

UNIVERSITY OF ABERDEEN

UNIVERSITY COURT

Wednesday, 21 June 2023

THE FOLLOWING PAPERS HAVE BEEN WITHHELD ON THE GROUNDS OF CONFIDENTIALITY:

7.2 Budgets 2023/24 to 2025/26 – cover paper and Court commentary provided, with some appendices withheld as follows:

Note by Clerk: Appendices 2, 4 and 5 were initially withheld but then published in January 2024

- 7.2a Appendix 1 – Planning Assumptions 23-24 to 25-26 WITHHELD
- 7.2b Appendix 2 – Covenant Calculation INCLUDED
- 7.2c Appendix 3 – School Budgets WITHHELD
- 7.2d Appendix 4 – School Contribution Graphs INCLUDED
- 7.2e Appendix 5 – Professional Services Directorate Budgets INCLUDED
- 7.2f Appendix 6 – 10 Year Cash Flow Plan WITHHELD
- 7.2g Appendix 7 – Sensitivity Analysis WITHHELD

7.3 Strategic Plan Forecast to Scottish Funding Council for 2022-23 to 2024-25 – cover paper and Court commentary provided, with all appendices withheld:

- 7.3a Aberdeen SPF June 2023 Commentary INCLUDED
- 7.3b Appendix A – Planning Assumptions 23-24 to 25-26 WITHHELD
- 7.3c Appendix B – Sensitivity Analysis WITHHELD
- 7.3d Appendix C – 10 Year Cash Flow Plan WITHHELD
- 7.3e HE Strategic Plan Forecast 2023 WITHHELD

9.2 Audit and Risk Committee Report

THE FOLLOWING PAPERS ARE ENCLOSED BUT HAVE BEEN REDACTED ON THE GROUNDS OF CONFIDENTIALITY:

7.4 Finance and Resourcing Committee (Sections 8.3, 8.10, 8.13 and 8.17)

There will be a meeting of the **UNIVERSITY COURT** on **Wednesday 21 June** at 9am to 3pm in the **Craig Suite, Sir Duncan Rice Library**. Coffee and breakfast available from 8:30am.

BUSINESS

All items of business are for discussion, providing information or context relevant for current or future decisions. Those items that require a decision today are annotated accordingly.

- 1 WELCOME AND RECTOR'S REPORT
- 2 DECLARATIONS OF INTEREST AND REMINDER OF COURT AND MEMBER RESPONSIBILITIES (enclosed)
- 3 MINUTES OF 26 April 2023: For Approval (enclosed)
- 4 ACTION LOG AND MATTERS ARISING (enclosed)
- 5 REPORT FROM THE SENIOR GOVERNOR (enclosed)
- 6 REPORT FROM THE PRINCIPAL AND UPDATE ON HE SECTOR/UNIVERSITY DEVELOPMENTS (enclosed)
- 7 FINANCE AND PLANNING
 - 7.1 2022/23 Updated Financial Position and Projection **Strictly Confidential** (enclosed)
 - 7.2 Budgets 2023/24 to 2025/26: For Decision **Strictly Confidential** (enclosed)
 - 7.3 Strategic Plan Forecast to Scottish Funding Council for 2022-23 to 2024-25: For Decision **Strictly Confidential** (enclosed)
 - 7.4 Finance and Resourcing Committee: **Part Confidential** (enclosed)
- 8 ESTATES AND DIGITAL INFRASTRUCTURE
 - 8.1 Capital Investments
 - 8.2 Presentation on Campus Re-imagining Project
- 9 REPORTS FROM SENATE AND COURT SUB-COMMITTEES
 - 9.1 Senate: For Decision (enclosed)
 - 9.2 Audit and Risk Committee: For Decision **Strictly Confidential** (enclosed)
 - 9.3 Commercialisation Committee (enclosed)
 - 9.4 Pensions Advisory Group (enclosed)

- 10 GOVERNANCE & REGULATORY
 - 10.1 Update on Appointment of Independent Members of Court: For Information
 - 10.2 Governance and Nominations Committee Report: For Decision (enclosed)
 - 10.3 Resolutions for Formal Approval: For Decision (enclosed)
- 11 FORWARD FRAMEWORK FOR EFFECTIVENESS REVIEWS (enclosed)
- 12 FURTHER REPORTS FOR NOTE OR REFERENCE AVAILABLE IN RESOURCES AREA OF DECISION TIME
 - 12.1 Report from the Partnership, Negotiating & Consultative Committee
- 13 CLOSED BUSINESS SESSION
- 14 DATE OF NEXT MEETING: 26 and 27 September 2023
Court Strategy Sessions: 4pm to 6:30pm on Tuesday 26 September, followed by Dinner, and then 9am to 3pm Wednesday 27 September



UNIVERSITY COURT

21 June 2023

DECLARATION OF INTEREST, BUSINESS FOR DISCUSSION AND REMINDER OF COURT AND MEMBER RESPONSIBILITIES

DECLARATION OF INTEREST:

Any member or individual in attendance (including officers) who has a clear interest in a matter on the agenda must declare that interest at the meeting.

BUSINESS FOR DISCUSSION:

All items of business are for discussion, providing information or context relevant for current or future decisions. Those items that require a decision today are annotated accordingly.

RESPONSIBILITIES OF COURT AND COURT MEMBERS

Enclosed is a reminder for Court, for information, of:

- (a) its remit and primary responsibilities and the schedule of decisions reserved to it;
- (b) the role and duties of members, in particular, as trustees in charity law;

FURTHER INFORMATION

Further information is available from Bruce Purdon, Clerk to the Court, email b.purdon@abdn.ac.uk.

Confidentiality Status: Open

UNIVERSITY OF ABERDEEN

UNIVERSITY COURT

RESPONSIBILITIES OF COURT AND DUTIES OF MEMBERS AS CHARITY TRUSTEES

1. REMIT AND RESPONSIBILITIES

- 1.1 The constitutional basis, authority and responsibilities of the University Court are derived largely from the statutes contained in the Universities (Scotland) Acts from 1858 to 1966 and in the Ordinances and Resolutions made thereunder. Latterly this has been supplemented by the requirements of the Higher Education Governance Scotland (Act). The University is also a registered Scottish Charity and as such the Court as the governing body is the board of trustees, its members are charity trustees and subject to Scottish charities law, with accountability to the Office of the Scottish Charities Regulator (OSCR). The powers and functions of the Court are drawn from these requirements of statute and are set out in its Statement of Primary Responsibilities <https://www.abdn.ac.uk/staffnet/governance/court-information.php#panel2452>
- 1.2 The Court has delegated many of its functions to its sub-committees: Audit and Risk, Commercialisation, Finance and Resourcing, Governance and Nominations, and Remuneration. These are set out in the respective remits of each Committee – and going forward brought together under a Schedule of Delegations expected to be considered by Court in November 2022. It should be noted, however, that Court as the governing body remains ultimately responsible for any decisions made by sub-committees on its behalf.

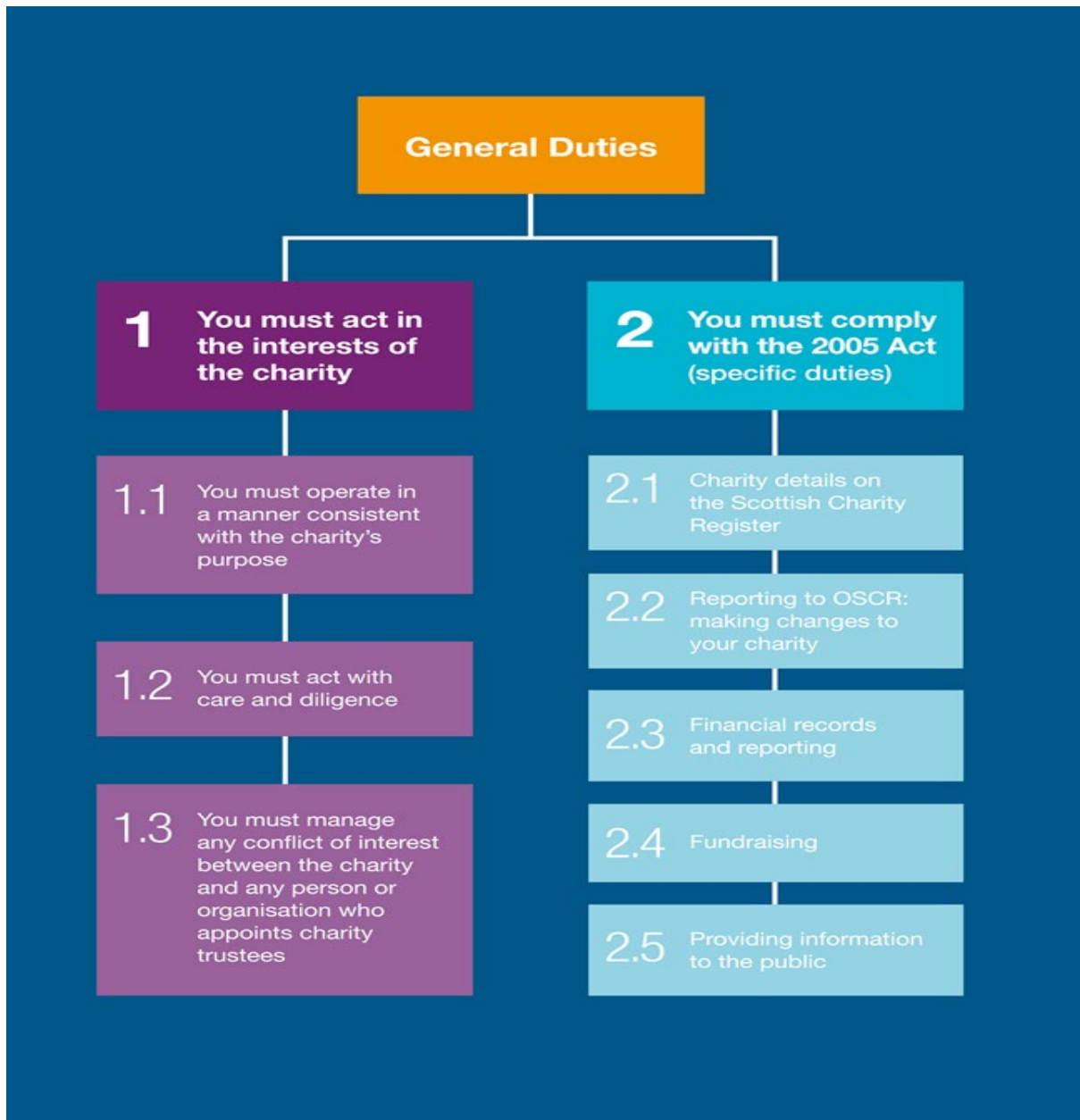
2. ROLE OF MEMBERS, CODE OF CONDUCT AND DUTIES OF CHARITY TRUSTEES

- 2.1 Members are reminded of their role as a governor (detailed below), the Court's Code of Conduct for Members (provided in your letter of appointment a condition of appointment) and, in particular, your duties as charity trustees under the Charities and Trustee Investment (Scotland) Act 2005. You should also be aware of the requirements of the Scottish Code of Good HE Governance <http://www.scottishuniversitygovernance.ac.uk/2017-code/> and the Financial Memorandum with the Scottish Funding Council: [http://www.sfc.ac.uk/web/FILES/Guidance_Governance/Financial Memorandum with higher education institutions - 1 December 2014.pdf](http://www.sfc.ac.uk/web/FILES/Guidance_Governance/Financial_Memorandum_with_higher_education_institutions_-_1_December_2014.pdf)

Duties in Charities Law

- 2.2 These are summarised below, but more detailed guidance on the duties of charity trustees OSCR were provided in papers for the September 2020 meeting or available here <https://www.oscr.org.uk/guidance-and-forms/guidance-and-good-practice-for-charity-trustees/> All members are asked to regularly review their responsibilities as individual charity trustees in law.

- 2.3 All charity trustees have legal duties and responsibilities under the **2005 Act**. A duty is something that you must do, and all the duties must be met. These duties are separated out into **general duties**, that set out a broad framework that all charity trustees must work within, and **specific duties** detailed in the 2005 Act – OSCR note that you might delegate the practical details of the specific duties to your charity’s staff, volunteers or professional advisers, but that the charity trustees are ultimately responsible for making sure the specific duties are met. The general and specific duties apply equally to **all** charity trustees and to **all** charities. All of the charity’s trustees should work together to make sure that these duties are met. If you fail to comply with these duties then this is **misconduct** and OSCR have powers to take action against charity trustees, where appropriate. OSCR state that their response will be proportionate depending on the situation. Where a charity trustee has acted reasonably and honestly it is unlikely to be treated as misconduct.
- 2.4 As a charity trustee, the key duty is to look after the charity’s **assets** and for making sure that the charity fulfils its **charitable purpose(s) – the University’s purposes based on OSCR registration categorisations are:** the advancement of higher education, of health, of citizenship or community development, and the advancement of the arts, heritage, culture or science.
- 2.5 The general and specific duties under the 2005 Act are:



3. COURT'S AGREED ROLE DESCRIPTION FOR COURT MEMBERS

3.1 In addition to the duties under law, the Court's agreed role description for governors, taking into account the requirements of the Scottish Code of Good HE Governance is:

Each governor is responsible, collectively with fellow governors, for the effective leadership of the University in all its aspects. That translates into more specific responsibilities of which the following are key:

- To play an appropriate part in furthering the values of higher education and the mission of the University of Aberdeen in particular;
- To ensure that the Court exercises efficient and effective use of the resources of the University, maintains its long-term financial viability, and

safeguards its assets, and that proper mechanisms exist to ensure financial control and for the prevention of fraud;

- To exercise oversight in respect of the academic, corporate, financial, estate and human resource functions delegated to the authority of the Principal as chief executive;
- To ensure that Court conducts itself in accordance with accepted standards of behaviour in public life, embracing duty, selflessness, integrity, objectivity, accountability and stewardship, openness, honesty, leadership and respect. Members must at all times regulate their personal conduct as members of the Court in accordance with these standards;
- To establish constructive and supportive but challenging working relationships with the University employees with whom they come into contact, whilst recognising the proper separation between governance and executive management;
- To act fairly and impartially in the interests of the University as a whole using independent judgement and maintaining confidentiality as appropriate;

Ends

UNIVERSITY OF ABERDEEN

UNIVERSITY COURT

**MINUTES OF MEETING HELD ON 26 APRIL 2023 IN THE ROWETT INSTITUTE
OF NUTRITION AND HEALTH**

Present: Julie Ashworth (in the Chair for Minutes 154 onwards)
Colette Backwell
Eleanor Bentley
George Boyne
Martina Chukwuma-Ezike (in the Chair for Minutes 153)
Owen Cox (via Teams)
Helen Martin (up to Minute 182)
Lyndsay Menzies (via Teams except for Minutes 163 to 174)
Caryn Miller (via Teams up to Minute 182)
Vanessa Mabonso Nzola
Iain Percival
Charlotte Pope-Williams
Joachim Schaper (via Teams up to Minutes 184)
Diane Skåtun
Otto Thoresen (via Teams)
Robert Traynham (via Teams for Minutes 163 to 182)
Neil Vargesson
Ilia Xypolia

In attendance: Liza Boffen-Yordanova
Marion Campbell
Pete Edwards
David Evans
Karl Leydecker
Tracey Slaven
Louise Thomson
Iain Torrance KCVO
Mark White
Bruce Purdon (Clerk)

Apologies: Keith Anderson
Camilo Torres Barragán
Nick Edwards
Iain Mackay
Gary McRae
Martin Mills
Anne Minto

WELCOME AND RECTOR'S REPORT

153 The Rector opened the meeting and introduced her written report to Court on activities that she had undertaken since the last meeting (*copy filed with the principal copy of the Minutes*). On behalf of Court, the Rector congratulated

Vanessa Mabonso Nzola on her re-election as President of Aberdeen University Students' Association (AUSA). The Court also congratulated Ms Nzolo on her recent work at national level in highlighting the issue of homelessness amongst international students.

DECLARATIONS OF INTEREST AND REMINDER OF COURT AND MEMBER RESPONSIBILITIES

- 154 The Court noted the standing reminder of the responsibilities of Court and members as charity trustees (*copy filed with the principal copy of the Minutes*). No declarations of interest in the agenda were noted.

MINUTES OF 1 MARCH 2023

- 155 The Minutes of the Meeting held on 1 March 2023 were approved.

ACTION LOG AND MATTERS ARISING

- 156 The Court noted a report on the updated Action Log (*copy filed with the principal copy of the Minutes*). In discussion, an update was provided on the recruitment of a Director of Student Recruitment and, in response to a question related to the Hillhead heating renewal project, a confirmation was provided that the University would consider the longer-term maintenance requirements for heating across the Old Aberdeen campus.

REPORT FROM THE SENIOR GOVERNOR

- 157 The Court received and noted a report from the Senior Governor on the meetings and activities she had undertaken since the previous meeting (*copy filed with the principal copy of the Minutes*). The Senior Governor also reflected on the Principal's delivery of the Loyal Address to His Majesty The King and the inclusivity of the University contingent attending the event, representing the Chancellor, Court, the student body, and academic, professional services and technical staff.

Court Race Champion

- 158 The Senior Governor advised Court that Owen Cox had agreed to take on the role of Court Race Champion and expressed the Court's thanks to him for doing so.

REPORT FROM THE PRINCIPAL AND UPDATE ON HE SECTOR/UNIVERSITY DEVELOPMENTS

- 159 The Court received a report on policy developments relating to higher education and the recent achievements of staff and students at Aberdeen University (*copy filed with the principal copy of the Minutes*) supplemented by an oral report from the Principal. As part of his report the Principal highlighted:

- International Postgraduate Taught applications, offers and acceptances for September 2023 were improving although not yet at

the level that the University aspired to. The Principal noted that this was only the half way point in the recruitment cycle and that it would take time for the processing improvements that had been put in place to have full effect. He anticipated, however, continued improvement in the January 2024 round and the full benefit to recruitment figures by 2024. The Court also discussed the approach to modelling student numbers and the challenges to that from volatility of particular markets. In addition, current national policy on how widening access intakes were set and defined was also discussed.

- Financial Forecast: the Principal noted that as reported later in the agenda, good progress towards bringing the financial projection for 2022/23 year end closer to the agreed Court budget position was being made, with work ongoing to identify savings and efficiencies across Schools and Directorates.
- Marking and Assessment Boycott: The Principal noted his concern at the potential impact that this could have on students and their graduation. He emphasised that protecting students' degree awards was paramount and the University would make every effort to do so. It was confirmed that the University could potentially face legal actions from the impact of a boycott.
- Investment Zones: the Principal updated Court on the University's efforts to support an Aberdeen bid to the UK Government's Investment Zones programme.

160 In discussion, it was agreed that Court members attending a forthcoming University hosted Holyrood Reception would receive a briefing note to support them in their advocacy role. Members also discussed the level of challenge that the current environment posed for the University's delivery of the range of priorities set out in Aberdeen 2040. The Court was assured that the Senior Management Team were cognisant of that point and would be assessing and discussing further with Court if the timeframe for the delivery of some of those priorities needed adjustment.

ENHANCING OUR DATA AND SYSTEMS

161 The Court received a presentation from the Director of Digital and Information Systems on the University's outline plans to modernise its business data and systems processes. This discussed the need to consolidate systems that had developed piecemeal over time and replace with new functionality and processes to improve the staff and student experience, reduce workloads and support the delivery of the Aberdeen 2040 strategy across a range of its commitments. The presentation also discussed the the challenges that future development would need to address to create virtual and physical spaces that enabled interdisciplinary exchange and innovation. Those challenges included the size and age of the estate, and, the pace of technical change and difficulty of anticipating future requirements.

162 In the subsequent discussion, the following key points of note were recorded:

- Modernising and in some cases replacing systems that would become obsolete or unsupported by their suppliers was imperative. The student

admissions system and associated processes was noted as one example of the type of modernisation that was required across a number of systems to address a 'technology deficit' that had developed during a previous period of financial constraints.

- The challenge of anticipating what the needs of the University would be in a decade's time and how the rapid pace of change of new technologies such as Artificial Intelligence would influence that.
- There was scope for pooling of horizon scanning across the sector to map the future challenges of using new technology but the competitive nature of the sector would limit the development of shared responses.
- The risks posed by cybersecurity were acknowledged and under constant review. The University's appointment of a cyber security incident response company provided further reassurance although it remained a recognised risk. The Audit and Risk Committee would receive a report on the University's approach to auditing IT security in June 2023.

FINANCE AND PLANNING

2022/23 UPDATED FINANCIAL PROJECTION

- 163 The Court received an updated paper on the year-end projected financial position (*copy filed with the principal copy of the Minutes*), based on the February 2023 forecast and following savings discussions with Schools and Directorates.
- 164 The Court noted that:
- the current forecast position was for a £3.4m year-end deficit, as compared to the agreed budget of a £1.9m deficit – which was a £5.3m improvement on the last reported position in March as a result of the savings and additional income identified. This outcome would achieve borrowing covenant compliance. Work would continue to bring the University closer to the original £1.9m deficit budget target.
 - the forecast incorporated the national pay offer at an estimated cost of £1.7m and assumed an additional £1m of Development Trust funding which had yet to be fully identified.
 - the savings identified did not have a material impact on the Institution's future REF (Research Excellence Framework) planning.
 - the forecast included, among other assumptions detailed in the paper, a clawback repayment to the Scottish Funding Council (SFC) of £1.2m for non-achievement of non-controlled student places but noted that this was yet to be confirmed by SFC.

USS DEBT MONITORING REPORT 2021/22

- 165 The Court received an update on the Universities Superannuation Scheme (USS) debt monitoring results for financial year 2021/22 (*copy filed with the principal copy of the Minutes*).

166 The Court noted that USS had yet to confirm the metrics it would use for the reporting period but that the University had assumed for the purposes of the report that they would use the same ones as for the previous year. It was reported that, although the University had breached two of the five metrics in 2021-22, there was no requirement for it to enter into further engagement with the USS Trustees, as all four metrics would need to be breached in any year, or any three of metrics in 2 consecutive years, in order to trigger additional reporting.

PRESENTATION ON KING'S AND JOHNSTON CAPITAL PROJECTS

167 The Court received a presentation on the status of the King's and Johnston Capital Projects. The presentation covered:

- the background and key objectives of the projects;
- the bond funding and original budget envelope agreed for the projects compared with the current projected cost estimates (pending conclusion of the tender process);
- the project timelines and the current position with regard to the ongoing tender process for the works. The Court was also briefed on the assurance review process that would be undertaken, following receipt of tenders. This was an independent external review intended to test if the objectives and underpinning assumptions of the projects remained relevant and cost-effective, which was noted as being particularly important given the impact of the pandemic and other changes to the external environment since the projects were conceived. This was expected to be concluded in time to be shared with Court at its next meeting.
- early stage contingency planning work that had been undertaken to consider project options should market cost pressures result in the projects as currently conceived being unaffordable.

168 In discussion, it was noted that there was a low number of contractors who had registered an interest in the tenders for both projects and that this presented some risk to the projects should only a sole contractor bid. It was confirmed that among potential alternative options, if required, was the leasing of other bespoke office accommodation within Aberdeen. The potential contribution that the future fundraising campaign could bring towards the cost of the projects was also discussed, noting that currently the budget assumed a contribution of £5m from philanthropy.

169 The Court also discussed the significance of the Business School to the supporting business case for the projects and noted that prior to any significant next decision points it would be important, in that context, for Court to also be assured about the School's own plans for future growth and success. It was also confirmed that the Court was due to discuss at its next meeting the wider strategy for the physical and digital estate.

BI-ANNUAL STRATEGIC RISK MANAGEMENT UPDATE

- 170 The Court received the bi-annual update on risk management at an institutional level (*copy filed with the principal copy of the Minutes*).
- 171 The update reported on the University's Strategic Risk Register following review and revision by risk owners and managers. This had resulted in the number of risks rated critical increasing from six to nine, mainly due to the financial position and the volatility of the external operating environment.
- 172 The Court noted that the establishment of the new Risk Management Committee had been completed and it would hold its first meeting during May 2023. The Court also noted the updates that had been made to the University Risk Management Framework to include the University's new Risk Appetite Statement.

REPORTS FROM COURT SUB-COMMITTEES

GOVERNANCE AND NOMINATIONS COMMITTEE REPORT

- 173 The Court received a report on the key items of business considered by the Governance and Nominations Committee at its meeting on 28 March 2023 (*copy filed with the principal copy of the Minutes*).

The Court, on the recommendation of the Committee agreed to:

- Approve the reappointment of Iain Mackay and Lyndsay Menzies as independent members of Court for a further period of one year with effect from 1 August 2023.
- Approve the updated approach (as detailed in the paper) to Senior Governor and Governor performance reviews, which proposed undertaking Governor reviews across a standard format, with specific requirements for Court committee chairs and the Senior Governor.
- Approve the proposed approach to revising the Code of Practice on Conflicts of Interest and that this be taken forward and approved by Senior Management as an executive/operational matter. The proposed revisions were intended to ensure that the role of the Governance and Nominations Committee was focused on matters related to Court, Audit and Risk Committee and Senior Management members, and that wider staffing conflicts of interest matters are addressed at an executive/senior management level.
- That a recommendation from the very first stage governance review of 2020 around a modernised meeting facility for Court should be removed from the action plan given current financial constraints and the recent approach to now hold Court meetings in different venues across campuses.
- Note the current and future vacancies on Court sub-committees and that members were invited to express an interest in these to the Governance and Nominations Committee. The Court was also advised that there was a vacancy for an independent member of Court on the Advisory Group on Collections Deaccessioning and Repatriation and

that an update to the policy governing that procedure would be taken to a future Court or by circulation for approval.

- Note that the transfer of secretariat support for the Remuneration Committee to the Governance and Executive Support Team had commenced from April 2023.

REMUNERATION COMMITTEE

174 The Court received a report on the main items of business discussed at the meeting of the Remuneration Committee on 20 March 2023 (*copy filed with the principal copy of the Minutes*). The Court formally noted the implementation of the Senior Staff Pay Policy exercise for 2023 as agreed by the Committee, the key aspects of which were:

- a budget of £100k for the 2023 Senior Staff Pay exercise, with the restriction of the pool of eligible staff to those earning less than 3 times the University average salary (£45,932). This proposal recognised that no Senior Staff Pay exercise was conducted in 2022, because of the late initiation of the 2021 round, and the current financial position of the University.
- no changes to the Pay Policy itself were proposed which required exceptional performance to be demonstrated above the level commensurate with the current level of remuneration, supported by national benchmarking of professional services salaries and the criteria for academic promotions.

AUDIT AND RISK COMMITTEE

175 The Court received a report on the key items of business considered by the Audit and Risk Committee at its meeting on 4 April 2023 (*copy filed with the principal copy of the Minutes*).

FINANCE AND RESOURCING COMMITTEE REPORT

176 The Court received a report on the key items of business considered by the Finance and Resourcing Committee at its meeting on 13 April 2023 (*copy filed with the principal copy of the Minutes*).

PENSIONS ADVISORY GROUP

177 The Court received a report on the main items of business discussed at the meeting of the Pensions Advisory Group on 5 April 2023 (*copy filed with the principal copy of the Minutes*).

178 The Court on the recommendation of the Group approved amendments to its remit and terms of reference.

179 The Court also noted that the Group had considered a technical consultation from Universities UK (UUK) on changes to the scheme rules of USS. These were in response to new extended powers of the Pensions Regulator to impose fines of up to £1m (previously capped at £50K) under the new Pension

Schemes Act 2021. The UUK consultation related to the introduction of a process by which scheme employers would be required to settle a proportion of any fine and a method of apportionment for this across institutions. The Group had noted that the implication for the University would be that in the event of USS receiving the maximum fine of £1m by the regulator, the University's contribution to paying such a fine based on 2021/22 figures would be circa £10k. The Group had concluded that this was not a material level of exposure and there appeared few alternative solutions to the one that had been proposed and, therefore, considered the rule changes to be appropriate.

REPORT FROM DEVELOPMENT AND ALUMNI RELATIONS

- 180 The Court received a report on the activities of the Directorate of Development & Alumni Relations (DAR) (*copy filed with the principal copy of the Minutes*) and a presentation from the Director of Advancement on planning for the next fundraising campaign. This discussed the preparations and approach that would be undertaken to formally launch a new major fundraising campaign for the University in 2026, currently in the quiet phase. It also briefed Court on: the quiet phase activities, such as capacity building and engagement with alumni and other supporters, as well as developing the case for support and institutional funding priorities, that would be required to lay the ground for a successful fundraising campaign; governance of the campaign and due diligence on donors; the role that members of Court would be invited to take as ambassadors for the campaign and how they would be supported in this.
- 181 The Court discussed how the University might capitalise on the extensive range of current and potential supporters for its work both regionally and more widely. The approach to branding and marketing of the campaign and how this inter-linked with the University's brand was also discussed. It was suggested that the University's auditors should be made aware of the campaign given the expected scope of its financial ambition.

