the discussions across the University to date.

PAPERS AVAILABLE ON REQUEST

- 137 The Court was informed that the following papers were available on request from Policy, Planning & Governance:
- (i) CPD PUMP PRIMING FUNDING 2007/2008: Invitation to apply for Pump Priming funding to support the development of Continuing Professional Development (CPD) activity.
 - (ii) LEARNING FOR ALL: THE WAY FORWARD: SFC Circular Letter SFC/49/2007, providing and update on SFC's progress in implementing the *Learning for all* action plan and the next steps for taking it forward into 2009.
 - (iii) BURGESS GROUP FINAL REPORT: BEYOND THE HONOURS DEGREE CLASSIFICATION: Summary of Burgess Group Final Report.
 - (iv) ARTICULATION FOR ALL? SFC Consultation SFC/05/2007 C: Seeking views on options for SFC's policies on articulation between colleges and higher education institutions. At http://www.sfc.ac.uk/information/info_consultations/sfc/2007/sfc0507c/sfc052007c.pdf
 - (v) ADDITIONAL CAPITAL FUNDING IN 2007-08: Circular letter 54/2007. Allocating the additional £100M capital funding recently announced by Alex Salmond. At http://www.sfc.ac.uk/information/info_circulars/sfc/2007/sfc5407/sfc542007.pdf

FUTURE BUSINESS

- 138 Members of Court were invited to forward to the Clerk any matters which they felt should be included in Court papers as future business

DATE OF NEXT MEETING:

- 139 It was noted the next scheduled meeting of Court would be held on Tuesday 5th February 2008.