REF STOCKTAKE 2023

- 182 The Court received an update on the Research Excellence Framework (REF) Stocktake exercise (*copy filed with the principal copy of the Minutes*), which was completed between January and March 2023. This provided an assessment of the current position within the institution in terms of preparation and quality of outputs on which REF performance and future funding awards by SFC might be determined. Overall, while good progress since REF 2021 and against the REF Action Plan was being made, the stocktake showed that further progress was required and confirmed the need for the investment plans that the University had previously identified. It was suggested that Court would find it helpful in future reports to be aware of the timelines for the REF Action Plan.

PEOPLE, INCLUSION & CULTURE

GENDER PAY GAP REPORT 2022

- 183 The Court received the Gender Pay Gap Report for 2022 (*copy filed with the principal copy of the Minutes*), which was approved for publication subject to its further consideration by the Partnership Negotiating and Consultative Committee. In discussion, it was noted that the report showed the good progress the University had made in addressing gender pay gap issues and that it had now achieved the improvement target set for 2025.

GAELIC LANGUAGE PLAN 2019-2024

- 184 The Court received an update (*copy filed with the principal copy of the Minutes*) on the University's legal obligation to promote the Gaelic language across the University and to inform Court about the new requirements from the Scottish Funding Council (SFC) to ensure Court members are regularly engaged on Gaelic awareness and the commitment of the University's Gaelic Language Plan Advisory Group to keep Court aware of new developments in the area.

UPDATE ON CULTURAL CHANGE: WORKING ACROSS SCHOOLS AND DIRECTORATES

- 185 The Court received a presentation from the Senior Vice-Principal and the 185support cultural change in how Schools and Directorates worked together across structural lines. This drew upon the results and feedback from the 2022 Staff Survey and the findings of the review of service delivery within Professional Services, in particular work that was underway to address workload and communication issues.
- 186 In discussion, the introduction of a staff experience committee was welcomed and it was recognised that developing an embedded culture of interdisciplinary working would take time. Progress would be evaluated through the biennial staff survey.

GOVERNANCE & REGULATORY

ANNUAL PREVENT DUTY REPORT

- 187 The Court received and noted an update on the University's activities relating to the Prevent Duty, since March 2021, including an update on the roll out of revised Prevent training (*copy filed with the principal copy of the Minutes*).

RESOLUTION FOR FORMAL APPROVAL: CODE OF PRACTICE ON STUDENT DISCIPLINE

- 188 The Court received a report on the outcome of the statutory process of consultation regarding the Resolution to give effect to amendments of the Code of Practice on Student Discipline (*copy filed with the principal copy of the Minutes*).

- 189 The Court, noting that no substantive changes to the draft resolution were proposed from the consultation, approved the amended Resolution.

EDUCATION

OUTCOME OF QUALITY ENHANCEMENT AND STANDARDS REVIEW

- 190 The Court received a paper on the findings of the recent Quality Enhancement and Standards Review by the Quality Assurance Agency Scotland (QAAS) (*copy filed with the principal copy of the Minutes*), which took place on 14 February 2023. The Court noted and welcomed that the Review team had reported that it was confident in the University's arrangements for monitoring and enhancing the quality of educational provision.

VICE-PRINCIPAL FOR RESEARCH

- 191 The Senior Governor noted that this would be the last meeting that Professor Marion Campbell would be present for before her appointment as Vice-Principal for Research concluded on 31 July 2023. The Court recorded its considerable appreciation and thank you to Professor Campbell for her significant contribution to the University's research endeavour as a Vice-Principal.

DATE OF NEXT MEETING

- 192 The Court noted that its next meeting would be held on Wednesday, 21 June 2023 at 9am to 3pm, which would be followed at 4pm to 6pm by a Joint Session with the Board Members of The Robert Gordon University and North-East Scotland College (NESCOL) at NESCOL.

UNIVERSITY OF ABERDEEN
UNIVERSITY COURT
ACTION LOG AND MATTERS ARISING

1. PURPOSE OF THE PAPER

1.1 This paper provides Court with a copy for information of the current Court Action Log (**Appendix 1**).

2. PREVIOUS CONSIDERATION BY /FURTHER APPROVAL REQUIRED

	Board/Committee	Date
Previously considered or approved by	n/a	
Further consideration/approval required by	n/a	n/a

3. RECOMMENDED ACTION

3.1 The Court is invited to:
(i) Note the action log (Appendix 1).

4. FURTHER INFORMATION

4.1 Further information is available from Bruce Purdon, Clerk to the Court, email b.purdon@abdn.ac.uk.

12 June 2023 **Confidentiality Status:** Open

UNIVERSITY COURT: LOG OF FOLLOW UP ACTIONS FROM COURT MEETINGS

Appendix 1

Court Date	Minute Ref	Action Arising	Action By:-	Status
Mar 2022	170	<p>FUTURE BUSINESS</p> <p>It was agreed the Court should receive at a future meeting a paper on the strategy for developing courses and the infrastructure required to deliver these.</p>	VP Education/VP Global Student Recruitment	<p>Pending: To be scheduled for 2022/23 as part of April People Deep Dive with an overview of the process by which programmes are approved. Deferred to a future meeting to prioritise the extended discussion on Data Systems at the April 2023 meeting.</p>
June 2022	200	<p>GOVERNANCE REVIEW IMPLEMENTATION</p> <p><i>Committee Structure</i></p> <p>The Court approved Option B as the proposed structure of Court Committees for 2022/23 and noted that the operation of the structure would be reviewed after one year.</p>	University Secretary	<p>Pending: Scheduled for Autumn 2023</p>
Oct 2022	11	<p>REPORT FROM THE PRINCIPAL & HE SECTOR/UNIVERSITY DEVELOPMENTS</p> <p>It was noted that members would welcome:</p> <ul style="list-style-type: none"> a discussion at a future meeting of the longer term plan for the physical and digital estate; 	Senior Vice-Principal and Vice-Principal Regional Engagement	<p>Pending: Scheduled for June 2023 Meeting</p>

Apr 2023	160	<p>REPORT FROM THE PRINCIPAL/UPDATE ON HE SECTOR UNIVERSITY DEVELOPMENTS</p> <p>It was agreed that Court members attending a forthcoming University hosted Holyrood Reception would receive a briefing note to support them in their advocacy role</p>	University Secretary	Complete
Apr 2023	167	<p>PRESENTATION ON KING'S AND JOHNSTON CAPITAL PROJECTS</p> <p>The presentation covered:</p> <ul style="list-style-type: none"> the project timelines and the current position with regard to the ongoing tender process for the works. The Court was also briefed on the assurance review process that would be undertaken, following receipt of tenders. This was an independent external review intended to test if the objectives and underpinning assumptions of the projects remained relevant and cost-effective, which was noted as being particularly important given the impact of the pandemic and other changes to the external environment since the projects were conceived. This was expected to be concluded in time to be shared with Court at its next meeting. 	Senior Vice-Principal	Pending: Update to be provided at June 2023 Court
	169	<p>The Court also discussed the significance of the Business School to the supporting business case for the projects and noted that prior to any significant next decision points it would be important, in that context, for Court to also be assured about the School's own plans for future growth and success.</p>	Senior Vice-Principal	Complete: Noted for reporting at any next key project decision gate stages

	169	It was also confirmed that the Court was due to discuss at its next meeting the wider strategy for the physical and digital estate	Vice-Principal for Regional Engagement/ Director of Estates	Pending: Update to be provided at June 2023 Court
Apr 2023	173	GOVERNANCE AND NOMINATIONS COMMITTEE REPORT The Court was also advised that there was a vacancy for an independent member of Court on the Advisory Group on Collections Deaccessioning and Repatriation and that an update to the policy governing that procedure would be taken to a future Court or by circulation for approval.	University Secretary	Pending
Apr 2023	181	REPORT FROM DEVELOPMENT AND ALUMNI RELATIONS It was suggested that the University's auditors should be made aware of the campaign given the expected scope of its financial ambition.	Chief Financial Officer	Complete
Apr 2023	182	REF STOCKTAKE It was suggested that Court would find it helpful in future reports to be aware of the timelines for the REF Action Plan.	Vice-Principal Research	Complete: Noted for future reports

UNIVERSITY OF ABERDEEN

UNIVERSITY COURT

REPORT FROM THE SENIOR GOVERNOR

1. PURPOSE OF THE PAPER

- 1.1 This paper provides Court with a report from the Senior Governor on activities since the last meeting of Court on 26 April.
- 1.2 This paper is for **information**.

2. RECOMMENDED ACTION

- 2.1 The paper is for **information** and no action is required.

3. REPORT FROM SENIOR GOVERNOR

- 3.1 In addition to my attendance at Court sub-committee meetings and usual round of internal meetings with members of Court and the Principal and Senior Management Team, earlier this month I observed the University Senate's meeting which was a useful insight into how the academic side of governance functions at Aberdeen. I also valued the Pensions Training session which was held in early May and hope that members who were not able to attend have been able to watch back the recording of that which was circulated and is available [here](#)
- 3.2 I enjoyed participating in the University's Founder Day service and know that some members were able to join that and some of the events that were organised around the theme of *Celebrating the University's Research with Impact*. For those of you not able to be there you can read more about it [here](#).
- 3.3 A thank you to our colleague Martin Mills for the excellent event that he organised to welcome Penpa Tsering, the Sikyong of the Tibetan Government in exile to the University. The Sikyong gave a fascinating lecture on Tibet's past and future. followed by a Q&A chaired by Martin.
- 3.4 In the external arena, I am very pleased to be part of the First Minister's New Deal for Business Group which was set up last month. As part of this, I am contributing to two of its sub-groups working with Neil Gray MSP, Cabinet Secretary for Wellbeing Economy, Fair Work and Energy, and Richard Lohead MSP, Minister for Small Business, Innovation and Trade.

A Thank You to Retiring Members

3.5 Finally, I wanted to let all Court members know that Colette Backwell has advised me that she wishes to retire from her role on Court later this year. Colette has kindly agreed to continue her current appointment with us while we take forward our recruitment process. While this won't be Colette's final meeting of Court it is, however, the last meeting for Keith Anderson, Camilo Torres Barragán and our governor apprentice David Evans. I know that we all would want to thank them all for their respective contributions to Court and extend our very best wishes to them for the future.

4. FURTHER INFORMATION

4.1 Further information is available from the Senior Governor, julie.ashworth@abdn.ac.uk.

8 June 2023

Confidentiality Status: Open

UNIVERSITY OF ABERDEEN

UNIVERSITY COURT

UPDATE ON THE HIGHER EDUCATION SECTOR AND UNIVERSITY DEVELOPMENTS

1. PURPOSE OF THE PAPER

1.1 This paper provides University Court with a brief overview of policy developments relating to higher education between mid-April and mid-June 2023, which are of particular relevance for the University of Aberdeen.

2. PREVIOUS CONSIDERATION BY /FURTHER APPROVAL REQUIRED

	Board/Committee	Date
Previously considered/approved by	SMT	25 May 2023
	ARC	6 June 2023
	Senate	7 June 2023
	FRC	8 June 2023
Further consideration/ approval required by	n/a	

3. RECOMMENDED ACTION

3.1 University Court is invited to note the update.

4. DISCUSSION

4.1 The following sections highlight key policy developments of relevance to the University and the higher education sector from April until mid-June 2023.

UK DEVELOPMENTS

5. UNIVERSITY FINANCES

5.1 HESA (Higher Education Statistical Agency) figures for FY 2021-22 show that [55% of 267 higher education providers in the UK recorded a deficit that year](#), more than double the proportion in 2020-21. Only two Russell Group universities recorded a surplus in 2021-22, Queen Mary University of London and the University of Cambridge.

5.2 However, [further analysis](#) has shown that when changes to pension fund valuations are excluded the sector shows a much stronger financial position, with the proportion of UK higher education providers recording a deficit dropping to 25%, moving the sector's overall balance from a £3.8bn deficit to a £3.1bn surplus. These figures for 2021/22 pre-date the current inflationary pressures, a further two years of flat cash per UK undergraduate student and, for the University of Aberdeen, a REF cut of £5m.

6. PAY AND PENSIONS

- 6.1 Action in the USS pension dispute has been paused after UCU members voted to note pension proposals agreed with employers which aim at restoring benefits. The UCU Higher Education Committee recommended rejection of the Terms of Reference for work on pay gaps, precarity and workloads agreed between their national negotiators and UCEA at talks facilitated by ACAS. A small majority of UCU members who subsequently voted on this issue supported the recommendation to reject, and to commence a marking and assessment boycott (MAB) on 20 April. Staff taking part in the marking boycott are refusing to carry out summative marking and assessment activities, including exam invigilation.
- 6.2 The University of Aberdeen has announced that, to protect students, partial performance of a contract will not be accepted and that staff participating in the marking and assessment boycott will have 50% of pay withheld. Further strikes have been called at some universities in June in response to institutional decisions to dock pay, including at the University of Dundee, Edinburgh and Heriot Watt.
- 6.3 A number of parliamentarians from five political parties [wrote to UCEA](#) in early May urging a reconsideration of plans to deduct between 50 and 100 percent of salary for participation in the marking and assessment boycott. UCEA has responded that pay deduction for partial performance is a legal and fair measure to protect students from the potential damage caused by the MAB.
- 6.4 Strike action could lead to a delay in graduations, but universities have plans in place to mitigate the impact of the marking and assessment boycott. [The latest update from UCEA](#) based on institutional feedback indicates limited participation in MAB. [UCEA has announced](#) that there is no possibility of a new or revised pay offer, citing new data from HESA that shows that 100 of 144 HE institutions participating in the pay negotiations were in deficit in FY 2021-22 (see also section 5 above). UCEA remains ready to move forward with the ACAS-agreed terms of reference should UCU withdraw the MAB.

7. HORIZON EUROPE

- 7.1 The sector continues to call for clarity on association to Horizon Europe but the Government has not provided any further updates since the launch of the [new prospectus programme, 'Pioneer'](#) in April, to “protect and support UK research and innovation sector, should it be required”. The issue has been raised regularly in the House of Lords in recent weeks with the Government response being that discussions are moving forward and that successful association is the preferred option. However, no detail has been provided as to the status of the negotiations or why progress has been so slow since the Windsor Framework Agreement in February. The government has indicated that if association is not secured on “fair and appropriate terms” for researchers, businesses and taxpayers, then the Pioneer programme will be implemented. Meantime, the [UK government has just announced](#) another extension to the Horizon Europe guarantee, covering all Horizon Europe grant calls that close on or before 30 September 2023.

8. IMMIGRATION

- 8.1 Ahead of the latest net migration statistics being released on 25 May, Suella Braverman, Secretary of State for the Home Department [made a statement on 23 May](#) to announce that action would be taken in response to the rapid increase

in sponsored study visas, and particularly visas granted to dependants of students.

- 8.2 The government stated that the new proposals would ensure continued commitment to the [International Education Strategy](#) while at the same time reducing net migration. While terms of the graduate route remain unchanged, international students will not have the right to bring dependants unless they are on postgraduate courses currently designated as research programmes, with these changes likely to come into effect from January 2024. There will be a review of the maintenance requirements for students and dependants and students will not be able to switch out of the student route into work routes before their studies have been completed. Action will also be taken to clamp down on “unscrupulous” education agents, along with more targeted enforcement activity.
- 8.3 [Universities UK International issued a statement](#), noting that the recent rise in the number of dependant visas has been substantial and some targeted measures may therefore be reasonable. However, they called for more information on the programmes in scope to allow a proper impact assessment to be carried out and urged the government to work with the sector to limit the impact on particular groups of students, e.g. female students and students from certain countries, as well as on universities working in a very challenging financial environment. [In their response, Universities Scotland](#) welcomed the commitment to retain the post-study work visa but voiced concerns about the decision to restrict visas to the dependents of international students below PhD level, pointing to recent research which showed the economic benefit of international students to Scotland (see section 9 below). They called on the UK government to work with the sector to reflect on the likely impact of these changes on universities and their communities.
- 8.4 Universities currently are not provided with information about student dependants as part of the visa process. The University of Aberdeen carried out a survey of PGT entrants last September in an effort to build a picture of the number of international students bringing dependants with them to Scotland. The survey results were incomplete but indicated that up to 10% of our international population could be affected, from certain recruitment markets, but a second survey will be carried out on the September 2023 PGT intake.

9. UUKi REPORT: BENEFITS AND COSTS OF INTERNATIONAL HE STUDENTS TO THE UK ECONOMY

- 9.1 A new report by Universities UK International, the Higher Education Policy Institute (HEPI) and Kaplan International in collaboration with London Economics was published on 17 May, demonstrating the impact of international students to the UK economy ([‘The benefits and costs of international higher education students to the UK economy’](#)). According to the report, the economic benefits of hosting international students have risen by 34% between 2018/19 and 2021/22 to £41.9bn. Even when accounting for the impact on public services (healthcare, housing, school education for children etc), the study shows that international students bring a total net economic benefit of £37.4bn to the economy.
- 9.2 On average, each of the 650 parliamentary constituencies in the UK is £58m better off because of international students. There were 44,000 first-year international students in Scotland in 2021/22 (34% of the total first-year population). Overseas students are estimated to have boosted the Scottish economy by £4.75 billion, with those studying in Glasgow, Edinburgh, Aberdeen

and Dundee bringing in the most. The net impact of international students in the North-East of Scotland (including Gordon, Aberdeen South, Aberdeen North, and West Aberdeenshire and Kincardine) is estimated at £426.8m.

10. INVESTMENT ZONE PROGRAMME

- 10.1 As previously reported, the UK Government Spring Budget presented in March launched a revamped Investment Zones programme for the UK, with four of the 12 knowledge-intensive, low-tax growth clusters to be located in the devolved nations, and at least one in Scotland. The zones are expected to be created around new business clusters, with a focus on sectors such as digital and technology, life sciences and green industries, to drive growth in key future sectors and bring investment to local areas. Each zone is to receive £80m over five years with details to be agreed in conjunction with devolved administrations.
- 10.2 Professor Boyne used the opportunity when attending a networking reception on food and climate change at the Scottish Parliament on 17 May (“Tackling Global Challenges, Food, Climate and Nutrition”), to call for Aberdeen to be considered as one of the planned investment zones, noting that the University’s track record in research, innovation and industry, and the focus on the five interdisciplinary research challenges in Aberdeen 2040, made it the ideal hub for delivering transformational impact, working in collaboration with regional partners to support Scotland’s National Strategy for Economic Transformation (NSET). This was the University’s first parliamentary reception since the pandemic.
- 10.3 A Steering Group has recently been established to oversee the development of Investment Zone (IZ) proposals in the North-East of Scotland, with the Principal representing the University of Aberdeen on this group. An Investment Zone Working Group has also been created to focus on developing the strategic case for an IZ in the region and a plan for possible interventions; the Vice-Principal (Regional Engagement) is a member of the working group.

11. CONFUCIUS INSTITUTES

- 11.1 Criticism on Confucius Institutes at UK universities and elsewhere in the world has been growing in recent years, with unsubstantiated accusations that the centres spread Chinese propaganda, interfere with free speech on campuses and spy on students. Rishi Sunak had pledged in the Conservative Party leadership contest in 2022 to shut down the UK’s 30 Confucius Institutes (which includes the [University of Aberdeen Confucius Institute](#)) but the government has now announced that while government funding will be removed, it would be disproportionate to ban them.
- 11.2 The Conservative Government and the OfS have also been taking greater interest in UK universities’ Chinese recruitment as geopolitical tensions increase. The [OfS wrote to 23 universities in England](#) regarding high levels of recruitment from China, requesting that contingency plans are put in place to mitigate against potentially sudden decreases in student numbers.

12. FREEDOM OF SPEECH

- 12.1 The Higher Education (Freedom of Speech) Act turned into law on 11 May and will establish a new free speech complaints system and increase legal duties on universities and students’ unions in England to protect and promote freedom of speech on campuses. Following this announcement, Professor Arif Ahmed, Cambridge University, was [confirmed](#) as the UK’s first Director for Freedom of

Speech and Academic Freedom at the Office for Students. The Director will be responsible for investigating breaches of the freedom of speech duties, and overseeing a new complaints scheme for students, staff and visiting speakers. UUK have re-established an advisory group on free speech and academic freedom to shape the implementation of the Act and UUK's engagement with OfS. The Higher Education (Freedom of Speech) legislation does not apply in the devolved nations.

DEVELOPMENTS IN SCOTLAND

13. SCOTTISH FUNDING COUNCIL INDICATIVE UNIVERSITY FUNDING ALLOCATIONS AY 2023-24

- 13.1 The [SFC published the indicative funding allocations](#) for Scottish universities on 13 April, setting out the likely funding available to Scottish universities for teaching, research and innovation in 2023/24. A final funding letter was issued on 25 May, confirming a real term cut to the sector. [Universities Scotland responded](#) to the announcement noting that "(p)residing over managed decline cannot be the direction that the new administration actively wants to take" and called for an urgent conversation to get the sector back to a more sustainable financial footing.

14. SCOTTISH BUDGET FUNDING WITHDRAWAL

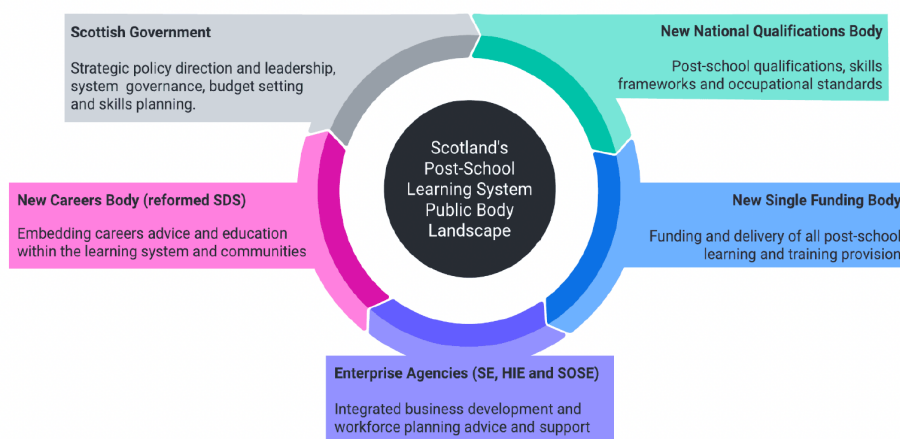
- 14.1 The Scottish Government then announced on 2 May that £20 million of additional resource funding allocated in the budget in December had been withdrawn and would not be distributed to the sector. The Government has explained that this is a necessary but regrettable measure to cover the cost of the teachers' pay settlement. The FE sector will similarly lose £26 million.
- 14.2 [Universities Scotland](#) and Colleges Scotland criticised the decision, highlighting the damage that this disinvestment in the higher education sector will have, not least because of the central role that the sector has in the National Strategy for Economic Transformation. Sally Mapstone, Convener of US, has noted that while the original allocation in December had been far from what was required, it had been considered a welcome step in the right direction. The withdrawal of this funding is considered to signal the Government's de-prioritisation of higher education. [NUS Scotland also wrote to ministers](#), urging the Government to reconsider, and drawing attention to a lack of clarity on future funding for mental health counsellors in tertiary institutions. The decision was also criticised by Labour and the Liberal Democrats.

15. SCOTLAND'S FISCAL OUTLOOK

- 15.1 The Scottish Government published in May its [Medium-Term Financial Strategy](#) setting out how the Government will maintain a sustainable financial position over the medium term. The report notes that public spending in Scotland is projected to outgrow funding forecasts by 2% (£1bn) in 2024/25, rising to 4% in 27/28. Capital spend, which includes the SFC's research and innovation funding, is projecting a gap of 16% in 2025/26. The report sets out three pillars for addressing the public finance challenges: (i) ensure public funds are fully focused on delivering government objectives, (ii) focus actions on growing and strengthening the wellbeing economy, and (iii) apply a strategic approach to tax policy.

16. WITHERS SKILLS REVIEW

- 16.1 The outcome of a review of the skills delivery landscape in Scotland, [Fit for the future: Developing a post-school learning system to fuel economic transformation](#), led by James Withers, was published on 7 June. The [review](#) was commissioned by the Scottish Government in 2022 as part of the Government's response to the SFC Review of Coherent Provision and Sustainability, with the aim to explore how the public body and advisory landscape could be adapted to drive the Government's outcomes and ambitions for skills, and included engagement meetings, parliamentary engagement, and a call for evidence.
- 16.2 The report is detailed and sets out 15 recommendations for structural and cultural reform which, if implemented, would radically change the framework around Scottish universities. The overall conclusion of Mr Withers' review is that the skills system lacks a "cohesive approach, common purpose or strategic narrative" in terms of planning and funding, and needs to be rationalised to remove the current division between skills for the economy and education for the learner.
- 16.3 The five key structural recommendations relating to the public body landscape are to (i) move responsibility for the national skills agenda to the Government, away from Skills Development Scotland (SDS) and the SFC; (ii) create a single funding body with responsibility for all post-school learning and training, merging the functions of the SFC and SDS, and potentially taking over the responsibilities currently held by SAAS, (iii) move responsibility for the development and accreditation of all public post-school qualifications and the skills frameworks and occupational standards to a new qualifications body (successor to the SQA), (iv) reform SDS as a national careers service rather than a skills agency, and (v) give enterprise agencies a clear remit to support businesses with workforce planning. The proposed future public bodies landscape is presented as follows:



- 16.4 As the review focused exclusively on the skills landscape, it does not discuss where other responsibilities, currently falling under the remit of the SFC, would sit should the SFC be restructured as a skills funding body, including research and innovation, but various aspects of the research and innovation agenda are also undergoing review as a result of the SFC Review of Coherence and Sustainability.
- 16.5 Universities Scotland have noted, in a [short response](#), that analysis of the report is ongoing but welcomed efforts to break down false dichotomies between vocational and academic routes while emphasising the need for the skills agenda to fully connect to the entire spectrum of the university role, including research,

innovation and entrepreneurship, which are not in scope for this particular review, and for full attention to be given to the sector's internationally-excellent HE institutions with roles that transcend regional or national skills agendas. Graeme Dey, Minister for Higher and Further Education, has confirmed that he is supportive of the broad direction of travel identified in the report, but that more time is required to fully consider the detail and practicalities of the recommendations.

- 16.6 The Scottish Government has indicated that they will listen to views on the recommendations over the next six weeks. The outcome of another independent [Review of Qualifications and Assessment](#), looking at reform of qualifications for senior phase learners (15-18 years old), led by Louise Hayward, is also expected to be published in June, and the Scottish Government is then expected to publish the final '[Purpose and Principles](#)' framework for post-school education, research and skills thereafter, taking account of both review outcomes..

17. INNOVATION STRATEGY

- 17.1 The Scottish Government published a ten-year [Innovation Strategy](#) on 9 June, as set out in the 2021/22 Programme for Government. The new strategy, co-produced with partners across the country and led by a Steering Group co-chaired between Scottish Ministers and Sir Jim McDonald, sets out a plan for ensuring that Scottish innovators, entrepreneurs and companies catch up with international competitors and "return Scotland to a central role on the global innovation stage".
- 17.2 Linking directly with NSET ([National Strategy for Economic Transformation](#)), the Strategy identifies four programmes of action: (i) Building four national innovation clusters in energy transition, health and life sciences, data and digital technologies, and advanced manufacturing; (ii) Recalibrate and consolidate the innovation investment landscape to maximise funding opportunities in areas of strength; (iii) Introduce a commercialisation programme in three parts: carrying out a review of innovation funding with a view to establishing a co-invested Innovation Fund (£100m, although it is indicated that this may not all be new investment), develop a Research Commercialisation Action Plan, and deliver on existing commitments relating to Entrepreneurial Campuses; and (iv) Introduce an innovation-themed National Productivity Programme to support SMEs in increasing their productivity through innovation. An innovation scorecard will be published to assess the strength and performance of this new innovation system underpinned by industry, academia and the public sector.
- 17.3 The University of Aberdeen is well equipped to engage proactively with the new Strategy, with three of the Aberdeen 2040 interdisciplinary challenges aligning closely with the proposed National Innovation Strategy clusters, namely Energy Transition, Health, Nutrition & Wellbeing, and Data & AI. Capacity building efforts underway at the University, such as the appointment of School Enterprise and Innovation Champions, expansion of the number of Entrepreneurs in Residence, work with regional partners (including Opportunity North East) to develop a Venture Mentoring Service, and investment in Professional Services support for business engagement all align with the ambitions of the Strategy.

18. POLITICAL PARTY HE STRATEGIES

- 18.1 Political parties across the UK have been providing some indication as to their likely future HE policies, in preparation for the next General Election. Scottish

Conservatives have proposed that university degrees in Scotland should be shortened to three years instead of four. The Party has argued that this will bring Scotland in line with the rest of the UK, Europe and the US, and would generate significant savings which could be reinvested into support for disadvantaged students, reduce student debt, and allow the cap on Scottish students to be lifted. Universities Scotland, in a media response, have welcomed further conversations with all parties on how to achieve a sustainable funding model in Scotland but have highlighted the flexibility of the four-year degree, which offers a range of entry points to meet students' different needs.

- 18.2 Sir Keith Starmer indicated in early May that the Labour Party would withdraw its pledge to abolish tuition fees in England if the party won the next General Election, bringing it more in line with the Conservative Party which remains committed to maintaining tuition fees in England. Following this, [NUS Scotland called on Scottish Labour](#) to retain free tuition in Scotland and to extend free education to students from across the UK. According to media reports, Labour is examining various alternatives to fees, e.g. a graduate tax, but has confirmed with NUS Scotland that the party remains committed to free tuition in Scotland.
- 18.3 Sir Peter Mathieson, Principal of the University of Edinburgh, has also called for consideration of the reintroduction of some sort of tuition fee scheme or payback scheme for Scottish students who are able to meet the cost of fees, in a piece written for the Herald. The First Minister, Humza Yousaf, has resisted calls for a rethink of the tuition fee policy in Scotland noting that the SNP remains committed to free tuition.

19. COVID INQUIRY

- 19.1 As part of the [UK Covid-19 Inquiry](#) which has been set up to examine the UK's response to and impact of the Covid-19 pandemic, the Scottish Government is inviting anyone living in Scotland, or affected by decisions made in Scotland, to share their experiences of the pandemic through an initiative called "[Let's be Heard': Sharing Scotland's COVID Experience](#)." In Scotland, the focus is on areas related to devolved areas, including health, education, welfare assistance and financial support, and will not cover vaccine safety, international travel or border control. It is expected that Principals will be invited to participate in the autumn with more formal hearings about the HE sector's management of the pandemic following in 2024.

UNIVERSITY DEVELOPMENTS

20. RECENT STAFF GRANTS

20.1 Recent research grants to staff since the last report in April include:

- A collaboration between the University of Aberdeen and Queen's University Belfast, led by Professor Miriam Brazzelli in the School of Medicine, Medical Science and Nutrition (MMSN), has been awarded £2.5m from the NIHR (National Institute for Health and Care Research) to become one of their new Evidence Synthesis Groups as part of a large £22.5m research initiative into which remedies and procedures bring the greatest benefit for patients.
- Professor Gary Macfarlane and colleagues in MMSN and NHS Grampian have received £1.365m funding from the British Society for Antimicrobial

Chemotherapy for a five-year long UK Antimicrobial Registry Study to determine which antibiotics are the most effective to control the threat of antimicrobial resistance.

- Dr Irakli Patchkoria in the School of Natural and Computing Science (Mathematics) has been awarded £298k for a project on classifying spaces, proper actions and stable homotopy theory from EPSRC.
- Professor Siladitya Bhattacharya, Ms Katie Wilde, Head of Digital Research, Professor Craig Ramsay and Professor Margaret Cruickshank in the School of Medicine, Medical Science and Nutrition (MMSN) have been awarded £282k R&D funding from NHS Grampian supporting clinical trials.
- Dr Thangavel Thevar and Dr Andrew Starkey in the School of Engineering have been awarded £200k from DEFRA (Department for Environment, Food & Rural Affairs) for a project to develop holographic imaging for in-situ monitoring of infective sea lice.
- Professor James N'Dow in MMSN has received £167k from NHS Grampian for a Clinical Senior Lectureship in Urology.
- Professor Simon Parson in MMSN has received funding totalling £140k from the Development Trust for research into childhood spinal muscular atrophy.
- Professor Samuel Martin, Dr Elzbieta Krol, lecturer, in the School of Biological Sciences and Professor Alexander Douglas in MMSN have been awarded £100k from SAIC (Scottish Aquaculture Innovation Centre) for research into special temporal gill disease.

20.2 The Scottish Government's Rural and Environment Research and Analysis Directorate (RESAS) has awarded a total of £5,231,163 to Rowett staff, with individual awards ranging from £504k to £66k for projects such as: nutrition and health properties of new soft fruit crops in Scotland, healthy and sustainable dietary behaviours in individuals in low income families, reducing transmission of foodborne pathogens and antimicrobial resistance, the food supply chain, plant-based diets, good and nutrition security in Scotland, and extending food production to Scotland's underutilised lands.

20.3 Research-related awards and recognition:

- The University's Continuing Professional Development CPD and Events Services Team were awarded the Best Public Sector Events Team at the E Awards, held in Edinburgh on 27 April.
- Professor Matteo Spagnolo in the School of Geosciences has been appointed Director of the Scottish Alliance for Geoscience, Society and the Environment (SAGES).
- Vertebrate Antibodies Ltd, a University spinout which devised ground-breaking technology to create covid tests during the pandemic, have joined forces with US biotech giant Innova Medical Group (IMG) to adapt the technology to develop tests for a range of other diseases, including diabetes and Lyme disease.
- The Rowett Institute has been nominated as a finalist in the UK Aquaculture Awards 2023 in collaboration with SAMS Enterprise, Scottish Sea Farms, Stirling Council and SAIC (Sustainable Aquaculture Innovation Centre).
- Professor Marion Campbell, Vice-Principal Research and Professor of Health Services Research, has been elected as a Fellow of the Academy

of Medical Sciences in recognition of her contributions to health services research.

21 EDUCATION-RELATED ACHIEVEMENTS

21.1 Key education-related achievements since April include:

- The School of Biological Sciences has received an Athena Swan Silver Award in recognition of efforts to identifying and successfully addressing gender inequalities. Two of the University's Schools have now received a Silver Award, with the School of Psychology achieving Silver in 2020.
- The University's Reach Aberdeen programme was nominated in the Northern Star Business Awards in the Inspiring Futures category for its work in supporting disadvantaged young people into high demand professional careers.
- Sai Shraddha S Viswanathan, Aberdeen University Students' Association Vice-President, has been recognised with a Young Scot Award for leading the campaign to secure funding for vital student support services in the north and northeast of Scotland, following the removal of Scottish Government funding for counsellors in universities and colleges.
- The University has contributed to a cross-agency project on the SFC tertiary enhancement topic (The future of learning and teaching: defining and delivering an effective and inclusive digital/blended offering). The SFC is aiming to establish what the current balance of modes of curriculum delivery looks like across Scotland, with a particular emphasis on the relationship between strategy, practice, and the learner experience. The University has shared its evaluation of blended learning as part of the process, along with responding to questions and taking part in an interview.
- As part of the ongoing tertiary sector-wide Quality Assurance Agency (Scotland) Enhancement Theme project, 'Understanding Micro-credentials and Small Qualifications in Scotland', On-demand Learning, the School of Psychology and the Centre for Academic Development (CAD) have published [three case studies](#) on the QAA's micro-credential project webpage:
 - On-demand Learning for Workforce Upskilling
 - Enhancing Your Teaching
 - Student Resilience: Moving from Surviving to Thriving

There are only five case studies published, with three of those coming from the University. The case studies illustrate the wide-ranging micro-credential (short course) practice currently available at the University and were authored by Dr Joy Perkins, Grainne Ferrigan, Dr Aaron Thom and Dr Mary Pryor.

- Ms Catherine Ogilvie, e-Learning Adviser in the University's Centre for Academic Development, has won the Exemplary Course Program award from Anthology, a leading global education technology company, for her work to improve the quality of online learning. The winners were selected by peers in the international education community and recognises

instructors and course designers whose courses demonstrate best practice. The award ceremony will take place in July 2023.

- The University has been invited to submit a case study for a collection curated by Advance HE called “Embedding enterprise and entrepreneurship in higher education: An Advance HE case study collection”. The case study highlights the University’s ABDN Graduate Challenge event, which allows graduating students to gain project-based work experience as part of a cross-discipline team tackling real-life challenges set by local partner organisations. More details can be found [here](#).
- The University held its 14th Annual Academic Development Symposium for staff on 27 April 2023 with the Theme ‘[From Surviving to Thriving: Building Resilient Learners Through Assessment and Feedback](#)’. Over 180 participants from across Scotland attended the event (in person or online) along with representatives from Aarhus University in Denmark and the Arctic University of Norway in Tromsø. The event opened with an engaging keynote presentation entitled ‘[From Surviving to Thriving: Using Compassionate Assessment and Feedback to Foster Engagement and Effective Learning](#)’ from Professors Sally Brown and Kay Sambell, who also ran an interactive ‘Pragmatic Approach to Designing and Delivering Authentic Assessment Tasks’ workshop. The event concluded with an [Expert Panel](#) discussion on all aspects of resilient learning, feedback and assessment, a short presentation from this year’s [Principal’s Teaching Excellence Award winner](#), Susan Caie, and the announcement of the winner of the [Best Judged](#) and [Highly Commended](#) Posters. All sessions included contributions from University of Aberdeen students representing all levels of study. The symposium created a collegiate, engaging environment for staff and students at and beyond the University to network and collaborate. The event continues to thrive in the hybrid format, attracting record numbers and excellent participation throughout.
- The University hosted the [International Higher Education Teaching & Learning Association \(HETL\) Conference](#) at P&J Live on 12-14 June, with the conference programme and a series of social events taking place in the city and region focusing on the theme of “Re-imagining Education: Collaboration and Compassion”.

22 FURTHER INFORMATION

Further information is available from George Boyne, Principal and Vice-Chancellor (boyne@abdn.ac.uk) and Hulda Sveinsdottir, Director of Planning (hulda.sveinsdottir@abdn.ac.uk).

14 June 2023 **Freedom of Information/Confidentiality Status:** *Open*

UNIVERSITY OF ABERDEEN

UNIVERSITY COURT

2022/23 UPDATED FINANCIAL POSITION AND PROJECTION (APRIL 2023)**1. PURPOSE OF THE PAPER**

- 1.1 This paper provides an update on the 2022/23 financial position based on the April 2023 quarter end forecast.
- 1.2 This is an updated forecast prepared by Finance based on budget discussions with Schools and Directorates in the early part of March 2023 and incorporated into the April 2023 Monthly Management Report (MMR) forecast. As previously reported, these meetings were held to identify improvements to the University position following the shortfall against budget in the January 2023 PGT (Postgraduate Taught) International intake.

2. PREVIOUS CONSIDERATION BY /FURTHER APPROVAL REQUIRED

	Board/Committee	Date
Previously considered/approved by	Senior Management Team (SMT)	25 May 2023
	Finance & Resourcing Committee (FRC)	8 June 2023
Further consideration/ approval required by	University Court	21 June 2023

3. RECOMMENDED ACTION

- 3.1 The **Court** is invited to note that:
- The current forecast position is a £2.68m year-end deficit, as compared to the agreed budget of a £1.9m deficit. This year end out-turn would achieve covenant compliance.
 - The phased underlying year-to-date actual position to April 2023 is a surplus of £2.8m against a budgeted surplus of £4.1m, so an adverse variance of £1.3m – as reflected in the Monthly Management Accounts. This highlights the in-year financial pressures and the challenge in achieving the agreed year-end out-turn.
 - Following the January 2023 student intake numbers being below budget, a savings programme was implemented to scale back proposed investments and control discretionary spend. These focused primarily on core staffing, operating costs and elements of additional income.

- From the projected deficit of £7.1m reported to Court on the 1st March 2023, an additional (circa) £5m of further savings and additional income have been identified.
- Work will continue to achieve the £1.9m target, although the risk of emerging inflationary cost pressures remains.
- Tenders have now been received for the Johnston and Kings projects. Both are currently under evaluation. The SMT will shortly review the options and present propositions to Court. In the meantime, the funds remain on balance (high interest) and the interest earned exceeds the interest payments.

4. BACKGROUND

- 4.1. The phased underlying year-to-date actual position to April 2023 is a surplus of £2.8m against a budgeted surplus of £4.1m, so an adverse variance of £1.3m – as reflected in the Monthly Management Accounts. This highlights the in-year financial pressures and the challenge in achieving the agreed year-end out-turn.
- 4.2. The revised financial forecast shows that the Institution is currently projecting an underlying deficit of £2.68m for the year to 31 July 2023 compared to a budget target of £1.9m deficit - an adverse variance of £0.7m.
- 4.3. The summary of the forecast is included at **Appendix 1**. This forecast incorporates the full gross tuition fee shortfall against budget including the January 2023 intake shortfall (offset by tuition fee discount savings). It also includes all staffing and operating savings identified to date. It should be highlighted that despite student fees being below budget, the projected 2022/23 full year forecast is 7% increased on 2021/22.
- 4.4. As previously reported, as soon as the January 2023 student intake numbers were finalised a savings programme was implemented to scale back proposed investments and control discretionary spend. Savings meetings were held with all Schools and Directorates in the early part of March 2023. Heads of Schools and Directors identified and achieved further savings for core staffing, operating costs and additional income. In addition, Finance reviewed all the University’s central costs and income for any further adjustments.
- 4.5. As such, from the projected deficit of £7.1m reported to Court on the 1st March 2023, an additional (circa) £5m of further savings and additional income have been identified. The key elements underpinning the current financial position are provided in the following table, with further detail below.

Savings and Additional Income	£m
Operating savings above gap target	4.2
Core staffing savings above target	4.3
Additional interest	1.2
Research Grant overhead contribution received (above budgeted levels)	2.2
Additional Research Grant received	1.6
Total	13.5

- 4.6. These further savings and additional income have been somewhat offset by the emerging in-year cost pressures, the main ones being the pay award (£1.7m), SFC clawback (£1.2m) and additional research grant overheads (£2.2m). However, the actions put in place in January to address the shortfall in tuition fees have yielded tangible results and the projected year end deficit is now close to the agreed target.
- 4.7. The impact of the savings programme has been closely monitored, particularly regarding core staffing. Every effort has been made to limit the impact and ensure continued investment in essential posts and growth areas. Whilst there appears no direct impact on the strategic objective of investing in and improving future REF performance, close scrutiny will continue and relevant action taken if required.
- 4.8. Work will continue to achieve the £1.9m target, although the risk of emerging inflationary cost pressures remains.
- 4.9. Depreciation charges forecast will continue to be reviewed up to year end. Any underspends on both IT and Estates capital spend during 2022/23 will be more evident in the next few months and this is likely to result in reduced charges.
- 4.10. Provisions will also be reviewed in July 2023 prior to year-end for potential amendment. For example, the Bad Debt Provision will be assessed against the level of aged debtors and reassessed at that point.

5. CURRENT POSITION – FURTHER DETAIL

- 5.1. Detail of this revised forecast are outlined in the following:
- 5.2. The forecast is based on the 630 January PGT international entrant FTEs. This results in an estimated £14.1m shortfall in gross fees and £12.9m net of fee waivers. Items of note in the forecast are:-
- The UCEA final pay award will be paid at an estimated additional cost of £1.7m during 2022/23, paid from March, but backdated to February.
 - The sale of Don Street property (which was forecast at £0.85m) will not be sold in this financial year but will be sold during 2023/24. A contract for sale is in the process of being signed with a confirmed buyer (subject to planning permission). Planning permission is expected within the next 12 months and therefore this property is likely to be sold in next financial year.
 - Core funded staffing will need careful management and Schools and Directorates should achieve savings of £4.3m above the gap target for the year. This is an improvement of £1m from the February 2023 forecast. The staffing forecast assumes that there will be a National Insurance saving of 1.25% from November 2022.
 - A clawback repayment to SFC has been estimated at £1.2m for non-achievement of non-controlled places. This has yet to be confirmed by SFC.

- Tenders have been received for the Johnston and Kings projects. Both are currently under evaluation. In the meantime, interest receivable will be above budget by £1.2m. This is based on increased interest rates for the bond receipts which are being put on deposit in £10m or £15m tranches for 12 months at a time. The most recent deposit will accrue fixed interest at 4.8%.
- Core operating savings will accrue at £4.2m. The contingency budget of £1.6m will be utilised to improve the University position. This is included within the operating savings.
- The additional research grant received from SFC amounting to £1.6m will be spent on research projects and costs which are already in train as these are required to be spent by 31 March 2023 (announced December 2022 and February 2023).
- Research grant overheads indirect cost contribution will exceed budget by £2.2m, thereby improving the overall position with regards to Research financial performance. This is partly due to capital grants received for the Fast Field Cycling project which under the accounting rules require to be released to the income and expenditure account in the year of receipt.
- We have not assumed further additional Development Trust funding at this stage in the forecast (as the forecast may improve over time with better information the nearer we are to year-end), but this will be reviewed again as part of the May 2023 forecast. Further funds have been identified amounting to £0.7m (mainly in Medicine, Medical Sciences and Nutrition).

6. COVENANT POSITION

- 6.1. The current forecast position would meet covenant compliance at an underlying deficit of £2.68m compared to the agreed budget of £1.9m, with a degree of headroom remaining.

7. FURTHER INFORMATION

- 7.1. Further information is available from Mark White, Chief Financial Officer (mark.white@abdn.ac.uk).

Confidentiality Status: Closed

APPENDIX 1 – LATEST MONTHLY MANAGEMENT REPORT (APRIL 2023)

Period ending 30 April 2023			
FULL YEAR FORECAST	Full year Budget £'000	Full year Forecast £'000	Variance £'000
Tuition fees and education contracts	109,020	95,921	(13,099)
Funding body grants	77,296	77,573	276
Research Grants and Contracts	53,475	54,646	1,171
Other income	35,823	34,729	(1,094)
Total	275,614	262,868	(12,746)
Staff Costs	(176,512)	(167,708)	8,804
Operating Costs	(80,099)	(78,555)	1,544
Interest & Finance Costs (including taxation)	(5,063)	(5,151)	(88)
Contingency	(1,656)	(0)	1,656
Total	(263,329)	(251,414)	11,915
TOTAL SURPLUS GENERATED FROM NORMAL OPERATING ACTIVITIES	12,285	11,454	(831)
NON CASH ITEMS			
DCG Release	4,984	4,932	52
Depreciation	(19,169)	(19,068)	101
Total	(14,185)	(14,136)	153
TOTAL UNDERLYING OPERATING SURPLUS/(DEFICIT) PRIOR TO RISK ASSESSED ITEMS BELOW	(1,900)	(2,682)	(677)
COVENANT MET			
FRS102 & OTHER MOVEMENTS			
Pension Scheme movements	0	0	0
Gain/(Loss) on investments	0	(1,962)	(1,962)
Gain/(Loss) on disposal of fixed assets	0	0	0
Voluntary Severance & Early Retirement	0	(150)	(150)
Impairment	0	(449)	(449)
Unrealised gain/(loss) on revaluation of land and buildings	0	0	0
Financial Adjustments	0	0	0
Total	0	(2,561)	(2,561)
FRS102 REPORTED SURPLUS/(DEFICIT)	(1,900)	(5,243)	(3,239)

UNIVERSITY OF ABERDEEN
UNIVERSITY COURT
UNIVERSITY BUDGET 2023/24 TO 2025/26

1. PURPOSE OF THE PAPER

- 1.1. This paper provides a review of the detailed revenue plans for 2023/24 to 2025/26, outlines the underlying assumptions, assesses risks and sensitivities and provides an assessment of performance metrics and loan covenant compliance. The Plan considers how the ambition of the Aberdeen 2040 strategy can be brought to life in a financially sustainable way.
- 1.2. The paper also considers the 10-year cash flow projection anticipated to evolve from the three-year plans after incorporating projected capital expenditure and receipts over that period. We present a draft of an approach to a rolling investment plan for the digital and physical estate which have informed the 10-year scenario presented within this document.
- 1.3. The Plan incorporates a range of Appendices (as attached) including School and Directorate budgets, the 10-year cash plan and detailed planning assumptions and sensitivity analysis.

PREVIOUS CONSIDERATION BY /FURTHER APPROVAL REQUIRED

	Board/Committee	Date
Previously considered/approved by:-	Senior Management Team (SMT)	25 May 2023
	Finance and Resourcing Committee	8 June 2023
Further consideration/ approval required by:-	Court	21 June 2023

2. RECOMMENDED ACTIONS

- 2.1. **The Court is invited to:**
- 2.2. Approve a three-year plan which makes an underlying deficit of £3.9m in 2023/24, break even in 2024/25 and £3m surplus in 2025/26:

Summary Income & Expenditure	Forecast 2022/23 £'m	Budget 2023/24 £'m	Plan 2024/25 £'m	Plan 2025/26 £'m
Income	267.8	283.2	299.8	320.4
<i>Annual growth</i>	<i>13.5%</i>	<i>5.7%</i>	<i>5.9%</i>	<i>6.9%</i>
Expenditure	270.5	287.1	299.8	317.4
<i>Annual growth</i>	<i>29.0%</i>	<i>6.1%</i>	<i>4.4%</i>	<i>5.9%</i>
Underlying (Deficit)/Surplus	(2.7)	(3.9)	0.0	3.0
<i>%age of turnover</i>	<i>-1.0%</i>	<i>-1.4%</i>	<i>0.0%</i>	<i>0.9%</i>

- 2.3. Approve the 10-year cash position.
- 2.4. Note that the Plan meets our internal and external covenants (with a degree of headroom) and accommodates the risks, opportunities and sensitivities discussed in this paper.
- 2.5. Note the work in progress regarding the forthcoming 10-year Estates and Digital Plan.
- 2.6. Note the work on-going regarding the Johnston (Business School) and King's projects (which will form a separate presentation at the Court meeting).

3. EXECUTIVE SUMMARY

- 3.1. Court previously approved a budget deficit of £1.9m for 2022/23 reflecting the impact of the Research Excellence Framework (REF) cut from SFC (amounting to £1.9m but increasing to £5m from 2023/24). However, despite 7% fee income growth, student recruitment against budget for gross academic fees in 2022/23 was lower than budget. The University is currently projecting an underlying deficit of £2.68m for 2022/23 (based on the April 2023 forecast). This out-turn is forecast following a savings programme that scaled back proposed investments and controlled discretionary spend, core staffing and vacancy management, increased controls over operating costs and identified elements of additional income.
- 3.2. Against the background of the current economic climate (high inflation and continued cost pressures), the financial outturn from the REF process and SFC's flat cash financial settlement have required a significantly more cautious approach to the planning process and resultant budget setting this year.
- 3.3. The current three-year plan proposes a deficit of £3.9m in 2023/24, break-even in 2024/25 and a £3m surplus in 2025/26.
- 3.4. The key elements of the Plan include continued growth in fee income, particularly international fee income (price and volume) and on-line programme and short course provision, and research grants. These will be offset by increasing staff costs (primarily wage inflation) and operating costs. The Plan also reflects the need for limited, targeted investment in academic staffing to continue to address areas of high SSR and to strengthen research capacity, and in professional services to support research, commercial income generation and education. The Plan also includes some investment in the REF action plan, a key strategic driver.
- 3.5. The Plan also requires focused reduction in staffing costs in certain disciplines in relation to restructuring. This is estimated for 2023/24 at £0.5m but rises to £3.5m in 2024/25. This is included separately as a focused savings target. There are several disciplines whose contribution is structurally below expectations and would result in an unacceptable institutional deficit if not addressed as planned.
- 3.6. This forecast conservatively assumes a neutral impact from changes in pension liabilities and costs. The University's USS and UASLAS pension liability figures should be confirmed as part of the year end process.
- 3.7. The Plan also outlines the cash position over 10 years and demonstrates the balance between holding contingency cash for unforeseen events and investing cash to sustain and grow the university business to achieve the strategic ambitions.
- 3.8. Whilst cash is forecast to be at £96m in July 2023, the Plan highlights a reduction to £23.5m in 2032/33. This is due to the assumption of one major project being completed by 2026-27 and then further major project investment to the end of the 10-year plan. The Plan

also assumes £20m of Barclays loan repayments (£10m in each of the years 2026/27 and 2031/32).

3.9. Tenders have just been received for both the Johnston and King's projects and are currently undergoing analysis, particularly around the conditions and caveats. Procurement, the project teams and our external cost advisors continue to analyse the bids. In addition, Value Assurance Reviews are underway to assess both projects. Much has changed post pandemic, both in the wider economic and social environment, and in the internal University environment. Decisions on both Johnston and King's are now required, following consideration of the new environment and the context of the wider estate requirements. For the purposes of this plan, and pending those decisions, we have assumed the following programme of capital spend (net of capital receipts) within this Plan:

- 2023/24 £15.6m
- 2024/25 £32.7m
- 2025/26 £39.4m

3.10. The Plan provides for full debt service cover, including annual interest payments and scheduled loan repayments, and highlights compliance with internal and external covenants. However, it should be highlighted that compliance with covenants is tight across two of the key metrics. Whilst the consequences of a breach are unknown, it would be likely revenue and capital spend would come under closer scrutiny and challenge.

3.11. There is a clear interdependency between our revenue plans, which creates the operating cash for investment, and our capital investment, with the interplay between the two impacting on our cash balances. Whilst the Plan outlines the £73.5m investment in the Digital Strategy, and £220m overall capital spend, the forthcoming 10-year Estates and Digital Plan will outline a more detailed programme of investment to underpin Aberdeen 2040. This involves regular analysis of the current projects and prioritisation with regards to affordability, benefits, and Return on Investment (ROI).

3.12. The appendices to the Plan outline the key risks and sensitivities. Clearly the continued delivery of increasing PGT international fee income in particular, achievement of increased research grants and control of rising costs are each critical to the delivery of the projected outturns. The current level of inflation, and particularly construction inflation, will require the assumptions within the Plan to be closely and regularly monitored, reported to and considered by Senior Management and Court to ensure the projected outturn can be delivered, cash balance and covenants remain on track and the ambitions of Aberdeen 2040 remain deliverable.

Report Structure

Section 4	Introduction and Assumptions
Section 5	The Planning process
Section 6	Summary Income & Expenditure plans for 23/24 to 25/26
Section 7	School Plans
Section 8	Directorate Plans
Section 9	Capital Expenditure & Receipts
Section 10	Cash Planning
Section 11	Budget risks and sensitivity analysis

4. INTRODUCTION AND ASSUMPTIONS

- 4.1. The plans within this paper represent the estimated underlying financial position of the University for the three-year period. It excludes actuarial gains and losses on pension schemes and gains or losses on investments and fixed assets. In particular, the movements on pension schemes valuations can be volatile and cannot be reasonably predicted at this time. A full schedule of the budget assumptions used and updated is enclosed at **Appendix 1**. More changes than we would normally expect have been made to the assumptions last presented due to the volatile economic environment and elements of our internal assumptions for example, SFC funding, inflation, staffing targets and student intake (international and domestic).
- 4.2. There is clear interdependency between our revenue plans, which creates the operating cash for investment, and our capital investment, with the interplay between the two impacting on our cash balances. This report brings all these strands together for the next three years.
- 4.3. When making financial plans, the key consideration is always the achievement of our strategic goals and compliance with lenders' covenant requirements. Our plans presented here demonstrate that we can meet these covenant measures, with sufficient headroom for risk.
- 4.4. There are several pressures noted between 2022/23 and 2023/24 amounting to £16m. The main increases are outlined in Table 1 below:

Table 1:

Material Pressures

	2023/24
Estimated adverse variance above 2022/23 forecast - items >£80K	£'000
PAY	
Pay award increase	3,313
Increments increase	2,700
Voluntary living wage	80
OPERATING COSTS	
Utilities increase	2,598
Digital Maintenance - Licence costs increase	576
10% stipends additional cost above budget 22/23	500
Insurance increase	340
Graduations additional cost	310
Admissions - QS external party and Enrolly system	292
5.4% further stipend uplift 23/24	225
NCC Interest Payable	102
External Audit	100
INCOME	
Research Excellence Grant (further cut above 2022/23 level)	3,100
Provision for SFC clawback on non-controlled funded places	1,650
Loss of SFC counselling funding	90
Loss of Rental income	83
Total Estimated Material Pressures	16,059

- 4.5. The main pressure is pay, given the recent UCEA (Universities & Colleges Employers Association) final 2023/24 pay award which was announced and the first 2% implemented during February 2023. This ranges in uplift from 8% on the bottom spinal points to 5% on the top spinal points and above. In addition, increments (normally at 3%) add a further

£2.7m to the cost base. The University is also committed to paying the Voluntary Living Wage which adds an estimated £0.080m in September 2023.

- 4.6. Utility costs are an estimated increase by £2.6m for 2023/24 but are expected to increase by £4.5m in 2024/25 and then by over £5m in 2025/26. The University has identified measures to reduce utility costs and consumption, and an assumption of this reduction has been included within this Plan (£0.5m in 2023/24)
- 4.7. Other inflationary pressures include insurance which is expected to further increase in 2023/24 (above a £0.90m increase in 2022/23, although curtailed due to a proposed re-negotiation), internal and external audit which have both been tendered during 2022/23 and stipend increases for PhD students which are determined and set by UKRI (UK Research and Innovation). Additional costs to support admissions process improvements are a further £0.3m. Inflation is also affecting lease payments for the NCC (New Carnegie) lease which is capped at 5% inflation, but historically had lower levels of inflationary increase.
- 4.8. The University is now providing for SFC clawback (for not meeting non-controlled places) given the shortfall during 2022/23. This is estimated at 300 students and £1.65m. SFC have also withdrawn counselling funding to the sector and this is a loss of £0.09m. Commercial rental income is also expected to reduce in some areas due to companies entering administration.

5. THE PLANNING PROCESS

- 5.1. The planning arrangements evolved again this year, with SMT now receiving Planning presentations and hosting discussions with the leadership of four Schools and three Directorates each year on a rolling three-year basis. These sessions took place in February and March 2023 followed by detailed Budget meetings with each School and Directorate to test income projections, cost increases and consider the overall financial sustainability of their plans. Schools and Directorates were able to respond to common issues that have different impacts across the University (e.g., growth in overseas student numbers).
- 5.2. The 2023/24 budgeting process has been enhanced by modelling tuition fee income with greater granularity to reflect variability in conversion between markets. Applications, offers and acceptances have increased relative to the same point in 2022, and coupled with the improvements in our systems, processes and modelling, there is cause to assume healthy growth. However, notwithstanding, the Plan reflects this detailed modelling and a slightly more cautious approach to projected growth. Clearly the budget, and our associated spending and investment plans, will be updated as the year unfolds.
- 5.3. It should be noted that following the REF outcome in 2022, the University has undertaken a full review of all Schools' underlying financial performance. This has included breaking down the financial performance of different parts of multidisciplinary Schools to ensure a full understanding of the economy of different parts of Schools. More recently, this review has focused on individual Schools whose fall in contribution level appears to be structural and where the School has been unable to demonstrate that there is a realistic prospect of recovery without targeted intervention to reduce the cost base, given the limited scope to grow income to meet rising costs.
- 5.4. Work has commenced to develop targeted intervention in financially weaker disciplines and subject areas rather than considering the option of untargeted voluntary severance schemes. Biological Sciences, parts of Geosciences, parts of LLMVC will be the focus of this work. These interventions are expected to lead to cost reductions of a minimum of £0.5m in 2023/24 rising to £3.5m and £3m in 2024/25 and 2025/26 respectively.
- 5.5. The impact of these interventions, and the wider savings and efficiency programme particularly in relation to staffing levels, will continue to be closely monitored in terms of workload pressures. The Financial Planning Committee reviews every vacancy, and the budget takes account of the need for continued investment in essential posts and growth areas.

5.6. The planning arrangements will again be subject to review by key stakeholder groups, as part of a continuous improvement process, geared towards enhancing and optimising outcomes year on year.

6. SUMMARY INCOME AND EXPENDITURE PLANS

6.1. The summary budget plans are detailed below:

April Forecast 2022/23 £'000		Budget 2023/24 £'000	Budget 2024/25 £'000	Budget 2025/26 £'000	% Change 2022/23 2025/26
	Income				
82,073	- Funding body grants	78,351	79,163	79,834	-2.73%
95,921	- Tuition fees	110,701	125,500	142,877	48.95%
55,063	- Research Grants	57,109	61,397	66,138	20.11%
34,743	- Other Income	36,992	33,743	31,559	-9.16%
267,800	Total Income	283,152	299,803	320,409	19.64%
	Expenditure				
167,708	- Staff costs	182,121	186,769	199,834	19.16%
78,555	- Operating costs	80,273	87,295	91,021	15.87%
19,068	- Depreciation	19,565	20,699	21,571	13.13%
5,151	- Financing costs	5,093	5,040	4,983	-3.25%
270,482	Total Expenditure	287,053	299,803	317,409	17.35%
(2,682)	Projected Underlying (Deficit)/Surplus	(3,900)	0	3,000	
(1,962)	- Gain/(loss) on investments	0	0	0	
(449)	- Impairment of assets	0	0	0	
(150)	- Restructuring costs	0	0	0	
(5,243)	Total comprehensive income for the year	(3,900)	0	3,000	

6.2. The following sections examine these budget headings in more depth and consider the assumptions used in each category.

6.3. Funding Body Grants

6.3.1. The Scottish Funding Council's (SFC) indicative funding allocation for 2023/24 was received in April 2023. The final funding settlement was received on 25 May. We had anticipated that the Research Excellence Grant cut would be £4.7m, however this was £5m upon receipt of the indicative funding allocation. The draft budget has been updated to include this higher level of reduction.

6.3.2. The two additional grants awarded for SFC additional research funding (amounting to a combined £1.6m received during 2022/23) are expected to be non-recurring and contributing to the reduction in SFC income year on year. In addition, funded places have been reduced by 136 places for 2023/24 reflecting the non-achievement of non-controlled places during 2022/23 (by 297 places). In addition, the final funding announcement received on 25 May reduced controlled places by 13 FTE for 2023/24.

6.4. Tuition Fee Income

6.4.1. The following table examines the fees by market category for Gross Academic Fees (and shows other movements such as fee waivers separately):

Forecast		Budget	Budget	Budget	% Change 2022/23 to 2025/26
2022/23		2023/24	2024/25	2025/26	
£'000		£'000	£'000	£'000	%
46,671	International PG	58,036	68,220	80,316	72.09%
18,702	International UG	21,382	23,387	25,660	37.20%
5,133	Transnational	5,411	6,626	7,225	40.75%
7,332	Online	8,687	10,421	12,471	70.08%
5,806	Home PG	6,358	6,982	7,684	32.34%
14,183	Home UG	14,539	14,904	15,091	6.40%
2,435	EU fees	2,729	3,040	3,401	39.63%
9,275	RUK fees	10,318	10,969	11,638	25.48%
109,537	Total Academic Fee Growth	127,460	144,549	163,484	49.25%
(13,616)	Other fee movements including fee waivers	(16,760)	(19,049)	(20,608)	51.35%
95,921	TOTAL Tuition fee growth	110,701	125,500	142,877	48.95%
	% Tuition Fee Growth	15%	13%	14%	
12%	Fee waivers as % of Academic Fees	13%	13%	13%	

6.4.2. The overall student population for each student category has been developed since February 2023 when initial meetings were held with Schools following Snapshot 3 student FTE data being released. Follow up discussions have been held with Schools during March, April and May to review budgeted FTEs and growth in comparison with student recruitment data (which includes applications, offers and acceptances data by School and student recruitment projections based on domicile conversion for PGT international in particular). In addition, for UG and PGR the year of study metrics (for years 1-4) have been reviewed to take into consideration the size of the graduating year compared with the likely intake in Autumn of each year. Any agreements for direct entry students (into years 2 and 3 of the population for international partnerships) have also been considered for all years of the plan.

6.4.3. The 2024/25 and 2025/26 population has been informed by School plans for growth, particularly in PGT international and the development of new programmes, or projected growth in existing programmes.

6.4.4. The financial value of academic fees is based on the inflationary growth as outlined in the planning assumptions and the average fees for each student category for each School. The value of fee discounts budgeted is based on an average of the range of discounts available to each School, and the likely FTE receiving discounts.

6.4.5. The FTE student growth in the Plan is as outlined below at 6.7% for 2023/24 with further growth in the outlying two years. This represents a 984 increase in FTEs in total for 2023/24. There is an increasing trend towards International PGT (11% share increasing to 14%) and less reliance on Home students (51% share reducing to 45%):

Product / Market Mix	Forecast	Budget	Plan	Plan
	2022/23	2023/24	2024/25	2025/26
Volume	FTE	FTE	FTE	FTE
International PGT	1,659	2,003	2,254	2,542
International PGR	425	457	499	545
International UG	937	990	1,039	1,095
Transnational Education	1,008	1,256	1,568	1,720
Home UG	7,500	7,725	7,913	8,010
Others	3,097	3,178	3,430	3,695
	14,626	15,610	16,702	17,607
Annual Growth		6.7%	7.0%	5.4%
No of student increase		984	1,093	905
Share				
International PGT	11%	13%	13%	14%
International PGR	3%	3%	3%	3%
International UG	6%	6%	6%	6%
Transnational Education	7%	8%	9%	10%
Home UG	51%	49%	47%	45%
Others	21%	20%	21%	21%
	100%	100%	100%	100%

6.4.6. International fee income is projected to increase in line with the population outlined above and the continuation of January PGT starts. Transnational income will continue to grow overall; however, it is expected that our share of fee income for existing programmes currently delivered in Qatar will fall (based on the contracted terms), but that this will be offset by new programmes coming on stream in 2023/24 and beyond. Other partnerships with Harbin and SCNU (South China Normal University) in China will contribute to growth in the three years of the Plan (7% of the share of FTE to 10% over the period of the plan).

6.4.7. The table below shows the growth in gross academic fees over the period of the Plan by student category. International PGT gross fees are projected to increase from 38% to 44% of total gross fees over the three years of the plan:

Product / Market Mix	Forecast	Budget	Plan	Plan
	2022/23	2023/24	2024/25	2025/26
Gross Value	£'000	£'000	£'000	£'000
International PGT	41,561	51,984	61,178	72,134
International PGR	7,545	8,782	10,082	11,583
International UG	18,702	21,382	23,387	25,660
Transnational Education	5,133	5,411	6,626	7,225
Home UG	14,183	14,539	14,904	15,091
Others	22,413	25,363	28,373	31,792
	109,537	127,460	144,549	163,484
Annual Growth		16.4%	13.4%	13.1%
Value of gross annual increase		17,923	17,089	18,935
Share				
International PGT	38%	41%	42%	44%
International PGR	7%	7%	7%	7%
International UG	17%	17%	16%	16%
Transnational Education	5%	4%	5%	4%
Home UG	13%	11%	10%	9%
Others	20%	20%	20%	19%
	100%	100%	100%	100%

- 6.4.8. In conjunction with student recruitment, a sensitivity analysis has been carried out on the School PGT international budgeted numbers for 2023/24 compared to the estimate of the conversion of September intake of registered students (based on detailed domicile conversion data).
- 6.4.9. We have used live admissions data to project the September 2023 intake and have added the continuing January 2023 FTEs and a 10% growth in intake for Jan 2024 FTEs to calculate the 2023/24 budgeted population figures. Three scenarios are presented below based on the conversion of offer holders to registered students assumed for September 2023 entry. This is based on historic domicile conversion information from student recruitment reflecting the different conversion rates for each domicile. For example, Nigerian offers to entrants has a lower conversion rate compared to China. The three scenarios assume 0% growth in January 2024 starts, 5% growth in January 2024 starts or 10% growth in January 2024 starts (compared with the level of intake in January 2023).
- 6.4.10. The analysis below shows that with 10% growth in January 2024 starts, the University would be short of budget target by 68 FTE (information as at 30 May). It should be noted that 68 FTE students at a net average fee of £15k (net of agents' fees and fee waiver discounts) would equate to approximately £1m net shortfall to the University. However, the student recruitment data is based on historic conversion rates when there were significant delays in responding to student applications. We would therefore expect that there would be a positive increase in conversion rates given the measures put in place to improve the admissions processing. Therefore, this level of budgeted growth is currently deemed to be reasonable given the increased admissions support available from within the University and externally with QS additional support.

Overseas PGT Population for 23/24 - Based On Offers Data - Summary						
	0% Growth		5% Growth		10% Growth	
	Jan-24	Jan-24	Jan-24	Jan-24	Jan-24	Jan-24
	Total	Difference	Total	Difference	Total	Difference
	Population	From	Population	From	Population	From
	23/24	Current	23/24	Current	23/24	Current
	(ftes)	Budget	(ftes)	Budget	(ftes)	Budget
Business School	755	(15)	761	(9)	767	(3)
DHPA	16	(0)	16	0	16	0
Education	41	17	41	17	41	17
LLM&VC	86	(7)	87	(6)	87	(6)
Law	133	(22)	135	(20)	136	(19)
Social Sciences	70	(6)	71	(5)	72	(4)
Biological Sciences	34	(4)	34	(4)	34	(4)
Psychology	61	(11)	62	(10)	62	(10)
Medicine, Medical Sciences & Nutrition	298	(22)	302	(18)	306	(14)
Engineering	128	(23)	130	(21)	132	(19)
Geoscience	89	2	90	3	92	5
Natural and Computing Science	182	(18)	185	(15)	188	(12)
University Total	1,893	(109)	1,914	(88)	1,934	(68)

- 6.4.11. The admissions statistics and resulting intake are being carefully monitored and a range of projections for the likely September 2023 PGT international intake have been calculated which is where the greatest impact on fee income will be. The budget population is of course made up of continuing and new January entrants as well as the new September intake. Analysis indicates that the budgeted figures are at the top of the range of projections for new entrants at this point, but it should be noted that projections are based on live admissions data, do not include assumptions for improvement in conversion rates as a result of earlier offers, and will continue to change. This is being monitored on a weekly basis.
- 6.4.12. The recent change in immigration regulations, which will remove the ability for Postgraduate Taught students to bring dependents with them, will be implemented from January 2024. This has not been explicitly included in our modelling but is likely to impact on recruitment

from Africa and India. During 2023-24, we might anticipate that this may increase conversion amongst students who would otherwise defer entry from September to January with a neutral or positive effect on overall recruitment in 2023/24.

6.5. **Supporting Tuition Fee Income Growth**

- 6.5.1. Generating higher net fee income, particularly international fee income, will be critical to the University's ability to fund its ambitions. Like most UK universities, net margin from international fee income cross subsidises net losses from domestic student teaching and research activity.
- 6.5.2. Income growth is strongly supported by growth in student recruitment. To support this, we have an increased focus on building the University's reputation and brand. This approach supports the development of our academic portfolio to ensure its attractiveness in appropriate markets, including targeted work with individual Schools and in the development of programmes aligned to the interdisciplinary themes of Aberdeen 2040.
- 6.5.3. Positively, across all international markets we are developing stronger relationships with student recruitment stakeholders including recruitment agents, international schools' networks, sponsors and alumni networks and we have seen strong growth in applications from international markets for entry in September 2023. We have put in place new actions to improve conversion rates. As reported previously, during 2022 the increases in volume resulted in delays in application processing, leading to us engaging the services of a third party (QS Enrolment Solutions) to support this work. Both this new partnership and internal changes to processes have made a positive impact, and the number of applications pending a decision has dropped to 2% of applications (around 600) - a much lower percentage than last year at this time (which was 15%). We have also just finalised a contract with another provider of a third-party platform to automate the tracking of those who have accepted their offers through CAS issuance and VISA processes to the enrolment stage.
- 6.5.4. We continue to believe that the University should have a higher domestic market share than at present, given our reputation and performance rankings. However, while we seek, with some success, to fill funded places with additional Scottish students, the demographic trends are challenging, and post-pandemic application behaviour continues to evolve. Given the fall in Undergraduate application numbers we remain open for late applications from all fee categories, as well as implementing proactive conversion campaigns for existing applicants. We are also driving forward the campaign to attract those applicants who will be looking for different opportunities during Clearing, which takes place when school exam results are released in August. Although intakes may remain flat, or with slight increases as a result of additional entrants recruited through Clearing, the relative size of graduating and continuing cohorts means that in some areas, the UG population may increase.
- 6.5.5. We have a growing number of partnerships with international universities allowing progression into later years of a degree programme and our partnership with SCNU delivering dual degrees in China is recruiting ahead of business plan.
- 6.5.6. Finally, we continue to review our scholarship packages to ensure these are attractive and appropriate to the market and programme, recognising price sensitivity in the newer international markets as well as economic volatility across the world at present.
- 6.5.7. In addition, the partnership with AFG in Qatar continues to mature and yield both revenue and margin to the University. We are currently working with AFG to recognise the need to ensure that the financial arrangements for the partnership support both partners and are discussing both the fee share and flying faculty models, not only to support the growth of the partnership but also, in looking to reduce flying faculty, to support the achievement of environmental sustainability targets.

6.6. **Research Grants**

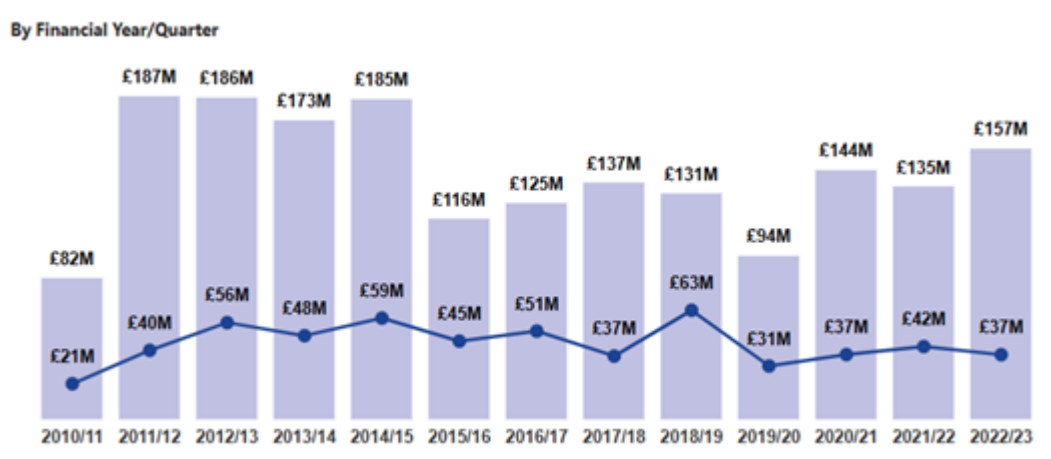
- 6.6.1. The table below sets out our planned Research Income over the Plan period. The University has been investing in new academic staff in the past three years to recover the lost research capacity, including investment in interdisciplinary fellows in 2022/23. Annual growth in

research awards will take time to build up, but the Table below demonstrates that there is justification to be optimistic. It should be noted that there is non-recurring income included for research equipment capital purchases which is inflating income in 2022/23.

	Actual	Forecast	Budget	Plan	Plan
Research Grant Income	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
Research Grants Income	50,831	55,063	57,109	61,397	66,138
Annual Growth	11.6%	8.3%	3.7%	7.5%	7.7%
Value of annual increase	5,265	4,232	2,046	4,288	4,741

6.7. Research Income

6.7.1. The applications and awards data for 2022/23 indicates increasing levels of research applications, which in turn will generate future research income, supporting the budget assumptions. Performance in the first 3 quarters of 2022/23 shows a higher rate of grant submission to 2021/22 with £157m of applications made to date in 2022/23 compared to £135m in 2021/22 (see chart below):



6.7.2. Similarly, we are seeing encouraging performance in the total value of new research awards received by the University, with £37m of new awards for the first three quarters for 2022/23.

6.8. Supporting research income growth

6.8.1. The Grants Academy provides research support focussed on horizon scanning of opportunities with a Funders' Insights programme, improving the quality of grant applications through Research Bites training, enhanced peer review support by academic colleagues and encouraging interdisciplinary research through the Conversations Series. The team has been strengthened through the appointment of a new Head of Research Development and dedicated team to support interdisciplinary research funding opportunities.

6.8.2. The Research Award Management System (Worktribe) has been expanded to include the management of post award grant finances and research ethics, enhancing the visibility of externally funded research activity throughout Schools compared with was available before. The system is already allowing closer monitoring of applications rates and tracking of indirect cost contribution (ICC) recovery rates across the schools (ICC return for 22/23 is expected to be £12.2m (£2.2m ahead of target)). The Worktribe system also allows enhanced monitoring at an individual grant level with much more granular information on submission rates, success rates with different funders etc. Linked to the improvement of research data, new dashboards in Power BI for research income and equality and diversity metrics now complement the grants and awards dashboards. Schools are now able to access live information on application levels, awards, the distribution of grant profiles over future years (the "order book"), as well as income and ICC earned throughout the year thus supporting each School's strategy on grant acquisition.

6.8.3. A research deep dive on income was also conducted during 2021/22 which has given accurate benchmark data on research income both at an Institutional and School basis. This data informed the agreed school planning targets for research income over the coming budget cycle. Individual sessions were held with each school to identify tailored support requirements to enable them to achieve the agreed income targets.

6.9. **Aberdeen 2040**

6.9.1. A fully operational research implementation plan is in place to ensure appropriate research support, the implementation of the institutional strategy, Aberdeen 2040, and its interdisciplinary challenges. All the Interdisciplinary Directors are now in place and they are working closely with colleagues in Research & Innovation and through the Grants Academy to support new research in this area, and to connect colleagues from across the institution with each other and external partners, which has led to several new large grants with external partners. Pump priming funds have been made available to support project development under the themes, with the aim of leveraging future external research income.

6.9.2. Twelve new interdisciplinary research fellows across the 5 areas of interdisciplinarity have now been appointed to support the growth targets in interdisciplinary research and associated income.

6.10. **REF2021 and plan for REF2028**

6.10.1. The Post REF Action Plan was presented to Court in November 2022. It proposed a comprehensive set of measures to improve the quality of research, the research environment and impact support for researchers at the University of Aberdeen. It was devised following a review of all available REF data, discussions with REF Panel members, and meetings held with Schools on what support would be required to help achieve top quartile outcomes in the next research assessment exercise, expected to take place in 2028.

6.10.2. The Post REF Action Plan includes the following areas:

- Institutional Research Leave Scheme
- Visiting Scholar Scheme Conference attendance fund
- Strengthening impact support infrastructure
- Calibration and assessment training for all staff

6.10.3. These measures should enable improvement in staff retention and research and impact performance by providing an environment that is supportive and accommodates research activities among all the other duties associated with academic roles. The Institutional Research Leave Scheme element of the package was launched earlier this month, with applications invited by mid-June. We expect to make 50 awards in this round and launch a second round later this year.

6.10.4. This 3-year plan includes £1m in 2023/24 and £1.5m in (each of) 2024/25 and 2025/26 as investment in REF. It is intended this investment will be increased in 2024/25 and 2025/26 as the REF Action Plan evolves.

6.10.5. Impact and output training has been delivered for most Schools, and is planned for the remaining Schools, delivered by external providers and/or internal REF panel members. We have undertaken a REF stocktake exercise around outputs to gain a better understanding of our current position in terms of REF-able high-quality outputs and where additional support measures need to be applied to achieve the required high-quality outputs. A similar stocktake exercise on impacts that may be submitted to REF2028 as case studies is under way. We are working towards implementation of the recommendations of the Research Culture Task and Finish Group, overseen by the Research Culture Implementation Group.

6.10.6. We have stood up a REF Strategy Group to oversee the institutional preparations for REF2028, and to explore strategies that will enable us to build a stronger submission. The

initial decisions on REF2028 will be published by the funding councils in mid-June 2023, and the Group will convene shortly after that.

6.11. Development Trust Donations

- 6.11.1. The University has secured an additional £4m support (over 2 years 22/23 and 23/24) for 20 interdisciplinary fellows and 12 interdisciplinary PhD students to pump-prime the interdisciplinary centre capacity and these are reported as research grants in the budget.
- 6.11.2. We will continue to work constructively with the Development Trust to identify opportunities to support University activity and the new campaign is now being developed to raise substantial funds for investment. As a result of this the University has included £3m of new additional funding from the Development Trust within the budget for the next three financial years.

6.12. Other Income

- 6.12.1. A breakdown of other income within the budget is outlined in the table below:

Other income	Forecast	Budget	Plan	Plan
	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000
Capital Grants	20	12	6	6
Consultancy & Other Services	2,574	1,094	1,089	1,042
Health Authority Income	8,134	9,607	9,727	10,028
Other Grants & Income	7,415	5,752	5,528	5,455
Residences Catering and Conferences	11,321	13,286	14,063	14,194
VAT Recovery	349	290	290	290
Investment income	2,605	3,673	3,096	2,270
Donation income	2,326	4,100	3,287	3,290
Sale of Don Street property		850	-	-
TOTAL other income prior to clawback	34,743	38,664	37,086	36,576
Annual Growth		11.3%	-4.1%	-1.4%
Value of annual increase/(decrease)		3,921	-1,578	-511
Provision for SFC clawback on Non controlled places		(1,672)	(3,344)	(5,016)
TOTAL other income	34,743	36,992	33,742	31,560

- 6.12.2. There are significant increases assumed for Residences and Catering which has £11.3m income this year increasing to £13.3m next year and then £14m in the following two years. For residences the void rate on student accommodation is assumed to reduce from 5% to 4% reflecting the increased number of students. In addition, rents are budgeted to increase by 4%, however the University has not yet set these and may agree a higher percentage increase.
- 6.12.3. Consultancies and other services income is reducing due to the transfer of the Crown office Forensic Pathology contract to NHS Grampian which is expected to be completed in June 2023.
- 6.12.4. Investment income is increasing in 2023/24 as we are expecting the bond funds to be placed on deposit at higher interest rates than during 2022/23. Interest will fall during the three years as bond funds are utilised.
- 6.12.5. Other grants and income are reducing as many of these awards amounting to £0.8m (such as Turing Scheme) are awarded annually and are only budgeted once awarded, (and are fully matched by expenditure, so do not impact on the University bottom line). In addition, other tuition related fees are reducing by £0.4m year on year (mainly relating to the planned reduction for Qatar), as are property rentals.

- 6.12.6. The Don Street property is due to be sold during 2023/24 and is subject to the purchaser receiving appropriate planning permission.
- 6.12.7. The provision for SFC clawback on non-controlled places has been included as an offset against other income. See contingency section at paragraph 11.4.
- 6.12.8. The Vice-Principal Regional Engagement is acting as a catalyst for industry collaboration enhancing the opportunities for income growth in this area.

6.13. **Staff Costs**

Pay Awards

- 6.13.1. Staff cost budgets are based on the latest pay award information from UCEA which is outlined in the table below. This is expected to cost in total £3.3m for 2023/24 financial year:

Spinal Column Points	Uplift
3 to 5	8%
6 to 14	7%
15 to 25	6%
26 to 51 and off scale	5%

- 6.13.2. Retaining control over staffing costs is key to overall financial sustainability. Pay awards are determined by national pay bargaining by the Universities & Colleges Employers Association (UCEA) and the Trade Unions.
- 6.13.3. The draft assumption was 4% for pay for 2023/24 and 3% for each of the years 2024/25 to 2025/26. UCEA's revised pay award is the subject of current industrial action. As part of our conditions of grant, set out in the Outcome Agreement with SFC, the University must have regard to public sector pay policy set by Scottish Ministers. Consequently, there is an element of risk attached to this pay award assumption which is set against a backdrop of rapid growth in inflation and public sector pay. The pay award excludes incremental drift which covers staff moving up through grades due to promotions/regrading and any uplifts in relation to gender pay gap which may be built into the budget. Increments will add a further estimated £2.7m each year to the pay bill. Each 1% increase in pay award will add circa £1.4m in cost that will need to be covered by new net revenue. In addition, the voluntary living wage is estimated to cost an additional £0.08m.

Pensions

- 6.13.4. The USS pension scheme position has been a significant risk for the sector, but a risk which appears to be reducing at the current time (yet to be formally confirmed). However, there are two dimensions to the risk to the University. The first of these relates to covenant compliance and the second to the impact valuations on contributions. For the most recent USS accounting valuation at 31 March 2020, which was accounted for within the 2021/22 financial statements, the USS pension provision has increased by £58.2m. The next accounting valuation is due on 31 March 2023.
- 6.13.5. In relation to the University of Aberdeen Superannuation & Life Assurance Scheme (UASLAS), the University awaits the outcome of the 2022 valuation exercise later in the year.

Staffing

- 6.13.6. Vacant posts will be filled to address pinch points, support critical functions and to support income growth. This will address the pressing workload pressures in both Schools and Directorates as evidenced in the Staff Survey. In Schools, to reduce cost pressures while addressing SSRs, opportunities are being taken to appoint at lower grades where possible, especially in areas of high teaching requirements such as the Business School. Appointments in other areas will help stimulate or enhance growth.

- 6.13.7. An analysis of the vacant posts and the staffing savings targets are set out in the Risk appendix (**Appendix 7**).
- 6.13.8. Following the REF outcome in 2022 the University has undertaken a full review of all Schools' underlying financial performance. More recently, this review has focused on individual Schools and in particular disciplines which are not providing sufficient financial contribution to the University. Biological Sciences, LLMVC and Geosciences will form part of this review. A focussed savings target has been implemented for this targeted intervention amounting to an estimated saving of £0.5m in 2023/24, £3.5m in 2024/25 and £3m in 2025/26.
- 6.13.9. It should be noted that the gap in staff appointments target and the focused savings target included in this budget are a change to the planning assumptions approved by FRC and Court. **Appendix 1 (Planning Assumptions) and Appendix 7 (Risk appendix)** outline the updated staffing targets for the three years of the plan.
- 6.14. **Operating Costs**
- 6.14.1. During the efficiency and savings exercise following the January 2023 student intake, and carried forward into this budget process, some operating budgets were reduced for both Schools and Directorates to minimise the deficit and ensure covenant compliance. This reflects the lower than planned student intake, high level of cost and income pressures being experienced by the University, including the impact of pay inflation and the impact of a reduced funding settlement from SFC due to the further REG (Research Excellence Grant) grant cut.
- 6.14.2. Schools and Directorates were tasked with saving up to 10% of their updated operating budgets (which included the initial level of new estimated cost pressures). Schools in aggregate have identified a saving of £1.68m which represents 7.8% of the Schools' core operating budget for 2023/24, and Directorates a saving of £3.1m (which represents 7.4% of the Directorates' core operating budget for 2023/24). The savings will be recurring in each of the three budget years. Of the £3.1m proposed for Directorates, £0.48m is being managed across the Professional Services portfolio by the Chief Operating Officer. These savings are now incorporated into the budgets and work will continue through the year to achieve closer to the 10%
- 6.14.3. It should be noted that Schools are continuing to budget for the increased volume of overseas agents' fee costs in line with the projected income growth. The reduction in budget does not affect these fees.
- 6.14.4. The impact of the savings programme has been closely monitored, particularly regarding core staffing costs. Every effort has been made to limit the impact and ensure continued investment in essential posts and growth areas. Whilst there appears no immediate impact on the strategic objective of investing in and improving future REF performance, close scrutiny will continue, and relevant action taken if required.

6.15. Depreciation

6.15.1. Using the indicative capital expenditure profile, an estimate has been made of the depreciation charges that will apply during the budget period. We will continue to review the value and remaining lifespan of University buildings. Upon the introduction of FRS102, the University has chosen not to revalue its buildings and consequently as depreciation is charged, the value over time will fall. This does not reflect the reality that some buildings will continue to provide value to the University, even when in accounting terms, they are fully depreciated. This change in practice has been discussed and agreed with the University's former external auditor.

6.16. Financing Costs

6.16.1. This Plan includes the interest charges on the bond borrowing of £60m (£50m for investment and £10m for repaying bank loans), the existing bank loans and financing for residences at Hillhead. Current borrowing and lease liabilities are:

	£m	%	Term
Barclays – Tranche 1	3.45	5.415	2031
Barclays – Tranche 2	11.25	3.00	2036
Barclays – Tranche 3	7.50	3.07	2036
Barclays – Tranche 4	7.80	3.195	2036
LGIM	20.0	3.05	2044
Macquarie	20.0	3.13	2049
LGIM	20.0	3.19	2054
Total cost	90.0	3.20	
Lease – New Carnegie Court	22.98	Variable	2037
Lease – IT Equipment	0.03	Variable	2023

Note: the interest charges for the leases varies due to the inflationary element of lease payments, inflation is capped at 5% for the New Carnegie Court lease.

6.16.2. Interest charges for the debt are as follows.

	Budget 2023/24 £m	Budget 2024/25 £m	Budget 2025/26 £m
Bond interest	1.87	1.87	1.87
Loan Interest	1.00	1.00	1.00
Lease Interest	2.21	2.16	2.11
Other interest	0.01	0.01	0
Total cost	5.09	5.04	4.98

6.16.3. It is important that the University monitors the budget position both for external covenant compliance and the University's own internal covenants. The covenant tests that the University must adhere to are a debt service covers test, where cash generated from operating activities must cover interest and debt repayments costs at an agreed level and a gearing ratio, where debt must remain below an agreed percentage of the University's net

assets. An analysis of this is enclosed at **Appendix 2**. The University is forecast to comply with both the internal and external covenant requirements.

- 6.16.4. As a result of the Universities Superannuation Scheme (USS) 2020 valuation exercise and the subsequent changes to USS pension benefits the University was required to agree to provide additional covenant support to the USS Trustees. We must now provide details to allow the USS Trustee to monitor the following:

Metric	Description	Test
A	Gross debt to net assets	< 50%
B	Gross debt to total income	< 50%
C	Gross debt to net cash inflow from operations	< 5 times
D	Interest cover	> 4 times

- 6.16.5. Should all four of the above metrics be exceeded in any one year or any three be exceeded in two consecutive financial years, the University would be required to discuss this with the USS Trustees. The University is forecast to exceed Metrics C & D in 2022/23 and 2023/24, therefore the overall test has been satisfied. However, it must be highlighted that the margins are tight and despite the consequences of breaching being unclear, the risk must be highlighted and robustly monitored.
- 6.16.6. In addition to the above tests, there are also limits on the levels of secured debts and assets with security compared to net assets. The University does not have, or plan to obtain any secured debt, so this test will also be met.

7. SCHOOL PLANS

- 7.1. Schools, as a minimum, have been tasked with generating sufficient income to meet their rising costs (pay award, pensions and operating costs). Only once this test has been passed will the School be able to fund any new investment. Once the three-year plan has been agreed it is the Heads of Schools' responsibility to manage the Budget (Year 1 of the Plan) and to meet or improve upon projected income targets and contribution levels throughout the Plan period. The Heads are supported to achieve the required levels of income by the Senior Management Team and the Professional Services Directorates.
- 7.2. The Plans reflect ambition to grow Tuition Fee revenue with annual growth of around 13% to 15% in each year as noted above.
- 7.3. A summary of the School budget for 2023/24 is presented at **Appendix 3**. An analysis of the School contribution level as a percentage of income and absolute contribution for Schools is shown in **Appendix 4**.
- 7.4. The Appendices show varying performance across the Schools. The initial focus has been for all Schools to grow their income and subsequently demonstrate a rising trajectory in terms of their contribution levels over time, thereby improving their contribution to the University's central costs. These levels of contributions vary, and in line with sector norms, the Science based subjects contribute less as a percentage of their total income.
- 7.5. The University has historic benchmarking information that maps the performance of Schools in absolute terms and against peers. The planning process this year provided comprehensive reference information in data files on academic and financial metrics that enabled a rich and detailed discussion of performance. These were used to calibrate the expected performance of our Schools. As in prior years, the focus in the budget meetings with each School was on the trajectory of contribution rates but also the absolute level of contribution.

- 7.6. There remains several Schools with predicted substantial deficit positions after the allocation of central costs. In some circumstances, it may, due to the funding mechanism, be difficult for a School to break even, but the Schools are expected to show progress over the years of this budget in increasing their contribution and reducing their deficit to a lower level. Secondly, we will continue to support Schools to conduct in-depth analysis of activity to identify the factors contributing to the deficit and work with these Schools to plan how changes can improve efficiency, generate opportunities for growth and thus improve overall financial performance.
- 7.7. At the same time there are difficult trade-offs in setting School budgets, with the University overall having high SSRs, and a number of disciplines being in the bottom quartile for that measure, which in turn impacts on UK and global league tables, the ability to build research capacity, as well as staff workloads. We will prioritise the release of posts to address SSRs, in those disciplines where student numbers are expected to grow substantially in the coming years.
- 7.8. As noted in paragraph 5.4, there are plans in place to improve the contribution of several disciplines within Schools through focused cost reduction.

8. DIRECTORATE PLANS

- 8.1. Similar to the Schools, the Directorates have prepared plans which detail how they will progress the 2040 Commitments, support the Schools in the achievement of their plans and how changes can be made to operating practices to make the services more efficient or generate additional income.
- 8.2. The Directorates also face cost pressures to maintain our physical and digital estate. The largest examples of cost pressures are energy bills, staff costs, rising maintenance costs for software and licences, and increases in insurance premia and audit fees.
- 8.3. The opportunity has also been taken to reprioritise Directorate budgets to support income growth. Investments have already been made in the Admissions team to support PGT growth including appointing QS as an external party to increase our capacity to process applications. We will also invest in our Digital teams, fundamental for our forward strategy in our recruitment and marketing activities, and in empowering strategic capability in Estates and Facilities.
- 8.4. A summary of the Directorate budgets is presented at **Appendix 5**.

9. CAPITAL EXPENDITURE & RECEIPTS

9.1. Major Projects

- 9.1.1. The main priorities for capital expenditure will be major projects funded via Bond borrowing and Court has previously agreed that this borrowing can be used for capital investment only, unless otherwise agreed by Court (i.e. it cannot be used to underpin revenue deficits).
- 9.1.2. Tenders have just been received for both the Johnston and King's projects. Procurement, the project teams, and our external cost advisors continue to analyse the bids. In addition, a Gateway Assurance Review is underway to assess both projects. Much has changed post pandemic, both in the wider economic and social environment, and in the internal University environment. Key considerations and decisions on both Johnston and King's are now required, taking into account the new environment and in the context of the wider estate requirements. For the purposes of this plan, and pending those decisions, we have assumed the following programme of capital spend (net of capital receipts) within this Plan:

- 2023/24 £15.6m
- 2024/25 £32.7m
- 2025/26 £39.4m

- 9.1.3. Included within the capital plan figures above is the investment in Digital and IT (£21m over three years).
- 9.1.4. For Digital and IT strategic Investment for 2040, work has started on a transformative ongoing programme of review, update, consolidation, and replacement of the Digital estate of over 150 core applications. Amongst others, Admissions, Data & Business Intelligence, and our Customer Relationship Management (CRM) ecosystem of Events and Engagement are on our three-year horizon with Student Management system completion and many other major changes across the up-coming ten-year window.
- 9.1.5. Investment in the estate is £64.8m over the three years which includes the investment in a major project to start in 2024/25. Further investment is set aside to invest in research equipment (£1.15m per annum). We aim to start to upgrade our heating system at the Hillhead Halls of Residence (total project cost of £7.6m including £1.1m for essential electrical works upgrading to be carried out concurrently), partly funded from an SFC loan of £4m.
- 9.1.6. The generation of operating cash flow is key to financing capital expenditure in the longer term. We also receive capital maintenance grants from SFC, however at a much-reduced level due to a cut in funding (from £0.9m in 2022/23 to £0.25m in 2023/24) and will continue the plan to sell land at the Rowett site in Bucksburn from year 4 of the Plan at £2m per annum. The sale of Don Street property is included in 2023/24 as a buyer has been found and the sale is subject to planning permission. The proposed capital expenditure and overall cash summary is enclosed at **Appendix 6**.
- 9.1.7. The estate condition survey results will be key in developing a comprehensive 10-year Estates Strategy and longer-term Campus Masterplan. This will generate spend recommendations that will be different from those proposed in this plan but the main purpose of the current 10-year projections is to ensure we exceed our minimum operating cash position in all years and give an indication of our potential to generate cash for such an improvement plan. This will also involve prioritisation with regards to affordability, benefits, and Return on Investment (ROI).

9.2. **Progress in the Development of a 10-year Estates plan**

- 9.2.1. In a normal cycle, the 10-year Capital Plan would be developed alongside and informed by an existing Estate Strategy and Masterplan to ensure alignment and viability. The current Estates Strategy is dated 2012/2022 and is therefore considered obsolete. The Masterplan dates to 2008 and therefore its planning assumptions also need to be reviewed for future relevance. The development of the new Estates Strategy and Masterplan will begin in 2023/24 and should be completed within 12-15 months; until there is alignment of these key documents, the draft 10-year Capital Plan cannot be finalised.
- 9.2.2. In the interim, the draft 10-year Capital Plan will consist of the following:
- A one-year plan of works for the financial year 2023/24 comprised of projects already in progress or already prioritised. This plan of works includes the Hillhead Heating project, the completion of the refurbishment of the School of Medicine, Medical Sciences and Nutrition research space within the Medical Physics building and Interdisciplinary Research space in Crombie.
 - A three-year plan of works will be developed which profiles the major projects. It also assists in identifying other projects that may need advanced through the PMO project management processes, including the development of outline business cases, early-stage conceptual design and indicative costing.
 - A ten-year plan of works will be developed which will offer a speculative vision of future projects and profiling.
- 9.2.3. Except for the one-year plan of works, the expectation is that the capital plan will be refined and further developed over the next 12-15 months to align with the new Estates Strategy

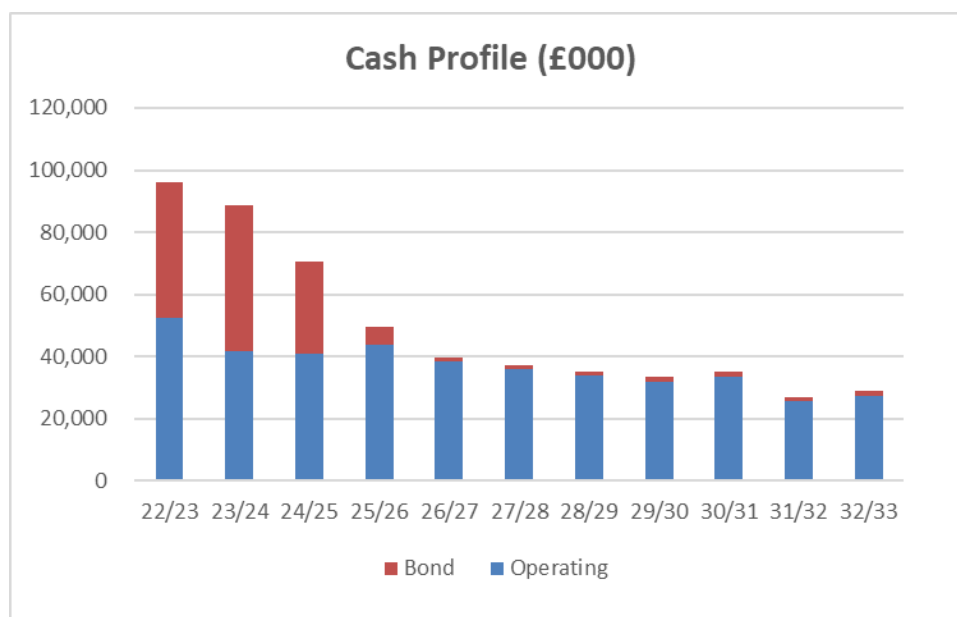
and Masterplan. It is a new proposition for the University to develop its future capital planning beyond a 1-3-year horizon. Accordingly, it will take a period for Schools and Directorates to develop their longer-term horizon planning capabilities but the results from the business planning process are encouraging both in the number and variety of bids.

10. CASH PLANNING

10.1. The University raised £50m in a private placement to fund major capital projects and held £109m at the end of July 2022. The capital programme proposed in this plan recognises the £50m allocation of the Bond to major capital investment cost. We have included a £1m cash contingency in the plan per annum. However, we also need to invest across our digital estate and this plan proposes a sustained capital programme that will reduce the net cash position in the next three years.

10.2. The University has ambitions for a major philanthropic fundraising campaign and both current major projects are potential candidate targets to generate material capital contributions. This plan does not assume any external funding for capital projects and therefore may be considered cautious but optimistic and confident. We will build contributions from our fundraising campaign into the cash plan when this is confirmed by a donor.

10.3. The graph below demonstrates how we will utilise the University's cash funds to invest in projects over the period of the Plan. Cash is forecast to be at £96m at the end of this financial year, July 2023 with bond funds reducing to £46.7m. There are two main reasons for the steep drop in the cash balance over the next 5 years. As projected in this plan, we would see the cash balance reduce over time due to continued capital investment and repayment of two tranches of £10m of the Barclays loan funding. At the end of the plan estimated cash is £23.5m.



10.4. The plan obviously provides for full debt service cover including annual interest payments and scheduled loan repayments to Barclays, the next £10m tranche being due in 2026/27.

10.5. The Audit & Risk Committee (A&RC) has previously recommended that we move to cash holdings of the equivalent of 2 months' staffing and operating costs but recognised it may take some time to get to this level. A&RC also noted that we need to be prepared for temporary cash flow fluctuations by having access to a revolving credit facility (RCF). This has not been required historically due to the high level of cash, which is currently being invested in term deposits which attract a higher rate of interest.

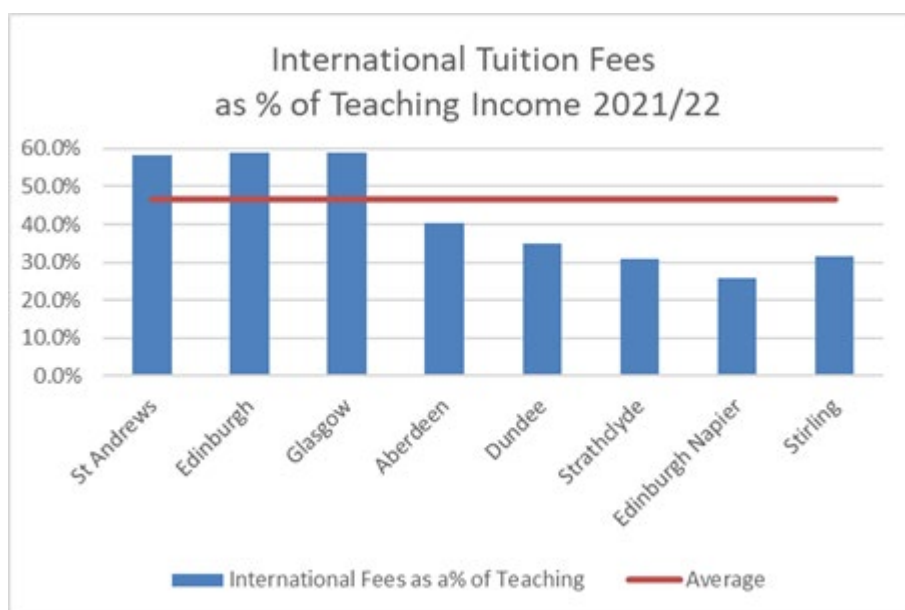
- 10.6. The current minimum cash holding was set at one month of staff and operating costs several years ago. The Audit & Risk Committee have asked that we review this figure, based on the 2023/24 budget moving to two months of staffing and operating costs would require a minimum cash holding of approximately £44m which would stifle our ability to invest. We propose that the minimum holding be revised upwards to reflect the current one-month figure of £22m and that this be considered by the Audit & Risk Committee.
- 10.7. A cashflow forecast incorporating the £22m minimum cash level is provided at **Appendix 6**.

11. BUDGET CONTINGENCIES, RISKS AND SENSITIVITY ANALYSIS

- 11.1. The University's focus in implementing Aberdeen 2040 is to invest to achieve several strategic objectives. As with all ambitious plans, this will involve risk. However, we have had a comprehensive review of our Risk Register and are more confident that we can describe, understand and manage our risks. This section looks at the key financial risks within the budget and a full sensitivity analysis is enclosed at **Appendix 7**.
- 11.2. During the planning and budgeting meetings the soundness of the academic and financial plans were explored. In addition, we hold several central budgets and contingencies. This year we are introducing a fund for research leave in 2023/24 for up to 50 staff to take leave and have their post backfilled at an estimated cost of £20k. This supports the University Court's strategy to improve the University's position for the next REF. In addition, other research focussed budgets such as research pump priming (to fund new ideas for research prior to working up full research grant applications), and a research matched funding budget increasing over time to support matched funding on large interdisciplinary research grant applications.
- 11.3. The parent leave fund has been reduced to £0.35m reflecting the estimated use of this fund.
- 11.4. This year we have also introduced a provision for SFC clawback for the potential non-achievement of the non-controlled subjects funded places due to the shortfall of 297 places during 2022/23. This is estimated at 300 FTEs per annum at Price Group 6 increasing by 300 year on year. The University historically had a high number of funded places (up to 20% of places) taken up by EU domiciled students, and since Brexit these students are not treated as part of our Home population, this reduction in Home population may result in clawback. SFC have not confirmed how they will treat Universities who do not meet target places in future years, therefore we have made an estimated provision for this.
- 11.5. The levels of Staffing savings assumed within the budget have been increased from the planning assumptions agreed at the last FRC meeting. These are set out in **Appendix 7**. These now include a focused savings target for certain Schools and increased gap in staff appointments targets for both Schools and Directorates, especially for 2024/25 financial year. This is required for the University to be financially sustainable going forward.
- 11.6. The table below sets out the contingencies held. It should be noted that the general contingency has been removed at the current time, as due to the high inflationary environment, the University has budgeted for all estimated inflationary increases in its cost base (including utilities, maintenance, pay, insurance, internal and external audit, and other costs).

Contingencies and central budgets	Budget	Plan	Plan
	2023-24	2024-25	2025-26
	£'000	£'000	£'000
Research Leave	1,000	1,000	1,000
Research Matched funding	0	250	750
Research Pump Priming funding	200	200	200
Maternity/Paternity leave fund	350	350	350
Provision for SFC clawback for non-controlled places	1,672	3,344	5,017
TOTAL	3,222	5,144	7,317

- 11.7. The University has encouraged Heads of School and Directorates to identify staff posts that will address critical gaps in delivery of academic and professional services. As a consequence of this, we have been presented with more recruitment opportunities than we can realistically fund in the early part of the plan. We have therefore prioritised only essential vacancies to be filled. Tight control of staff recruitment is a well tried and tested tool for responding to unforeseen business shocks and we continue to hold this in reserve.
- 11.8. As identified earlier in the report, international fee income growth is at the core of this strategy, notably from the Business School but with all Schools to a greater or lesser extent contributing to the effort. We are very aware of the need to maintain diversity of recruitment from multiple markets to avoid excessive concentration and dependence on any single source of tuition fee income. A sensitivity analysis in **Appendix 7** demonstrates the significant impact of any deviation from this target.
- 11.9. To sense check if this level of international fee income is achievable, our international fee income as a percentage of teaching income is shown in the graph below for 2020/21 benchmarked against our competitors in Scotland. Our current percentage is 40% with the Scottish competitor average at 43%. Our predicted position for 2023/24 is 46%, rising to 48% in 2024/25 and 51% in 2025/26. We are not yet at the levels of St Andrews, Edinburgh and Glasgow that are all nearer 60%. International fees as a percentage of Teaching income will increase over time due to the flat funding from the SFC and Home fees predicted compared to the year-on-year inflationary increases of international tuition fees. This will be monitored against other Scottish Universities each year. This does indicate that some further income growth for international fees should be achievable.



12. FURTHER INFORMATION

- 12.1. Further information is available from Karl Leydecker, Senior Vice-Principal, (karl.leydecker@abdn.ac.uk), or Mark White, Chief Finance Officer mark.white@abdn.ac.uk (or telephone 01224 272115).

21 June 2023 FOI Status: Closed

Appendix 2
Covenant Calculations

	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
Debt Service Cover					
Net cash inflow/(outflow) from operating activities	14,227	8,450	10,457	17,467	22,329
Investment income	1,509	2,605	3,673	3,096	2,270
Endowment income	92	94	0	0	0
Adjusted Cashflow	15,828	11,149	14,130	20,563	24,599
Loan Interest paid	2,931	2,121	2,218	2,165	2,108
Interest element of finance leases	1,858	2,877	2,876	2,876	2,876
Repayments of amounts borrowed (Excl Barclays)	284	284	284	286	286
Capital element of finance leases	424	642	707	590	674
Debt Servicing Costs	5,497	5,924	6,085	5,917	5,944
Debt Service Cover	288%	188%	232%	348%	414%
External Covenant Threshold - 150%	Pass	Pass	Pass	Pass	Pass
Internal Covenant - 5 year rolling average 250%					294%
Gearing					
Pension Guarantee (not in accounts but required by Lenders)	9,600	9,600	9,600	9,600	9,600
Loans & Bond	90,000	90,000	90,000	90,000	90,000
SFC Financial Transactions	3,357	3,071	2,785	2,499	2,213
Finance Leases	23,844	23,202	22,495	21,905	21,231
Debt	126,801	125,873	124,880	124,004	123,044
Net Assets	348,793	342,849	338,249	337,549	339,849
Gearing (including Pension Guarantee)	36.4%	36.7%	36.9%	36.7%	36.2%
External Covenant Test Treshold - 50%	Pass	Pass	Pass	Pass	Pass
Gearing (excluding Pension Guarantee)	33.6%	33.9%	34.1%	33.9%	33.4%
Internal Covenant Test Threshold - 40%	Pass	Pass	Pass	Pass	Pass

Financial Regulations Extract re Covenant Tests

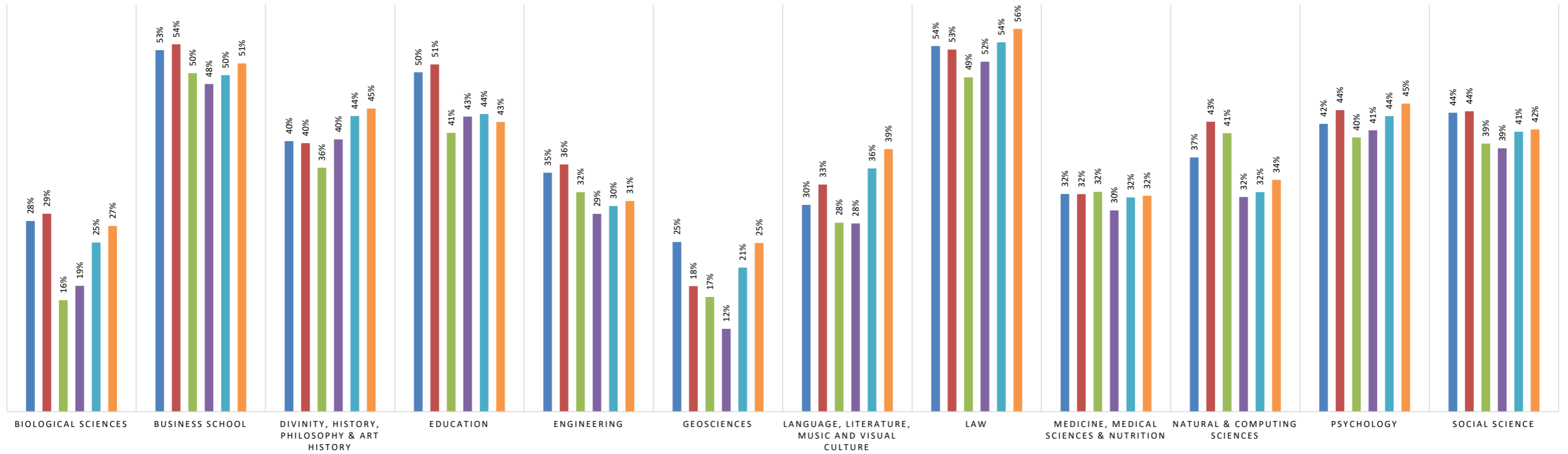
The University will maintain a Gearing Test which calculates the overall borrowing as a percentage of the net assets of the organisation. A gearing ratio, looks at the overall level of indebtedness against the net assets of the organisation. The higher the ratio, the larger the risk of being unable to service this debt. The University will not borrow funds which exceed 40% of the net assets of the University. The net assets will be per the University's consolidated balance sheet and will be net of provisions for pension liabilities. This test will be prepared on a 5 year absolute basis which will include the previous financial year, current financial year and projections for a further 3 years.

The University will maintain a Debt Service Cover test to ensure there is sufficient operational cashflow to meet interest repayments and to build up a fund for repayment of debt. The lower the ratio, the higher the risk that with a downturn in an organisation, it may not be able to service its debt. The University will maintain a debt service cover no less than 2.5 times the cash generation from operating activities. The cost of debt will include interest payable, the capital element of any finance lease and the amount to be set aside to repay non amortising debt (Barclays and new bond). The operating cashflow will be taken from the University's consolidated cashflow statement and will include inflows or outflows from exceptional items. This test will be prepared on a 5-year rolling basis which will include the previous financial year, current financial year and projections for a further 3 years unchanged.

SCHOOL CONTRIBUTION AS A PERCENTAGE OF INCOME (INCLUDING STRATEGIC POSTS)

APPENDIX 4

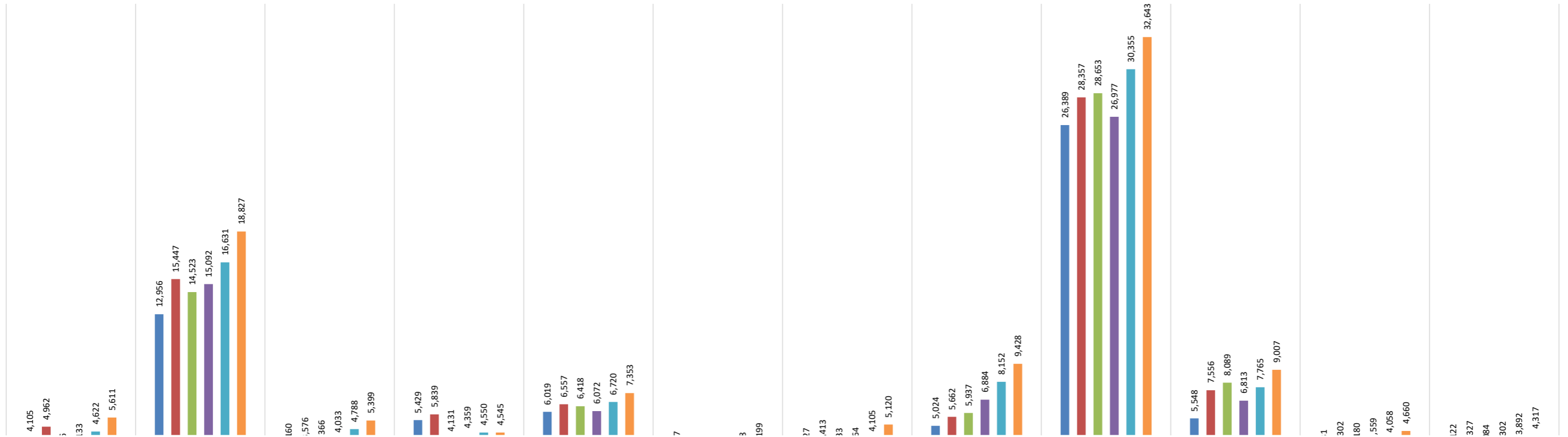
■ 2020/2021 £000 ACTUAL ■ 2021/2022 £000 ACTUAL ■ 2022/2023 £000 FORECAST ■ 2023/2024 £000 BUDGET ■ 2024/2025 £000 BUDGET ■ 2025/2026 £000 BUDGET

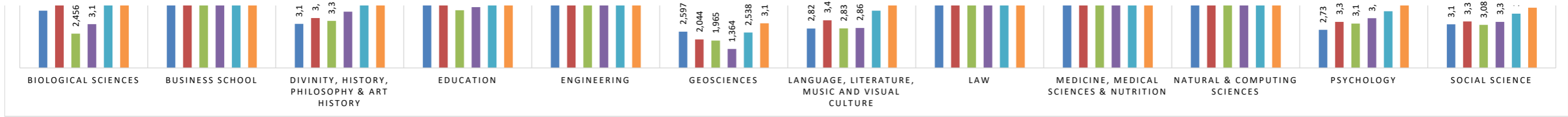


SCHOOL CONTRIBUTION (INCLUDING STRATEGIC POSTS)

APPENDIX 4

■ 2020/2021 £000 ACTUAL ■ 2021/2022 £000 ACTUAL ■ 2022/2023 £000 FORECAST ■ 2023/2024 £000 BUDGET ■ 2024/2025 £000 BUDGET ■ 2025/2026 £000 BUDGET





Income and Expenditure Account

	Academic Services & Online Education	Estates Facilities	External Relations	Finance	People	Digital & Information Services	Development & Alumni Relations	Directorate of Planning & Governance	Principal's Office	Research & Innovation	University Secretary	Senior Vice Principals	Total
Note	2024 Budget £	2024 Budget £	2024 Budget £	2024 Budget £	2024 Budget £	2024 Budget £	2024 Budget £	2024 Budget £	2024 Budget £	2024 Budget £	2024 Budget £	2024 Budget £	2024 Budget £
Income													
Funding body grants	620	1,365	0	0	0	1,338	0	0	0	713	178	249	4,464
Tuition fees and educational contracts	0	0	926	0	0	100	0	0	0	0	0	0	1,027
Research grants and contracts	0	0	0	0	0	140	0	0	0	140	0	0	280
Other income	391	15,703	0	30	105	889	0	0	0	96	-472	0	16,742
Investment income	0	0	0	0	0	0	0	0	0	0	0	0	0
Total income before endowments and donations	1,011	17,068	926	30	105	2,468	0	0	0	949	-294	249	22,513
Donations and endowments	0	0	0	0	0	150	1,000	0	0	0	0	0	1,150
Total income	1,011	17,068	926	30	105	2,618	1,000	0	0	949	-294	249	23,663
Expenditure													
Staff costs	4,248	12,179	7,025	2,945	7,120	13,763	1,720	1,197	393	3,988	882	2,698	58,158
Fundamental Restructuring Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
Other operating expenses	1,022	18,574	2,868	2,132	4,207	8,728	243	67	110	464	812	1,026	40,252
Depreciation	0	11,712	0	0	0	3,074	0	0	0	0	0	5	14,791
Interest and other finance costs	0	2,212	0	0	0	6	0	0	0	0	0	0	2,218
Total expenditure	5,270	44,677	9,894	5,078	11,327	25,570	1,963	1,264	503	4,451	1,693	3,729	115,419
Surplus/(deficit) before other gains/(losses) and share of operating surplus/(deficit) of joint ventures and associates	-4,259	-27,609	-8,967	-5,048	-11,223	-22,952	-963	-1,264	-503	-3,503	-1,988	-3,479	-91,756
Gain/(loss) on disposal of fixed assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrealised surplus on revaluation of land and buildings	0	0	0	0	0	0	0	0	0	0	0	0	0
Gain/(loss) on investments	0	0	0	0	0	0	0	0	0	0	0	0	0
Share of operating surplus/(deficit) in joint venture (Group Only)													
Surplus/(deficit) before tax	-4,259	-27,609	-8,967	-5,048	-11,223	-22,952	-963	-1,264	-503	-3,503	-1,988	-3,479	-91,756
Taxation	0	0	0	0	0	0	0	0	0	0	0	0	0
Surplus/(deficit) for the year	-4,259	-27,609	-8,967	-5,048	-11,223	-22,952	-963	-1,264	-503	-3,503	-1,988	-3,479	-91,756
Actuarial gain/(loss) in respect of pension schemes	0	0	0	0	0	0	0	0	0	0	0	0	0
Total comprehensive income for the year	-4,259	-27,609	-8,967	-5,048	-11,223	-22,952	-963	-1,264	-503	-3,503	-1,988	-3,479	-91,756
Centrally Allocated Costs	4,163	26,463	8,889	4,987	10,928	22,503	939	1,251	492	3,437	-1,167	3,178	86,062
Surplus/Deficit for the year after Central Costs	-96	-1,146	-79	-61	-295	-449	-24	-13	-11	-65	-3,154	-301	-5,695
Staffing Savings Target	0	0	0	0	0	0	0	0	0	0	2,561	0	2,561
Operating Savings Target	96	1,146	79	61	295	449	24	13	11	65	594	301	3,134
Total Gap in Staff Appointments	96	1,146	79	61	295	449	24	13	11	65	3,154	301	5,695
Surplus/Deficit for the year	-0	0	-0	-0	-0	0	-0	0	-0	-0	0	-0	-0

UNIVERSITY OF ABERDEEN

UNIVERSITY COURT

STRATEGIC PLAN FORECAST (SPF) FOR 2022-23 to 2024-25**1. PURPOSE OF THE PAPER**

- | | |
|-----|--|
| 1.1 | On 6 June 2022, SFC requested HE institutions to prepare a Strategic Plan Forecast (SPF) with actual figures for 2021/22 and forecast figures for 2022/23 and a further two financial years 2023/24 to 2024/25. This requires to be approved by the University Court and submitted to SFC by 30 June 2023. |
|-----|--|

2. PREVIOUS CONSIDERATION BY /FURTHER APPROVAL REQUIRED

	Board/Committee	Date
Previously considered/approved by	Senior Management Team	8 June 2023
Further consideration/ approval required by	University Court	21 June 2023

3. RECOMMENDED ACTION

- | | |
|-----|---|
| 3.1 | The Court is invited to approve the Strategic Plan Forecast for the three financial years 2022/23 to 2024/25. |
|-----|---|

4. BACKGROUND

- 4.1. The Strategic Plan Forecast (SPF) is an established part of SFC's financial health monitoring framework.
- 4.2. The return builds on financial information already provided by institutions, including the Financial Forecast Update, and will enable SFC to provide further advice on the financial impact across the university sector to both the Scottish and UK Governments.

5. DISCUSSION

- 5.1. The University is required to submit the attached completed Strategic Plan Forecast (SPF) with actual figures for 2021/22 and forecast figures for 2022/23 and a further two financial years 2023/24 to 2024/25.
- 5.2. The SPF forecast is the April 2023 forecast from the University Monthly Management Report.
- 5.3. A copy of the SPF is enclosed together with a commentary which is set out using the headings required by SFC in the SPF format. The commentary and appendices are extracted from the main budget paper.
- 5.4. A reconciliation has been provided between the SPF result and the Court underlying forecast for 2022/23 and the budget for 2023/24 and 2024/25.
- 5.5. It should be noted that the SPF requires to be prepared for the University, its subsidiaries and joint ventures.
- 5.6. The submitted document will include the following declaration:

“The attached worksheets represent the financial forecast for the institution. They reflect a financial statement of our academic and estates plans from 2022/23 to 2024/25. Adequate explanations have been provided for significant variances on the spreadsheet. The forecast and its underpinning assumptions have been reviewed and approved by the Board of Governors in accordance with their agreed practices. In preparing this financial forecast the institution has fully considered the financial implications of all aspects of its strategy and has properly reflected these in the forecast. As part of its planning process the institution has included, or will include, an appropriate level of scenario planning, for example anticipated best and worse case scenarios.”

6. FURTHER INFORMATION

6.1. Further information is available from Mark White, Chief Financial Officer (mark.white@abdn.ac.uk).

Confidentiality Status: Closed

Commentary for Court members

1 Underlying position

- 1.1 A reconciliation of the University of Aberdeen's underlying surplus or deficit compared to the surplus or deficit in the Strategic Planning forecast is provided below for information. The reconciling items are non-controllable and not part of our normal operations.

2 Analysis of movement of the underlying budget to the Strategic Planning Forecast

- 2.1 An analysis of the main variances between the Court underlying budget and the SPF are in the table below. The restructuring costs are shown within underlying in the SPF however we do not consider these items as underlying activities. The Don Street Gain is shown within underlying to offset the costs of the strategic posts, as this was the strategy agreed by Court.

<u>Reconciliation of Management Accounting position to SFC forecast position</u>	<u>Forecast</u>	<u>BUDGET</u>	<u>BUDGET</u>	<u>BUDGET</u>
	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Management Accounting Underlying Surplus/(Deficit) position	(2,682)	(3,900)	0	3000
Remove restructuring costs	150	0	0	0
Remove gain on sale of Don Street to offset core Strategic Investment costs	0	850	0	0
Admissions system write off				
Surplus/(deficit) before other gains and losses and share of operating surplus/deficit of joint ventures and associates	(2,832)	(4,750)	0	3,000

THE FOLLOWING SECTIONS HAVE BEEN EXTRACTED FROM THE COURT BUDGET PAPERS

3 INTRODUCTION AND ASSUMPTIONS

- 3.1 The plans within this paper represent the estimated underlying financial position of the University for the three-year period. It excludes actuarial gains and losses on pension schemes and gains or losses on investments and fixed assets. In particular, the movements on pension schemes valuations can be volatile and cannot be reasonably predicted at this time. A full schedule of the budget assumptions used and updated is enclosed at **Appendix A**. More changes than we would normally expect have been made to the assumptions last presented due to the volatile economic environment and elements of our internal assumptions for example, SFC funding, inflation, staffing targets and student intake (international and domestic).
- 3.2 There is clear interdependency between our revenue plans, which creates the operating cash for investment, and our capital investment, with the interplay between the two impacting on our cash balances. This report brings all these strands together for the next three years.
- 3.3 When making financial plans, the key consideration is always the achievement of our strategic goals and compliance with lenders' covenant requirements. Our plans presented here demonstrate that we can meet these covenant measures, with sufficient headroom for risk.
- 3.4 There are several pressures noted between 2022/23 and 2023/24 amounting to £16m. The main increases are outlined in Table 1 below:

Table 1:

Material Pressures

	2023/24
Estimated adverse variance above 2022/23 forecast - items >£80K	£'000
PAY	
Pay award increase	3,313
Increments increase	2,700
Voluntary living wage	80
OPERATING COSTS	
Utilities increase	2,598
Digital Maintenance - Licence costs increase	576
10% stipends additional cost above budget 22/23	500
Insurance increase	340
Graduations additional cost	310
Admissions - QS external party and Enroly system	292
5.4% further stipend uplift 23/24	225
NCC Interest Payable	102
External Audit	100
INCOME	
Research Excellence Grant (further cut above 2022/23 level)	3,100
Provision for SFC clawback on non-controlled funded places	1,650
Loss of SFC counselling funding	90
Loss of Rental income	83
Total Estimated Material Pressures	16,059

- 3.5 The main pressure is pay, given the recent UCEA (Universities & Colleges Employers Association) final 2023/24 pay award which was announced and the first 2% implemented during February 2023. This ranges in uplift from 8% on the bottom spinal points to 5% on the top spinal points and above. In addition, increments (normally at 3%) add a further £2.7m to the cost base. The University is also committed to paying the Voluntary Living Wage which adds an estimated £0.080m in September 2023.
- 3.6 Utility costs are an estimated increase by £2.6m for 2023/24 but are expected to increase by £4.5m in 2024/25 and then by over £5m in 2025/26. The University has identified measures to reduce utility costs and consumption, and an assumption of this reduction has been included within this Plan (£0.5m in 2023/24)
- 3.7 Other inflationary pressures include insurance which is expected to further increase in 2023/24 (above a £0.90m increase in 2022/23, although curtailed due to a proposed re-negotiation), internal and external audit which have both been tendered during 2022/23 and stipend increases for PhD students which are determined and set by UKRI (UK Research and Innovation). Additional costs to support admissions process improvements are a further £0.3m. Inflation is also affecting lease payments for the NCC (New Carnegie) lease which is capped at 5% inflation, but historically had lower levels of inflationary increase.
- 3.8 The University is now providing for SFC clawback (for not meeting non-controlled places) given the shortfall during 2022/23. This is estimated at 300 students and £1.65m. SFC have also withdrawn counselling funding to the sector and this is a loss of £0.09m. Commercial rental income is also expected to reduce in some areas due to companies entering administration.

3.9 Funding Body Grants

3.10 The Scottish Funding Council's (SFC) indicative funding allocation for 2023/24 was received in April 2023. The final funding settlement was received on 25 May. We had anticipated that the Research Excellence Grant cut would be £4.7m, however this was £5m upon receipt of the indicative funding allocation. The draft budget has been updated to include this higher level of reduction.

3.11 The two additional grants awarded for SFC additional research funding (amounting to a combined £1.6m received during 2022/23) are expected to be non-recurring and contributing to the reduction in SFC income year on year. In addition, funded places have been reduced by 136 places for 2023/24 reflecting the non-achievement of non-controlled places during 2022/23 (by 297 places). In addition, the final funding announcement received on 25 May reduced controlled places by 13 FTE for 2023/24.

3.12 Tuition Fee Income

3.13 The following table examines the fees by market category for Gross Academic Fees (and shows other movements such as fee waivers separately):

Forecast		Budget	Budget	Budget	% Change
2022/23		2023/24	2024/25	2025/26	2022/23 to 2025/26
£'000		£'000	£'000	£'000	%
46,671	International PG	58,036	68,220	80,316	72.09%
18,702	International UG	21,382	23,387	25,660	37.20%
5,133	Transnational	5,411	6,626	7,225	40.75%
7,332	Online	8,687	10,421	12,471	70.08%
5,806	Home PG	6,358	6,982	7,684	32.34%
14,183	Home UG	14,539	14,904	15,091	6.40%
2,435	EU fees	2,729	3,040	3,401	39.63%
9,275	RUK fees	10,318	10,969	11,638	25.48%
109,537	Total Academic Fee Growth	127,460	144,549	163,484	49.25%
(13,616)	Other fee movements including fee waivers	(16,760)	(19,049)	(20,608)	51.35%
95,921	TOTAL Tuition fee growth	110,701	125,500	142,877	48.95%
	% Tuition Fee Growth	15%	13%	14%	
12%	Fee waivers as % of Academic Fees	13%	13%	13%	

3.14 The overall student population for each student category has been developed since February 2023 when initial meetings were held with Schools following Snapshot 3 student FTE data being released. Follow up discussions have been held with Schools during March, April and May to review budgeted FTEs and growth in comparison with student recruitment data (which includes applications, offers and acceptances data by School and student recruitment projections based on domicile conversion for PGT international in particular). In addition, for UG and PGR the year of study metrics (for years 1-4) have been reviewed to take into consideration the size of the graduating year compared with the likely intake in Autumn of each year. Any agreements for direct entry students (into years 2 and 3 of the population for international partnerships) have also been considered for all years of the plan.

3.15 The 2024/25 and 2025/26 population has been informed by School plans for growth, particularly in PGT international and the development of new programmes, or projected growth in existing programmes.

3.16 The financial value of academic fees is based on the inflationary growth as outlined in the planning assumptions and the average fees for each student category for each School. The

value of fee discounts budgeted is based on an average of the range of discounts available to each School, and the likely FTE receiving discounts.

- 3.17 The FTE student growth in the Plan is as outlined below at 6.7% for 2023/24 with further growth in the outlying two years. This represents a 984 increase in FTEs in total for 2023/24. There is an increasing trend towards International PGT (11% share increasing to 14%) and less reliance on Home students (51% share reducing to 45%):

Product / Market Mix	Forecast	Budget	Plan	Plan
	2022/23	2023/24	2024/25	2025/26
Volume	FTE	FTE	FTE	FTE
International PGT	1,659	2,003	2,254	2,542
International PGR	425	457	499	545
International UG	937	990	1,039	1,095
Transnational Education	1,008	1,256	1,568	1,720
Home UG	7,500	7,725	7,913	8,010
Others	3,097	3,178	3,430	3,695
	14,626	15,610	16,702	17,607
Annual Growth		6.7%	7.0%	5.4%
No of student increase		984	1,093	905
Share				
International PGT	11%	13%	13%	14%
International PGR	3%	3%	3%	3%
International UG	6%	6%	6%	6%
Transnational Education	7%	8%	9%	10%
Home UG	51%	49%	47%	45%
Others	21%	20%	21%	21%
	100%	100%	100%	100%

- 3.18 International fee income is projected to increase in line with the population outlined above and the continuation of January PGT starts. Transnational income will continue to grow overall; however, it is expected that our share of fee income for existing programmes currently delivered in Qatar will fall (based on the contracted terms), but that this will be offset by new programmes coming on stream in 2023/24 and beyond. Other partnerships with Harbin and SCNU (South China Normal University) in China will contribute to growth in the three years of the Plan (7% of the share of FTE to 10% over the period of the plan).
- 3.19 The table below shows the growth in gross academic fees over the period of the Plan by student category. International PGT gross fees are projected to increase from 38% to 44% of total gross fees over the three years of the plan:

Product / Market Mix	Forecast	Budget	Plan	Plan
	2022/23	2023/24	2024/25	2025/26
Gross Value	£'000	£'000	£'000	£'000
International PGT	41,561	51,984	61,178	72,134
International PGR	7,545	8,782	10,082	11,583
International UG	18,702	21,382	23,387	25,660
Transnational Education	5,133	5,411	6,626	7,225
Home UG	14,183	14,539	14,904	15,091
Others	22,413	25,363	28,373	31,792
	109,537	127,460	144,549	163,484
Annual Growth		16.4%	13.4%	13.1%
Value of gross annual increase		17,923	17,089	18,935
Share				
International PGT	38%	41%	42%	44%
International PGR	7%	7%	7%	7%
International UG	17%	17%	16%	16%
Transnational Education	5%	4%	5%	4%
Home UG	13%	11%	10%	9%
Others	20%	20%	20%	19%
	100%	100%	100%	100%

- 3.20 In conjunction with student recruitment, a sensitivity analysis has been carried out on the School PGT international budgeted numbers for 2023/24 compared to the estimate of the conversion of September intake of registered students (based on detailed domicile conversion data).
- 3.21 We have used live admissions data to project the September 2023 intake and have added the continuing January 2023 FTEs and a 10% growth in intake for Jan 2024 FTEs to calculate the 2023/24 budgeted population figures. Three scenarios are presented below based on the conversion of offer holders to registered students assumed for September 2023 entry. This is based on historic domicile conversion information from student recruitment reflecting the different conversion rates for each domicile. For example, Nigerian offers to entrants has a lower conversion rate compared to China. The three scenarios assume 0% growth in January 2024 starts, 5% growth in January 2024 starts or 10% growth in January 2024 starts (compared with the level of intake in January 2023).
- 3.22 The analysis below shows that with 10% growth in January 2024 starts, the University would be short of budget target by 68 FTE (information as at 30 May). It should be noted that 68 FTE students at a net average fee of £15k (net of agents' fees and fee waiver discounts) would equate to approximately £1m net shortfall to the University. However, the student recruitment data is based on historic conversion rates when there were significant delays in responding to student applications. We would therefore expect that there would be a positive increase in conversion rates given the measures put in place to improve the admissions processing. Therefore, this level of budgeted growth is currently deemed to be reasonable given the increased admissions support available from within the University and externally with QS additional support.

Overseas PGT Population for 23/24 - Based On Offers Data - Summary							
	0% Growth	0% Growth	5% Growth	5% Growth	10% Growth	10% Growth	
	Jan-24	Jan-24	Jan-24	Jan-24	Jan-24	Jan-24	Jan-24
	Total	Difference	Total	Difference	Total	Difference	
	Population	From	Population	From	Population	From	
	23/24	Current	23/24	Current	23/24	Current	
	(ftes)	Budget	(ftes)	Budget	(ftes)	Budget	
Business School	755	(15)	761	(9)	767	(3)	
DHPA	16	(0)	16	0	16	0	
Education	41	17	41	17	41	17	
LLM&VC	88	(7)	87	(6)	87	(6)	
Law	133	(22)	135	(20)	136	(19)	
Social Sciences	70	(6)	71	(5)	72	(4)	
Biological Sciences	34	(4)	34	(4)	34	(4)	
Psychology	61	(11)	62	(10)	62	(10)	
Medicine, Medical Sciences & Nutrition	298	(22)	302	(18)	306	(14)	
Engineering	128	(23)	130	(21)	132	(19)	
Geoscience	89	2	90	3	92	5	
Natural and Computing Science	182	(18)	185	(15)	188	(12)	
University Total	1,893	(109)	1,914	(88)	1,934	(68)	

- 3.23 As set out in the admissions update on today's agenda, the admissions statistics and resulting intake are being carefully monitored, and that paper also presents the range of projections for the likely September 2023 PGT international intake, which is where the greatest impact on fee income will be. The budget population is of course made up of continuing and new January entrants as well as the new September intake. The analysis in that paper indicates that the budgeted figures are at the top of the range of projections for new entrants at this point, but it should be noted that the projections are based on live admissions data, do not include assumptions for improvement in conversion rates as a result of earlier offers, and will continue to change. This is being monitored on a weekly basis.
- 3.24 The recent change in immigration regulations, which will remove the ability for Postgraduate Taught students to bring dependents with them, will be implemented from January 2024. This has not been explicitly included in our modelling but is likely to impact on recruitment from Africa and India. During 2023-24, we might anticipate that this may increase conversion amongst students who would otherwise defer entry from September to January with a neutral or positive effect on overall recruitment in 2023/24.
- 3.25 **Supporting Tuition Fee Income Growth**
- 3.26 Generating higher net fee income, particularly international fee income, will be critical to the University's ability to fund its ambitions. Like most UK universities, net margin from international fee income cross subsidises net losses from domestic student teaching and research activity.
- 3.27 Income growth is strongly supported by growth in student recruitment. To support this, we have an increased focus on building the University's reputation and brand. This approach supports the development of our academic portfolio to ensure its attractiveness in appropriate markets, including targeted work with individual Schools and in the development of programmes aligned to the interdisciplinary themes of Aberdeen 2040.
- 3.28 Positively, across all international markets we are developing stronger relationships with student recruitment stakeholders including recruitment agents, international schools' networks, sponsors and alumni networks and we have seen strong growth in applications from international markets for entry in September 2023. We have put in place new actions to improve conversion rates. As reported previously, during 2022 the increases in volume resulted in delays in application processing, leading to us engaging the services of a third party (QS Enrolment Solutions) to support this work. Both this new partnership and internal changes to

processes have made a positive impact, and the number of applications pending a decision has dropped to 2% of applications (around 600) - a much lower percentage than last year at this time (which was 15%). We have also just finalised a contract with another provider of a third-party platform to automate the tracking of those who have accepted their offers through CAS issuance and VISA processes to the enrolment stage.

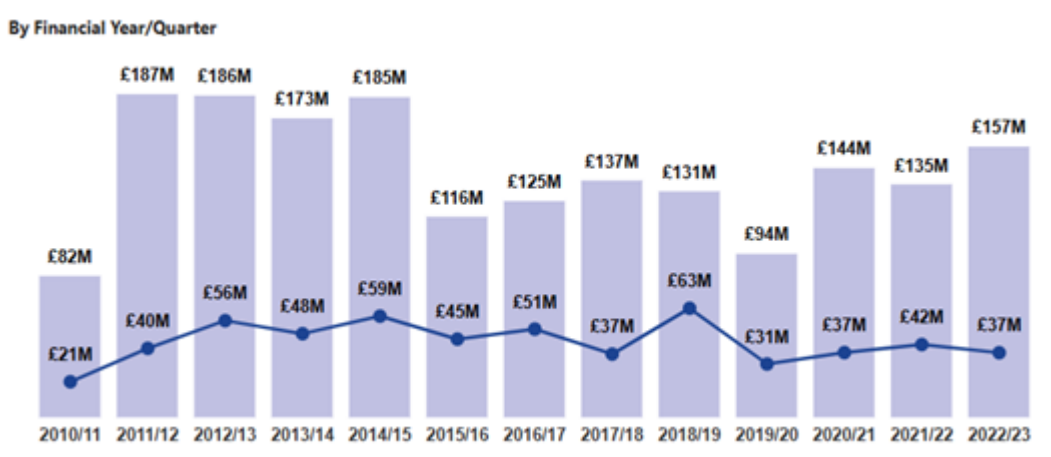
- 3.29 We continue to believe that the University should have a higher domestic market share than at present, given our reputation and performance rankings. However, while we seek, with some success, to fill funded places with additional Scottish students, the demographic trends are challenging, and post-pandemic application behaviour continues to evolve. Given the fall in Undergraduate application numbers we remain open for late applications from all fee categories, as well as implementing proactive conversion campaigns for existing applicants. We are also driving forward the campaign to attract those applicants who will be looking for different opportunities during Clearing, which takes place when school exam results are released in August. Although intakes may remain flat, or with slight increases as a result of additional entrants recruited through Clearing, the relative size of graduating and continuing cohorts means that in some areas, the UG population may increase.
- 3.30 We have a growing number of partnerships with international universities allowing progression into later years of a degree programme and our partnership with SCNU delivering dual degrees in China is recruiting ahead of business plan.
- 3.31 Finally, we continue to review our scholarship packages to ensure these are attractive and appropriate to the market and programme, recognising price sensitivity in the newer international markets as well as economic volatility across the world at present.
- 3.32 In addition, the partnership with AFG in Qatar continues to mature and yield both revenue and margin to the University. We are currently working with AFG to recognise the need to ensure that the financial arrangements for the partnership support both partners and are discussing both the fee share and flying faculty models, not only to support the growth of the partnership but also, in looking to reduce flying faculty, to support the achievement of environmental sustainability targets.

3.33 Research Grants

- 3.34 The table below sets out our planned Research Income over the Plan period. The University has been investing in new academic staff in the past three years to recover the lost research capacity, including investment in interdisciplinary fellows in 2022/23. Annual growth in research awards will take time to build up, but the Table below demonstrates that there is justification to be optimistic. It should be noted that there is non-recurring income included for research equipment capital purchases which is inflating income in 2022/23.

	Actual	Forecast	Budget	Plan	Plan
Research Grant Income	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
Research Grants Income	50,831	55,063	57,109	61,397	66,138
Annual Growth	11.6%	8.3%	3.7%	7.5%	7.7%
Value of annual increase	5,265	4,232	2,046	4,288	4,741

- 3.35 The applications and awards data for 2022/23 indicates increasing levels of research applications, which in turn will generate future research income, supporting the budget assumptions. Performance in the first 3 quarters of 2022/23 shows a higher rate of grant submission to 2021/22 with £157m of applications made to date in 2022/23 compared to £135m in 2021/22 (see chart below):



3.36 Similarly, we are seeing encouraging performance in the total value of new research awards received by the University, with £37m of new awards for the first three quarters for 2022/23.

3.37 Supporting research income growth

3.38 **The** Grants Academy provides research support focussed on horizon scanning of opportunities with a Funders' Insights programme, improving the quality of grant applications through Research Bites training, enhanced peer review support by academic colleagues and encouraging interdisciplinary research through the Conversations Series. The team has been strengthened through the appointment of a new Head of Research Development and dedicated team to support interdisciplinary research funding opportunities.

3.39 The Research Award Management System (Worktribe) has been expanded to include the management of post award grant finances and research ethics, enhancing the visibility of externally funded research activity throughout Schools compared with was available before. The system is already allowing closer monitoring of applications rates and tracking of indirect cost contribution (ICC) recovery rates across the schools (ICC return for 22/23 is expected to be £12.2m (£2.2m ahead of target). The Worktribe system also allows enhanced monitoring at an individual grant level with much more granular information on submission rates, success rates with different funders etc. Linked to the improvement of research data, new dashboards in Power BI for research income and equality and diversity metrics now complement the grants and awards dashboards. Schools are now able to access live information on application levels, awards, the distribution of grant profiles over future years (the "order book"), as well as income and ICC earned throughout the year thus supporting each School's strategy on grant acquisition.

3.40 A research deep dive on income was also conducted during 2021/22 which has given accurate benchmark data on research income both at an Institutional and School basis. This data informed the agreed school planning targets for research income over the coming budget cycle. Individual sessions were held with each school to identify tailored support requirements to enable them to achieve the agreed income targets.

3.41 Aberdeen 2040

3.42 A fully operational research implementation plan is in place to ensure appropriate research support, the implementation of the institutional strategy, Aberdeen 2040, and its interdisciplinary challenges. All the Interdisciplinary Directors are now in place and they are working closely with colleagues in Research & Innovation and through the Grants Academy to support new research in this area, and to connect colleagues from across the institution with each other and external partners, which has led to several new large grants with external partners. Pump priming funds have been made available to support project development under the themes, with the aim of leveraging future external research income.

3.43 Twelve new interdisciplinary research fellows across the 5 areas of interdisciplinarity have now been appointed to support the growth targets in interdisciplinary research and associated income.

3.44 **REF2021 and plan for REF2028**

3.45 The Post REF Action Plan was presented to Court in November 2022. It proposed a comprehensive set of measures to improve the quality of research, the research environment and impact support for researchers at the University of Aberdeen. It was devised following a review of all available REF data, discussions with REF Panel members, and meetings held with Schools on what support would be required to help achieve top quartile outcomes in the next research assessment exercise, expected to take place in 2028.

3.46 The Post REF Action Plan includes the following areas:

- Institutional Research Leave Scheme
- Visiting Scholar Scheme Conference attendance fund
- Strengthening impact support infrastructure
- Calibration and assessment training for all staff

3.47 These measures should enable improvement in staff retention and research and impact performance by providing an environment that is supportive and accommodates research activities among all the other duties associated with academic roles. The Institutional Research Leave Scheme element of the package was launched earlier this month, with applications invited by mid-June. We expect to make 50 awards in this round and launch a second round later this year.

3.48 This 3-year plan includes £1m in 2023/24 and £1.5m in (each of) 2024/25 and 2025/26 as investment in REF. It is intended this investment will be increased in 2024/25 and 2025/26 as the REF Action Plan evolves.

3.49 Impact and output training has been delivered for most Schools, and is planned for the remaining Schools, delivered by external providers and/or internal REF panel members. We have undertaken a REF stocktake exercise around outputs to gain a better understanding of our current position in terms of REF-able high-quality outputs and where additional support measures need to be applied to achieve the required high-quality outputs. A similar stocktake exercise on impacts that may be submitted to REF2028 as case studies is under way. We are working towards implementation of the recommendations of the Research Culture Task and Finish Group, overseen by the Research Culture Implementation Group.

3.50 We have stood up a REF Strategy Group to oversee the institutional preparations for REF2028, and to explore strategies that will enable us to build a stronger submission. The initial decisions on REF2028 will be published by the funding councils in mid-June 2023, and the Group will convene shortly after that.

3.51 **Development Trust Donations**

3.52 The University has secured an additional £4m support (over 2 years 22/23 and 23/24) for 20 interdisciplinary fellows and 12 interdisciplinary PhD students to pump-prime the interdisciplinary centre capacity and these are reported as research grants in the budget.

3.53 We will continue to work constructively with the Development Trust to identify opportunities to support University activity and the new campaign is now being developed to raise substantial funds for investment. As a result of this the University has included £3m of new additional funding from the Development Trust within the budget for the next three financial years.

3.54 **Other Income**

3.55 A breakdown of other income within the budget is outlined in the table below:

Other income	Forecast	Budget	Plan	Plan
	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000
Capital Grants	20	12	6	6
Consultancy & Other Services	2,574	1,094	1,089	1,042
Health Authority Income	8,134	9,607	9,727	10,028
Other Grants & Income	7,415	5,752	5,528	5,455
Residences Catering and Conferences	11,321	13,286	14,063	14,194
VAT Recovery	349	290	290	290
Investment income	2,605	3,673	3,096	2,270
Donation income	2,326	4,100	3,287	3,290
Sale of Don Street property		850	-	-
TOTAL other income prior to clawback	34,743	38,664	37,086	36,576
Annual Growth		11.3%	-4.1%	-1.4%
Value of annual increase/(decrease)		3,921	-1,578	-511
Provision for SFC clawback on Non controlled places		(1,672)	(3,344)	(5,016)
TOTAL other income	34,743	36,992	33,742	31,560

- 3.56 There are significant increases assumed for Residences and Catering which has £11.3m income this year increasing to £13.3m next year and then £14m in the following two years. For residences the void rate on student accommodation is assumed to reduce from 5% to 4% reflecting the increased number of students. In addition, rents are budgeted to increase by 4%, however the University has not yet set these and may agree a higher percentage increase.
- 3.57 Consultancies and other services income is reducing due to the transfer of the Crown office Forensic Pathology contract to NHS Grampian which is expected to be completed in June 2023.
- 3.58 Investment income is increasing in 2023/24 as we are expecting the bond funds to be placed on deposit at higher interest rates than during 2022/23. Interest will fall during the three years as bond funds are utilised.
- 3.59 Other grants and income are reducing as many of these awards amounting to £0.8m (such as Turing Scheme) are awarded annually and are only budgeted once awarded, (and are fully matched by expenditure, so do not impact on the University bottom line). In addition, other tuition related fees are reducing by £0.4m year on year (mainly relating to the planned reduction for Qatar), as are property rentals.
- 3.60 The Don Street property is due to be sold during 2023/24 and is subject to the purchaser receiving appropriate planning permission.
- 3.61 The provision for SFC clawback on non-controlled places has been included as an offset against other income. See contingency section at paragraph 11.4.
- 3.62 The Vice-Principal Regional Engagement is acting as a catalyst for industry collaboration enhancing the opportunities for income growth in this area.
- 3.63 **Staff Costs**
- 3.64 **Pay Awards**
- 3.65 Staff cost budgets are based on the latest pay award information from UCEA which is outlined in the table below. This is expected to cost in total £3.3m for 2023/24 financial year:

Spinal Column Points	Uplift
-----------------------------	---------------

3 to 5	8%
6 to 14	7%
15 to 25	6%
26 to 51 and off scale	5%

3.66 Retaining control over staffing costs is key to overall financial sustainability. Pay awards are determined by national pay bargaining by the Universities & Colleges Employers Association (UCEA) and the Trade Unions.

3.67 The draft assumption was 4% for pay for 2023/24 and 3% for each of the years 2024/25 to 2025/26. UCEA's revised pay award is the subject of current industrial action. As part of our conditions of grant, set out in the Outcome Agreement with SFC, the University must have regard to public sector pay policy set by Scottish Ministers. Consequently, there is an element of risk attached to this pay award assumption which is set against a backdrop of rapid growth in inflation and public sector pay. The pay award excludes incremental drift which covers staff moving up through grades due to promotions/regrading and any uplifts in relation to gender pay gap which may be built into the budget. Increments will add a further estimated £2.7m each year to the pay bill. Each 1% increase in pay award will add circa £1.4m in cost that will need to be covered by new net revenue. In addition, the voluntary living wage is estimated to cost an additional £0.08m.

3.68 **Pensions**

3.69 The USS pension scheme position has been a significant risk for the sector, but a risk which appears to be reducing at the current time (yet to be formally confirmed). However, there are two dimensions to the risk to the University. The first of these relates to covenant compliance and the second to the impact valuations on contributions. For the most recent USS accounting valuation at 31 March 2020, which was accounted for within the 2021/22 financial statements, the USS pension provision has increased by £58.2m. The next accounting valuation is due on 31 March 2023.

3.70 In relation to the University of Aberdeen Superannuation & Life Assurance Scheme (UASLAS), the University awaits the outcome of the 2022 valuation exercise later in the year.

3.71 **Staffing**

3.72 Vacant posts will be filled to address pinch points, support critical functions and to support income growth. This will address the pressing workload pressures in both Schools and Directorates as evidenced in the Staff Survey. In Schools, to reduce cost pressures while addressing SSRs, opportunities are being taken to appoint at lower grades where possible, especially in areas of high teaching requirements such as the Business School. Appointments in other areas will help stimulate or enhance growth.

3.73 An analysis of the vacant posts and the staffing savings targets are set out in the Risk appendix **(Appendix B)**.

3.74 Following the REF outcome in 2022 the University has undertaken a full review of all Schools' underlying financial performance. More recently, this review has focused on individual Schools and in particular disciplines which are not providing sufficient financial contribution to the University. Biological Sciences, LLMVC and Geosciences will form part of this review. A focussed savings target has been implemented for this targeted intervention amounting to an estimated saving of £0.5m in 2023/24, £3.5m in 2024/25 and £3m in 2025/26. A full plan will be taken to the next Court meeting.

3.75 It should be noted that the gap in staff appointments target and the focused savings target included in this budget are a change to the planning assumptions approved by FRC and Court. **Appendix A (Planning Assumptions) and Appendix B (Risk appendix)** outline the updated staffing targets for the three years of the plan.

3.76 **Operating Costs**

3.77 During the efficiency and savings exercise following the January 2023 student intake, and carried forward into this budget process, some operating budgets were reduced for both Schools and Directorates to minimise the deficit and ensure covenant compliance. This reflects the lower than planned student intake, high level of cost and income pressures being experienced by the University, including the impact of pay inflation and the impact of a reduced funding settlement from SFC due to the further REG (Research Excellence Grant) grant cut.

3.78 Schools and Directorates were tasked with saving up to 10% of their updated operating budgets (which included the initial level of new estimated cost pressures). Schools in aggregate have identified a saving of £1.68m which represents 7.8% of the Schools' core operating budget for 2023/24, and Directorates a saving of £3.1m (which represents 7.4% of the Directorates' core operating budget for 2023/24). The savings will be recurring in each of the three budget years. Of the £3.1m proposed for Directorates, £0.48m is being managed across the Professional Services portfolio by the Chief Operating Officer. These savings are now incorporated into the budgets and work will continue through the year to achieve closer to the 10%

3.79 It should be noted that Schools are continuing to budget for the increased volume of overseas agents' fee costs in line with the projected income growth. The reduction in budget does not affect these fees.

3.80 The impact of the savings programme has been closely monitored, particularly regarding core staffing costs. Every effort has been made to limit the impact and ensure continued investment in essential posts and growth areas. Whilst there appears no immediate impact on the strategic objective of investing in and improving future REF performance, close scrutiny will continue, and relevant action taken if required.

3.81 **Depreciation**

3.82 Using the indicative capital expenditure profile, an estimate has been made of the depreciation charges that will apply during the budget period. We will continue to review the value and remaining lifespan of University buildings. Upon the introduction of FRS102, the University has chosen not to revalue its buildings and consequently as depreciation is charged, the value over time will fall. This does not reflect the reality that some buildings will continue to provide value to the University, even when in accounting terms, they are fully depreciated. This change in practice has been discussed and agreed with the University's former external auditor.

4 **Financing Costs**

4.1 This Plan includes the interest charges on the bond borrowing of £60m (£50m for investment and £10m for repaying bank loans), the existing bank loans and financing for residences at Hillhead. Current borrowing and lease liabilities are:

	£m	%	Term
Barclays – Tranche 1	3.45	5.415	2031
Barclays – Tranche 2	11.25	3.00	2036
Barclays – Tranche 3	7.50	3.07	2036
Barclays – Tranche 4	7.80	3.195	2036
LGIM	20.0	3.05	2044
Macquarie	20.0	3.13	2049
LGIM	20.0	3.19	2054
Total cost	90.0	3.20	

Lease – New Carnegie Court	22.98	Variable	2037
Lease – IT Equipment	0.03	Variable	2023

4.2 Note: the interest charges for the leases varies due to the inflationary element of lease payments, inflation is capped at 5% for the New Carnegie Court lease.

4.3 Interest charges for the debt are as follows.

	Budget 2023/24 £m	Budget 2024/25 £m	Budget 2025/26 £m
Bond interest	1.87	1.87	1.87
Loan Interest	1.00	1.00	1.00
Lease Interest	2.21	2.16	2.11
Other interest	0.01	0.01	0
Total cost	5.09	5.04	4.98

4.4 It is important that the University monitors the budget position both for external covenant compliance and the University's own internal covenants. The covenant tests that the University must adhere to are a debt service covers test, where cash generated from operating activities must cover interest and debt repayments costs at an agreed level and a gearing ratio, where debt must remain below an agreed percentage of the University's net assets. The University is forecast to comply with both the internal and external covenant requirements.

4.5 As a result of the Universities Superannuation Scheme (USS) 2020 valuation exercise and the subsequent changes to USS pension benefits the University was required to agree to provide additional covenant support to the USS Trustees. We must now provide details to allow the USS Trustee to monitor the following:

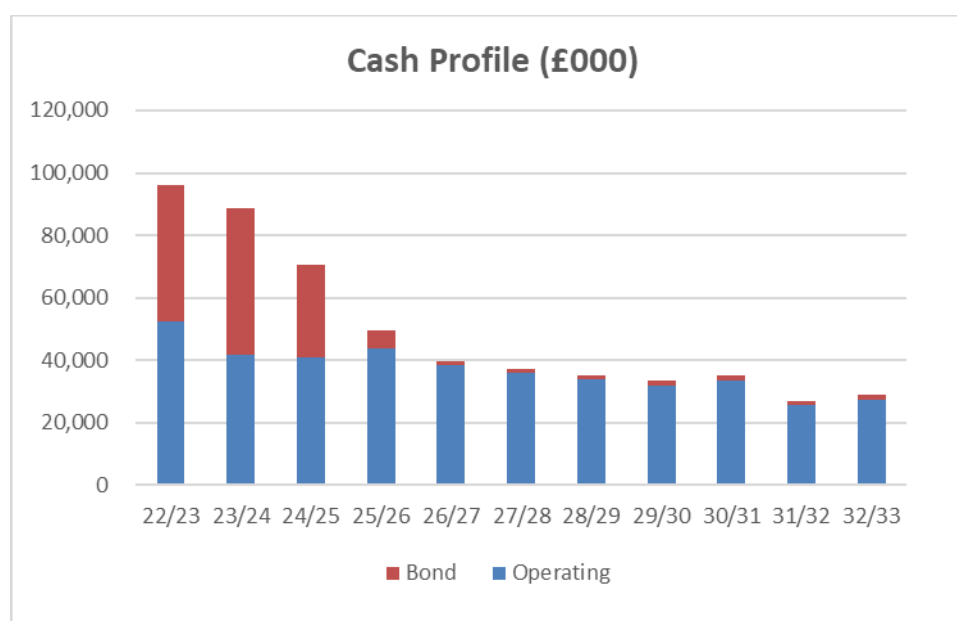
Metric	Description	Test
A	Gross debt to net assets	< 50%
B	Gross debt to total income	< 50%
C	Gross debt to net cash inflow from operations	< 5 times
D	Interest cover	> 4 times

4.6 Should all four of the above metrics be exceeded in any one year or any three be exceeded in two consecutive financial years, the University would be required to discuss this with the USS Trustees. The University is forecast to exceed Metrics C & D in 2022/23 and 2023/24, therefore the overall test has been satisfied. However, it must be highlighted that the margins are tight and despite the consequences of breaching being unclear, the risk must be highlighted and robustly monitored.

4.7 In addition to the above tests, there are also limits on the levels of secured debts and assets with security compared to net assets. The University does not have, or plan to obtain any secured debt, so this test will also be met.

5 CASH PLANNING

- 5.1 The University raised £50m in a private placement to fund major capital projects and held £109m at the end of July 2022. The capital programme proposed in this plan recognises the £50m allocation of the Bond to major capital investment cost. We have included a £1m cash contingency in the plan per annum. However, we also need to invest across our digital estate and this plan proposes a sustained capital programme that will reduce the net cash position in the next three years.
- 5.2 The University has ambitions for a major philanthropic fundraising campaign and both current major projects are potential candidate targets to generate material capital contributions. This plan does not assume any external funding for capital projects and therefore may be considered cautious but optimistic and confident. We will build contributions from our fundraising campaign into the cash plan when this is confirmed by a donor.
- 5.3 The graph below demonstrates how we will utilise the University's cash funds to invest in projects over the period of the Plan. Cash is forecast to be at £96m at the end of this financial year, July 2023 with bond funds reducing to £46.7m. There are two main reasons for the steep drop in the cash balance over the next 5 years. As projected in this plan, we would see the cash balance reduce over time due to continued capital investment and repayment of two tranches of £10m of the Barclays loan funding. At the end of the plan estimated cash is £23.5m.



- 5.4 The plan obviously provides for full debt service cover including annual interest payments and scheduled loan repayments to Barclays, the next £10m tranche being due in 2026/27.
- 5.5 The Audit & Risk Committee (A&RC) has previously recommended that we move to cash holdings of the equivalent of 2 months' staffing and operating costs but recognised it may take some time to get to this level. A&RC also noted that we need to be prepared for temporary cash flow fluctuations by having access to a revolving credit facility (RCF). This has not been required historically due to the high level of cash, which is currently being invested in term deposits which attract a higher rate of interest.
- 5.6 The current minimum cash holding was set at one month of staff and operating costs several years ago. The Audit & Risk Committee have asked that we review this figure, based on the 2023/24 budget moving to two months of staffing and operating costs would require a minimum cash holding of approximately £44m which would stifle our ability to invest. We propose that

the minimum holding be revised upwards to reflect the current one-month figure of £22m and that this be considered by the Audit & Risk Committee.

5.7 A cashflow forecast incorporating the £22m minimum cash level is provided at **Appendix C**.

6 BUDGET CONTINGENCIES, RISKS AND SENSITIVITY ANALYSIS

6.1 The University's focus in implementing Aberdeen 2040 is to invest to achieve several strategic objectives. As with all ambitious plans, this will involve risk. However, we have had a comprehensive review of our Risk Register and are more confident that we can describe, understand and manage our risks. This section looks at the key financial risks within the budget and a full sensitivity analysis is enclosed at **Appendix B**.

6.2 During the planning and budgeting meetings the soundness of the academic and financial plans were explored. In addition, we hold several central budgets and contingencies. This year we are introducing a fund for research leave in 2023/24 for up to 50 staff to take leave and have their post backfilled at an estimated cost of £20k. This supports the University Court's strategy to improve the University's position for the next REF. In addition, other research focussed budgets such as research pump priming (to fund new ideas for research prior to working up full research grant applications), and a research matched funding budget increasing over time to support matched funding on large interdisciplinary research grant applications.

6.3 The parent leave fund has been reduced to £0.35m reflecting the estimated use of this fund.

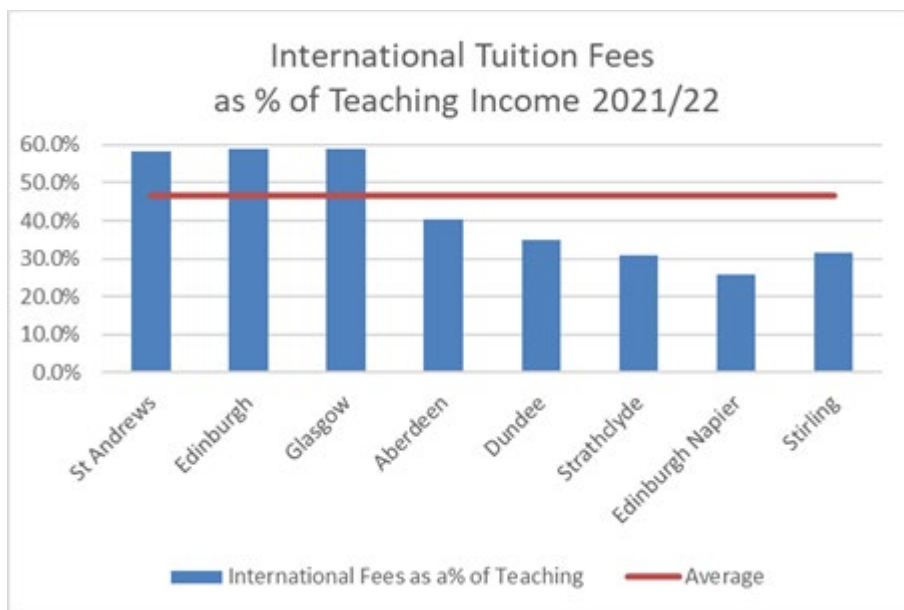
6.4 This year we have also introduced a provision for SFC clawback for the potential non-achievement of the non-controlled subjects funded places due to the shortfall of 297 places during 2022/23. This is estimated at 300 FTEs per annum at Price Group 6 increasing by 300 year on year. The University historically had a high number of funded places (up to 20% of places) taken up by EU domiciled students, and since Brexit these students are not treated as part of our Home population, this reduction in Home population may result in clawback. SFC have not confirmed how they will treat Universities who do not meet target places in future years, therefore we have made an estimated provision for this.

6.5 The levels of Staffing savings assumed within the budget have been increased from the planning assumptions agreed at the last FRC meeting. These are set out in **Appendix B**. These now include a focused savings target for certain Schools and increased gap in staff appointments targets for both Schools and Directorates, especially for 2024/25 financial year. This is required for the University to be financially sustainable going forward.

6.6 The table below sets out the contingencies held. It should be noted that the general contingency has been removed at the current time, as due to the high inflationary environment, the University has budgeted for all estimated inflationary increases in its cost base (including utilities, maintenance, pay, insurance, internal and external audit, and other costs).

Contingencies and central budgets	Budget	Plan	Plan
	2023-24	2024-25	2025-26
	£'000	£'000	£'000
Research Leave	1,000	1,000	1,000
Research Matched funding	0	250	750
Research Pump Priming funding	200	200	200
Maternity/Paternity leave fund	350	350	350
Provision for SFC clawback for non-controlled places	1,672	3,344	5,017
TOTAL	3,222	5,144	7,317

- 6.7 The University has encouraged Heads of School and Directorates to identify staff posts that will address critical gaps in delivery of academic and professional services. As a consequence of this, we have been presented with more recruitment opportunities than we can realistically fund in the early part of the plan. We have therefore prioritised only essential vacancies to be filled. Tight control of staff recruitment is a well tried and tested tool for responding to unforeseen business shocks and we continue to hold this in reserve.
- 6.8 As identified earlier in the report, international fee income growth is at the core of this strategy, notably from the Business School but with all Schools to a greater or lesser extent contributing to the effort. We are very aware of the need to maintain diversity of recruitment from multiple markets to avoid excessive concentration and dependence on any single source of tuition fee income. A sensitivity analysis in **Appendix B** demonstrates the significant impact of any deviation from this target.
- 6.9 To sense check if this level of international fee income is achievable, our international fee income as a percentage of teaching income is shown in the graph below for 2020/21 benchmarked against our competitors in Scotland. Our current percentage is 40% with the Scottish competitor average at 43%. Our predicted position for 2023/24 is 46%, rising to 48% in 2024/25 and 51% in 2025/26. We are not yet at the levels of St Andrews, Edinburgh and Glasgow that are all nearer 60%. International fees as a percentage of Teaching income will increase over time due to the flat funding from the SFC and Home fees predicted compared to the year-on-year inflationary increases of international tuition fees. This will be monitored against other Scottish Universities each year. This does indicate that some further income growth for international fees should be achievable.



Mark White
Chief Financial Officer, June 2023

UNIVERSITY OF ABERDEEN

UNIVERSITY COURT

FINANCE AND RESOURCING COMMITTEE REPORT**1. PURPOSE OF THE PAPER**

1.1 This paper is provided to University Court for information as an overview of the business conducted by the Finance and Resourcing Committee at its meeting on 8 June 2023, to provide an overview of the assurances obtained, and for onward approval and noting of specific items of business, as outlined in section 3 below. The agenda papers and draft minutes are available within [the Decision Time](#) Resources area for members of Court.

2. Previous Consideration By /Further Approval Required

	Board/Committee	Date
Previously considered/approved by	N/A	
Further consideration/ approval required by	N/A	

3. Recommended Action

3.1 The Finance and Resourcing Committee met on 8 June 2023 in the Craig Suite, Sir Duncan Rice Library. University Court is invited to:

- **Approve** the following item on the recommendation of the Committee:
 - The Budget and detailed revenue plans for 2023-24 to 2025-26 (items 8.16 – 8.17 refer).
- **Note** the following items approved by the Committee via its delegated authority:
 - The appointment, upon the nomination of the Chair, of Independent Member Lyndsay Menzies as FRC Representative Member of the University's Investment Committee (item 4.1 refers).
 - The initial budget award for the Student Union for 2023-24 (items 8.19 – 8.22 refer).
- **Note** the Committee's consideration and discussion of the following matters:
 - The attendance of the Head of Governance & Executive Support to conduct a formal observation of the meeting.
 - An update from the Principal on the Higher Education sector and University developments (items 5.1 – 5.4 refer).
 - A presentation from the Head of Organisational Development on the University's workforce composition, planning and trends (item 6.1 refers).
 - An update on the process and timeline for the conduct of the Committee's formal review of effectiveness (items 7.1 – 7.3 refer).
 - The Management Accounts for April 2023 (item 7.1 refers).

- The projected year end outturn 2022-23 (items 8.2 – 8.8 refer).
- An update on student recruitment and admissions (items 8.9 – 8.15 refer).
- Formal confirmation of the SFC final funding allocation for 2023-24 (item 8.18 refers).

4. MATTERS ARISING

Investment Committee

- 4.1. The Chair was pleased to confirm the appointment of Committee Member Lyndsay Menzies as the FRC Representative Member of the University's Investment Committee, upon the nomination of the Chair of the Finance & Resourcing Committee.

5. PRINCIPAL'S INTRODUCTION

- 5.1. The Committee noted the update on the Higher Education (HE) sector and University developments, as outlined within the paper.
- 5.2. In particular, the Principal highlighted the significant financial challenge facing the University and the changed financial landscape within higher education, most notably with research consistently funded at 80% of its true cost, undergraduate tuition fee rates having been fixed for eleven years and £20m in funding for universities having been redirected to cover the pay award for school teachers. It was noted that many institutions were no longer able to grow revenue at a sufficiently fast pace to keep up with rising inflation and costs, with significant deficits now being seen across the sector. In addition, universities were unable to award pay increases for staff in line with inflation.
- 5.3. For the University, revenue growth had been lower than forecast during 2022-23, against high inflation and a cut in funding in real terms. Despite the very challenging conditions, the University's position remained robust, due in part to a recovery in revenue levels during the course of the year, but also to a strong grasp on controlling costs. The three-year financial plan had been developed in consideration of this financial background and context.
- 5.4. In respect of the ongoing Marking and Assessment Boycott (MAB), the Principal was pleased to confirm that it was currently anticipated that all students would graduate without delay this summer, as a result of a significant amount of work by the University community.

6. DEEP-DIVE PRESENTATION: WORKFORCE

- 6.1. The Head of Organisational Development joined the meeting to deliver a presentation on workforce composition, planning and trends, covering the following key focus areas:
- The new approach to the annual planning round and budgeting process across Schools and directorates, within the framework of Aberdeen 2040.

- Current workforce planning data and breakdowns and the digital planning systems in support of data analysis and visualisation.
- The student:staff ratio, benchmarking against the sector and the rebuilding of the academic staff base against student numbers. It was confirmed that ratios were likely to decline across the sector given the current financial environment, however an appropriate balance would need to be maintained and used as an overall guide for workforce planning in order to ensure that growth could still be achieved.
- Current staffing levels in respect of both academic and professional services staff across different contract types.
- Workforce planning figures, including details of the guaranteed minimum hours scheme for academics, developed in liaison with Trade Union colleagues. It was confirmed that the University remained committed to an anti-casualisation approach.
- Current numbers of REF eligible staff and the continual improvements seen in this area since 2020.
- Staff turnover and trends in support of future planning and succession planning. It was confirmed that turnover at the University remained in line with the HESA average. The University ran a flagship International Leadership Development Programme in support of succession through ensuring that internal candidates could be as successful as possible in competitive recruitment for senior posts.
- Sickness absence rates and causes, and the range of measures in place to support staff experiencing stress, anxiety and mental health issues.
- Workforce annual costs. It was confirmed that a significant increase had been seen in 2023 due to the 50 additional research-focussed posts approved by Court in support of REF.
- Recruitment patterns and trends. The Committee asked regarding current recruitment challenges, and it was confirmed that a 'Brexit-effect' was starting to be seen, with fewer international applications being received, particularly in areas that were traditionally harder to recruit. Data analysis was taking place to try to understand this further.
- Academic promotions trends.

7. COMMITTEE GOVERNANCE

End of Year Review

- 7.1. The University Secretary reported that, at its last meeting on 30 May 2023, the Governance and Nominations Committee had agreed to recommend to Court the adoption of proposed new processes for Court and Committee skills, effectiveness and maturity evaluations.
- 7.2. The underpinning framework for effectiveness review activity would provide the basis of a questionnaire for all Court Committees, for completion by members during the summer 2023.
- 7.3. Feedback on the outcomes and findings of the effectiveness review would be presented to the Committee for consideration and discussion in the Autumn 2023, alongside its annual review and endorsement of its terms of reference and business schedule.

8. FINANCIAL MANAGEMENT

Financial Position and Projections 2022-23

Management Accounts (MMR)

- 8.1. The Committee received and noted with concern the management accounts (MMR) for April 2023.

Projected Year End Outturn 2022-23

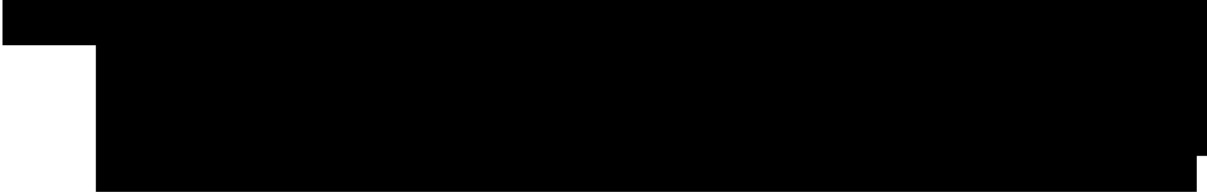
- 8.2. The Chief Financial Officer provided an update on the 2022-23 financial position, based on the April 2023 quarter end forecast, which provided the anticipated outturn position, subject to finalisation in July and confirmation by the external auditor.

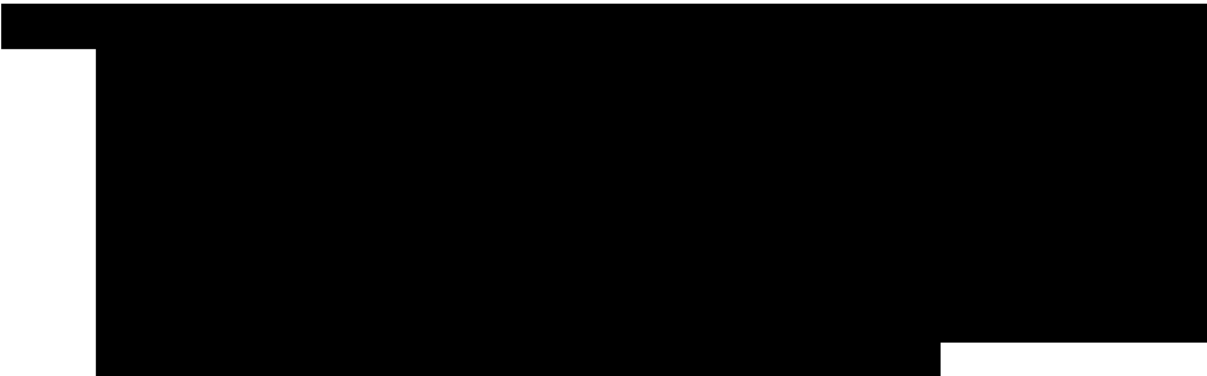


- 8.4. Following confirmation in January 2023 that student intake numbers were below budget, a savings programme was implemented to scale back proposed investments and control discretionary spend. These focused primarily on core staffing, operating costs and elements of additional income. From the projected deficit of £7.1m reported to Court on the 1 March 2023, an additional £5m of further savings and additional income had now been identified, and work continued to achieve the £1.9m Court-approved deficit budget, although the risk of emerging inflationary cost pressures remained.
- 8.5. It was highlighted that despite student fees being below budget, the projected 2022-23 full year forecast represented a 7% increase on 2021-22.
- 8.6. The mixed picture of savings and additional income achieved had been somewhat offset by emerging in-year cost pressures, including the pay award (£1.7m), SFC clawback (£1.2m) and additional research grant overheads (£2.2m). However, the actions put in place in January to address the shortfall in tuition fees had yielded tangible results and the projected year end deficit was now close to the agreed target.
- 8.7. The capital spend for 2022-23 remained under budget as a result of the ongoing stage-gate assurance review of the King's and Johnston capital projects.
- 8.8. It was confirmed that the current forecast position would meet covenant compliance with a degree of headroom remaining.

Student Recruitment

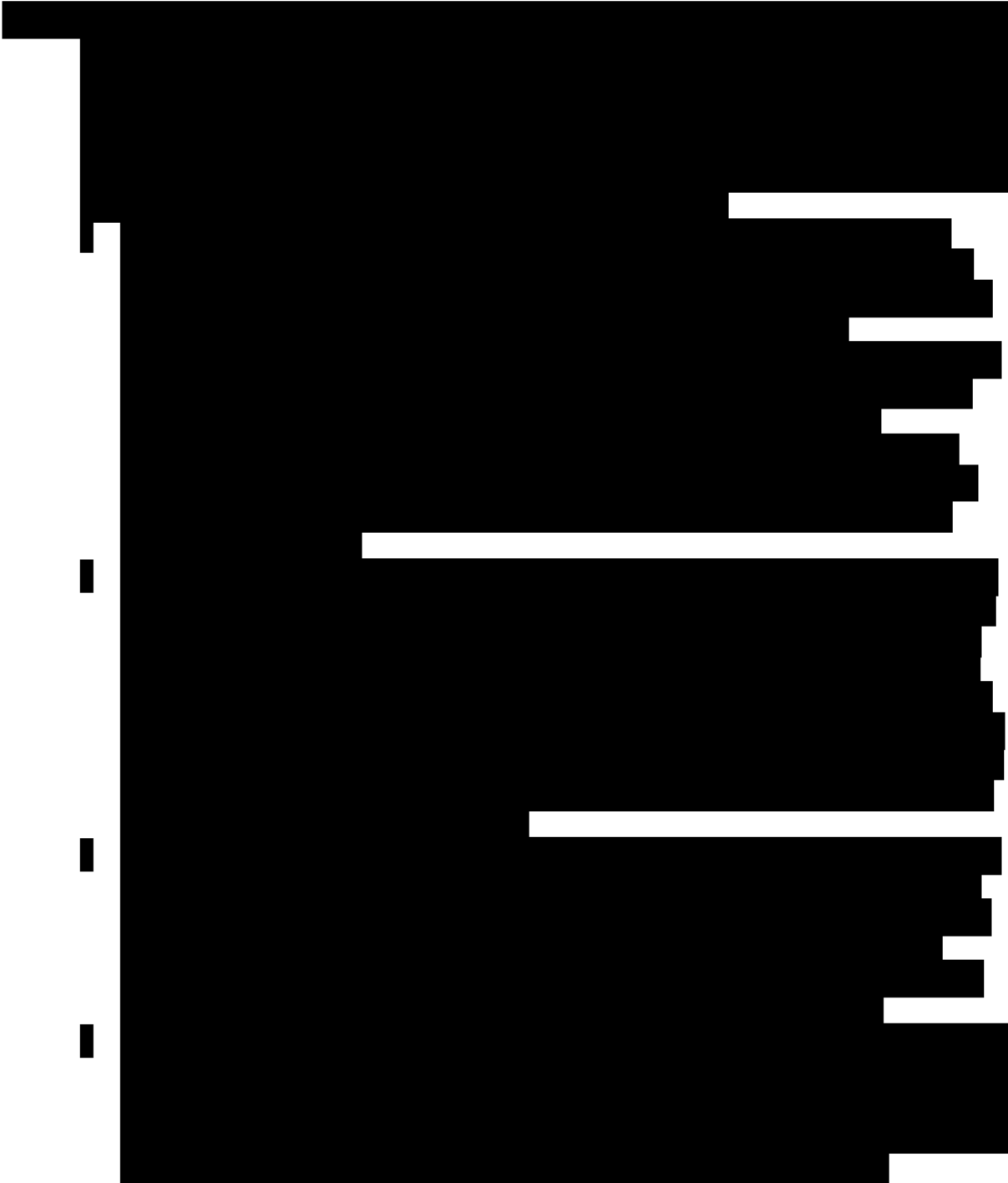
- 8.9. The University Secretary presented an admissions update, with a focus on Undergraduate and Postgraduate International applicants.

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- 8.11. Within the UK, there had been little growth in the numbers of 18 year olds, and cost of living issues coupled with excess availability of places across the central belt were impacting on applications to the University. In addition, student behaviour was difficult to predict, and there were no longer rankings of student choices available via UCAS to determine whether the University was an applicant's first choice.
- 8.12. It was confirmed that the deadline for student responses to offer-making was midnight on 8 June, with the latest data on acceptances available on Monday 12 June. Work then remained within the cycle to boost conversion as far as possible. In support of this, the University had released additional spend to boost promotional activity for clearing, emphasising the availability of accommodation on campus. The University's new branding was also being utilised and targeted at both student and parent marketing channels.

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- 8.14. It was confirmed that international student number predictions were now being run dynamically on an ongoing basis, to include insights from offers, acceptances and CAS issuances throughout the cycle. The number of CAS issued to date was significantly ahead of the same point the previous year and it was hoped to increase this still further as the Enrolly digital platform was now being rolled out to support the journey from accepted offer to student enrolment.
- 8.15. The Committee requested that a further update should be provided at its September meeting, to include a mapping of student number breakdowns and key markets against revenue targets.

Budget 2023-24 to 2025-26

- 8.16. The Chief Financial Officer presented the detailed revenue plans for 2023-24 to 2025-26, outlining the underlying assumptions, risk assessments and sensitivities and providing an assessment of performance metrics and loan covenant compliance. The plans incorporated School and Directorate budgets, the 10-year cash plan and detailed planning assumptions and sensitivity analysis.



SFC Funding Allocation 2023-24

8.18. The Committee noted a summary of the University final funding allocations for academic year 2023-24 published by the Scottish Funding Council on 25 May 2023.

Student Union Funding and Budget 2023-24

8.19. The University Secretary presented the Student Union (SU) six-monthly report on use and outcomes of the additional funding (£115k) awarded by the University for 2022-23, and it was noted that some very positive impacts had been seen. The report articulated the initiatives undertaken by the SU, in

addition to joint projects undertaken in partnership with student support colleagues from within the University.

- 8.20. Accompanying the report was the funding request from the Student Union for 2023-24. The SU requested an uplift in restricted funds of £25k to address inflation increases in hire costs at Aberdeen Sports Village (£10k) and in response to increased demand for SU services (£15k). A flat cash settlement was assumed for the main grant, however the proposal also included requests to fund three specific projects: a Pilot Equity and Inclusion project (£32k); the expansion of Academic Advice services (£32k); and Pay Parity (£37k to match the 2022-23 University pay award).
- 8.21. Against the backdrop of significant financial restraint currently being applied to all University budget plans, it was confirmed that the University had taken the difficult decision to propose a block grant of £1.012m for 2023-24. This would reduce the additional funding provided in 2022-23 by £55k. However, it was proposed that the restrictions on the budget provision be removed to provide a single budget award, and that the Student Union and Professional Services Directorates should work closely together to identify any duplications in service provision in order to identify budget savings for the SU.
- 8.22. It was also suggested, and strongly endorsed by the Committee to review the availability of additional resource following the confirmation of September student admissions data.
- 8.23. The Committee noted that this was the last meeting of the current SU VP Communities, Camilo Torres-Barragan, and expressed sincere thanks to him for his work and input into the Committee and the Student Union over the last two years. All present wished him well for the future.

9. FURTHER INFORMATION

- 9.1. Further information is available from Jan Whitfield, Clerk to the Finance and Resourcing Committee, janine.whitfield@abdn.ac.uk

Confidentiality Status: Sections 8.3, 8.10, 8.13 and 8.17 contain commercially sensitive information and should remain closed.

UNIVERSITY OF ABERDEEN

UNIVERSITY COURT

REPORT FROM SENATUS ACADEMICUS

1. PURPOSE OF THE PAPER

1.1 This is a paper outlines the main items of business considered by the Senate at its meetings on 19 April and 7 June 2023, together with an additional meeting held on 24 May.

1.2 This paper is provided for information and approval and forms part of the mechanism for Court to assure itself that it has academic oversight of quality within the University.

2. RECOMMENDED ACTION

2.1 Court is asked to **note** the items discussed (3.1 - 3.7), which included the Future Structure of the Academic Year,

2.2 Court is asked to **approve**, for its part, the draft Resolutions, '**Resolution for Changes to Various Degrees**' and 'Code of Practice on Student Discipline (Academic)', included at 3.4.3 and 3.4.4 respectively, The University Court is asked that, in accordance with the provisions of Section 6 (2) of the Universities (Scotland) Act 1966, the draft Resolutions be passed forthwith, so that the amended provisions may be applied with effect from date on which they are passed by the University Court.

3. DISCUSSION

3.1 Future Academic Year Structure

At the meeting in April, and following an extensive consultation process, Senate received a presentation on the consideration of options for possible restructuring of the structure of the academic year from 2024. Following discussions at Senate in April, and further feedback received following that meeting, Senate received an updated [paper](#) and [presentation](#) on the current thinking for restructuring of the academic year from 2024. It was highlighted that discussions had narrowed consideration towards one proposal which included amongst its main intentions:

- (i) Plans to commence teaching w/c 23 September 2024 (week 9 of AY) with Welcome Week w/c 16 September 2024 (week 8 of AY) to optimise student recruitment activity.
- (ii) Put in place a three-term structure for the academic year (AY).
- (iii) Utilise 'term' as the terminology for the teaching periods.

- (iv) Implement 13-week terms for terms 1 and 2, including one floating week; and a 12-week term 3 with no floating week (PGT teaching in term 3).

After a positive discussion, it was noted that a formal proposal would be brought to Senate in September.

3.2 Marking and Assessment Boycott Additional Measures to Enable Graduation

Senate held an additional meeting on 24 May to discuss, and ultimately approve, a series of additional measures based on minor policy amendments to facilitate graduation with a confirmed degree outcome, for as many students as possible. Through extensive discussion, Senate satisfied themselves that the minor policy amendments would not impact academic quality and standards and would support continuing student progression and graduation during the Marking and Assessment boycott.

3.3 Items from the University Research Committee

3.3.1 Presentation - Research Culture

Senate received a [presentation](#) from Andrew Dilley, Dean for Academic Research Partnerships & Research Governance, on the outcomes from the Research Culture Task & Finish Group and progress towards their implementation.

3.3.2 Presentation - REF Stocktake and Update

Senate received a [presentation](#) from Marion Campbell, Vice-Principal (Research) updating them on current expectations for the format and timing of the next REF, expected to be in 2028, together with the current position within the institution in terms of preparation.

3.3.3 Presentation – Research Impact

Senate received a [presentation](#) from Gary Macfarlane, Dean of Interdisciplinary Research and Research Impact updating them on ongoing work to improve the University's standing in terms of research impact metrics.

3.3.4 Workload Presentation: Staff survey results and academic workloads: identifying the issues and planning actions.

Senate received a [presentation](#) from Karl Leydecker, Senior Vice-Principal on the issues identified in the Staff Survey in relation to academic workloads and actions being planned in this context. Following an extensive discussion, and undertakings from the Chair, the motion proposed by a group of elected Senate members was amended to reflect agreement that future papers would include explicit consideration of the nature of workload impacts.

3.4 Items from the Quality Assurance Committee

3.4.1 External Examining Academic Review – Recommendations

On the recommendation of the Quality Assurance Committee, Senate approved the outcomes from a review of External Examining.

3.4.2 MBus Hood

On the recommendation of the Quality Assurance Committee, Senate approved a hood for the MBus degree which was formally created from 2023/224

3.4.3 Resolutions for Changes to Various Degrees

On the recommendation of the Quality Assurance Committee, Senate approved and agreed to forward to the University Court, the draft Resolutions (combined and attached as Annex A) making updates to University Degree Regulations for implementation from the start of 2023/24. The University Court is asked that, in accordance with the provisions of Section 6 (2) of the Universities (Scotland) Act 1966, the draft Resolution be passed forthwith, so that the amended provisions may be applied with effect from date on which they are passed by the University Court

3.4.4 Code of Practice on Student Discipline (Academic)

On the recommendation of the Quality Assurance committee, Senate approved and agreed to forward to the University Court, a draft Resolution (attached as Annex B), making changes to the Code of Practice on Student Discipline to address developments in Artificial Intelligence tools. The University Court is asked that, in accordance with the provisions of Section 6 (2) of the Universities (Scotland) Act 1966, the draft Resolution be passed forthwith, so that the amended provisions may be applied with effect from date on which they are passed by the University Court

3.5 Digital Strategy Presentation

Senate received a [presentation](#) from the Pete Edwards, Vice-Principal (Regional Engagement) as Chair of the Digital Strategy Committee, and Brian Henderson, Director of Digital & Information Services updating them on the work connected with the Digital Strategy being taken forward in the context of Aberdeen 2040.

3.6 Honorary Degree Voting

Senate voted on confidential nominations for honorary degrees.

3.7 Routine Business

Senate noted: the routine reports from Quality Assurance Committee Report; the University Research Committee Report; the University Education Committee Report; Senate Election Results; and details of the Senate Assessor election process.

4 FURTHER INFORMATION

4.1 Further information is available from Tracey Slaven (tracey.slaven@abdn.ac.uk) or Rachael Bernard (r.bernard@abdn.ac.uk)

8 June 2023 [version 1] **Confidentiality Status:** Open

UNIVERSITY OF ABERDEEN

COURT

RESOLUTION FOR CHANGES TO REGULATIONS FOR VARIOUS DEGREES FOR INTRODUCTION IN
2023/24

1. PURPOSE OF THE PAPER

The purpose of this paper is to seek the **approval** of the Court for the draft Resolution 'Changes to Regulations for Various Degrees' attached as *appendix A*.

2. PREVIOUS CONSIDERATION BY /FURTHER APPROVAL REQUIRED

	Board/Committee	Date
Previously considered/ approved by:	Academic Policy and Regulations Group (APRG)	8 March 2023
	Quality Assurance Committee (QAC)	14 March 2023
	Senate	19 April 2023
	Quality Assurance Committee (QAC)	18 May 2023
	Senate	7 June 2023
Further consideration/ approval required by:	Court	21 June 2023

3. RECOMMENDED ACTION

The Court is asked to **approve** the attached regulatory changes.

4. DISCUSSION

4.1 The regulatory changes to be introduced with effect from 2023/24 are included in the attached appendix A, titled 'Changes to Regulations for Various Degrees'. This Resolution enacts the changes in Degree Regulations recommended by the Quality Assurance Committee (QAC), and endorsed by the Senate.

4.2 Key changes included in the regulatory changes are noted as follows:

(i) **General Regulations for First Degrees (Summer School for Access)**

The proposed change in respect of Regulations 2.2 and 17.1/1 pertaining to Summer School for Access requirements seeks to amend these to refer to the Access Higher Education programme, which replaced the Summer School for Access. The Summer School for Access has not run for several years and as such, this change ensures the regulations remain current. The proposed change in respect of 16.1a and 16.2 are being enacted as it is not perceived that the Summer School for Access (or its replacement) should form part of the progression requirements within a degree as the Access requirements should have been

met as a condition of admission. This has been discussed with the Access and Articulations Team, who are content with the change.

The proposed addition in respect of Regulation 15 seeks to clarify the position that students registered on the Access Higher Education programme are not normally eligible to use the credits obtained as part of the programme for the purposes of a University of Aberdeen degree.

(ii) General Regulations for First Degrees (Graduation)

The proposed addition of a regulation in relation to graduations seeks to include a time-limit by which students are expected to have applied to graduate. Further, if a student has not applied to graduate in-person in a specific timeframe then they will automatically be graduated in-absentia and not permitted to attend an in-person graduation. This ensures that students graduate within a timely manner pertinent to their completion date.

(iii) Regulations for Degrees Undertaken under the Articulation Agreement with SCNU for Non-Quota Students

The proposed addition of the regulations in respect of degrees undertaken under the Articulation Agreement with SCNU seeks to clarify the graduation, progression, termination, and award requirements. The model approved by the Quality Assurance Committee is a 2 + 2.5 arrangement, whereby students will arrive at the University of Aberdeen in the summer and undertake 80 of pre-Honours credits drawn from English Language Summer School and first half-session level 2 courses, and progress to Programme Year 3 at the start of the second half-session. Thus, completing their Honours years January to January. This ensures that the University remains compliant with the CSCSE requirements which stipulate that 2/3 of the degree must be completed at the University.

(iv) Supplementary Regulations for the Award of all Master of Arts (MA) Degrees (MBus)

The proposed changes in respect of the Supplementary Regulations for MA degrees seeks to create the award of Master of Business (MBus). This is an undergraduate programme adhering to the same regulations as other MA degrees. The only difference being that MBus students are required to undertake a year abroad, though no credit is awarded for this. Additionally, it is proposed a regulation is added noting the ability to transfer between the MA International Business and the MBus should the relevant requirements be met. Further, a change in title to the supplementary regulations is necessitated because of the award of a degree beyond the MA.

(v) Supplementary Regulations for the Award of All Master of Arts (MA) Degrees (Academic Skills)

(vi) Supplementary Regulations for the Award of All Degrees in Science

The proposed addition in respect of Regulation 4.1 in both the Supplementary Regulations for the Award of All Degrees in Science and the Award of All Master of Arts (MA) Degrees pertains to the requirement for Qatar-based programmes to offer Academic Skills courses as either Arts or Science. The requirement to take these courses is included in both MA and BSc programmes and as such it is felt appropriate to classify these as 'Academic Skills' and to count them towards the Group A courses for both Degrees.

- 4.3 The Court is asked to approve, on the recommendation of the Quality Assurance Committee, and endorsed by the Senate, the draft Resolution 'Changes in Regulations for Various Degrees'.
- 4.4 The Court is asked that, in accordance with the provisions of Section 6 (2) of the Universities (Scotland) Act 1966, the draft Resolution be passed forthwith, so that the amended provisions may be applied with effect from date on which they are passed by the University Court.

5. FURTHER INFORMATION

Further information is available from Liam Dyker, Acting Assistant Registrar (liam.dyker2@abdn.ac.uk) or Gillian Mackintosh, Director of Academic Services and Online Education (g.mackintosh@abdn.ac.uk).

9 May 2023

Freedom of Information/Confidentiality Status: *Open*

UNIVERSITY OF ABERDEEN

COURT

DRAFT RESOLUTION NO x OF 2023 [CHANGES IN REGULATIONS FOR VARIOUS DEGREES]

After consultation with the Senatus Academicus, the University Court, at its meeting on < > passed the following Resolution:

1. On the recommendation of the Senatus Academicus, the following changes to Degree Regulations are hereby approved.
2. The University may award the degree of Master of Business (MBus). The MBus will be subject to the regulations as set out in the General Regulations for First Degrees and the relevant Supplementary Regulations.
3. This Resolution shall come into force on the fifteenth day of September, two thousand and twenty-three, but the requirements under it shall also be binding on students proceeding for the first time to First Degree study from the Access HE programme, or from Programme Year 0 of the MA or BSc with Foundation Studies.

1. GENERAL REGULATIONS FOR FIRST DEGREES

Regulation 2.2

In the existing regulation, following 'University's,' for 'Summer School for Access' substitute 'Access Higher Education programme'.

- | | |
|-----|---|
| 2.2 | As a condition of admission to a degree programme, the University may require applicants who do not possess the normal qualifications for entrance to attend the University's- <u>Access Higher Education programme</u> Summer School for Access . |
|-----|---|

Regulation 3

Renumber the existing regulation as 3.1

Insert new regulation as follows:

'3.2 Every candidate who meets the requirements of Regulation 3.1 above, who wishes to graduate in person must normally do so in the academic year following the date of completion of their studies and will only be permitted to graduate once for the same degree. Any student who fails to apply to graduate in the academic year following becoming eligible to graduate will automatically graduate in-absentia and will not normally be permitted to attend a future in-person ceremony.'

Regulation 14.2

Insert new regulation as follows:

'14.2. Candidates are not normally permitted to utilise any credits obtained from the Access Higher Education programme for the purposes of graduating with a degree from the University of Aberdeen.'

Regulation 16.1a

Delete the existing regulation.

Renumber the following regulations.

Regulation 16.2

Delete the existing regulation.

Renumber the following regulations.

Regulation 17.1/1

In the existing regulation, for 'required to attend' substitute 'registered on'.

In the existing regulation, for 'Summer School for Access' substitute 'University's Access Higher Education Programme'.

In the existing regulation, for 'Summer School' substitute 'programme'.

17.1 The Senatus Academicus may require candidates to discontinue attendance on courses:

1. if, being candidates ~~required to attend~~registered on the ~~Summer School for Access~~University's Access Higher Education programme, they have not completed the ~~Summer School programme~~ to a standard deemed to be satisfactory by the Senatus Academicus; or

Degrees Undertaken under the Articulation Agreement with SCNU

Following the existing regulations, insert the following regulations, specific to 'Degrees Undertaken under the Articulation Agreement with South China Normal University (SCNU) for Non-Quota Students'.

Regulations for Degrees Undertaken under the Articulation Agreement with South China Normal University (SCNU) for Non-Quota Programmes

The following Degree Regulations apply to the undergraduate degrees awarded by the University of Aberdeen, to students undertaking any degree as set out below.

1. Candidates for the award of a degree of the University, undertaken under the articulation agreement with South China Normal University (SCNU) for non-quota programmes, must satisfy both the General Regulations for First Degrees and the Supplementary Regulations which govern their degree, unless superseded by the following.

2. The following awards are currently available:

2.1 At Designated Undergraduate Master's Degree Level

Designated Degree of Master of Arts in Finance

Designated Degree of Master of Arts in Business Management

2.2 At Undergraduate Master's Degree with Honours Level

Degree of Master of Arts in Finance

Degree of Master of Arts in Business Management

REQUIREMENTS FOR GRADUATION

- Candidates must adhere to General Regulation 3.1 and 3.2 regarding requirements for Graduation. Candidates undertaking their studies under the Articulation Agreement with SCNU for Non-Quota Programmes are, however, exempt from satisfying General Regulations 3.1(d) and 9.2 in respect of Enhanced Study at Levels 1 and 2.

FULL-TIME AND PART-TIME STUDY

- Contrary to General Regulation 4.1, candidates will undertake their studies on a full-time basis only. Candidates are not permitted to undertake their studies part-time.
- Notwithstanding the requirements of General Regulation 4.3, the Senatus Academicus will permit candidates to register for 80 credits in one half-session, comprised of 20 credits of English Language and 60 credits as per the appropriate programme prescription.

PROGRESSION

- Studies for each degree awarded by the University of Aberdeen under the Articulation Agreement with SCNU for Non-Quota Programmes are arranged to extend over 2.5 programme years, each of which for a full-time student normally occupies two half- sessions. General Regulation 16, regarding progression, is, however, superseded by the following:

Except with the permission of the Senatus Academicus, candidates may not progress:

- from programme year 2 to programme year 3 unless they have accumulated at least 210 credit points at levels 1 and 2, including 50 credit points from courses taken in Aberdeen at levels 1 and 2 [including those courses required to enter programme year 3 for the degree programme for which they are currently registered]; or

Exceptionally, the Senatus Academicus may allow candidates to progress with less than the number of credit points stated, if it is satisfied (a) that they would have obtained the necessary credit points to progress save for medical or other good cause; (b) that they are capable of satisfying the progression requirements of the next programme year within two further half-sessions of full-time study or the equivalent.

2. SUPPLEMENTARY REGULATIONS FOR THE AWARD OF ALL MASTER OF ARTS (MA) DEGREES

Title

For title, 'Supplementary Regulations for the Award of All Master of Arts (MA) Degrees), substitute 'Supplementary Regulations for the Award of All Degrees in Arts and Social Sciences'

Regulation 1

Insert new regulation as follows:

'First Degree programmes in Arts and Social Sciences may lead as appropriate to the award of a Degree of Master of Arts (360 credits, including 60 at level 3), a Designated Degree of Master of Arts (360 credits, including at least 240 at level 1 and 2 and 90 at level 3 in a specified discipline), a Degree of Master of Arts with Honours (480 credits, including at least 240 at levels 1 and 2 with at least 180 credits at level 3 or above, a minimum of 90 of these being at level 4) or a Degree of Master of Business with Honours (480 credits, including at least 240 at levels 1 and 2 with at least 180 credits at level 3 or above, a minimum of 90 of these being at level 4). Candidates for a Designated Degree of Master of Arts, Degree of Master of Arts with Honours or Degree of Master of Business with Honours must in addition comply

with the specification for one of the relevant degree programmes specified in Regulations 6 or 9. They must also satisfactorily complete any field work or practical courses as outlined in the programme prescription. Candidates registered on a Master of Business with Honours programme will be subject to the regulations for the Master of Arts with Honours degree.'

Renumber the following regulations.

Regulation 4.1

In the existing regulation, following 'Degree Courses in,' insert 'Academic Skills (QQ Coded Courses Only).'

4.1 Courses for the degrees are divided into two groups as under:

Group A: Degree courses in Academic Skills (QQ Coded Courses Only), Accountancy, Anthropology, Arabic, Art History, Archaeology, Business Management, Celtic and Anglo-Saxon Studies, Computing, Counselling Skills, Economics, Education, English, Ethnology and Folklore, Film and Visual Culture, Finance, French, Gaelic Studies, Geography, German, History, International Business, International Relations, Language and Linguistics, Latin, Legal Studies, Mandarin, Mathematics, Music, Philosophy, Politics, Psychology, Real Estate, Sociology, Spanish and Latin American Studies, Swedish, Theology and Religion, Translation and Interpretation Studies.

Group B: Degree courses in any other discipline. Unnamed recognitions granted in respect of previous studies may be awarded in Group A or Group B as appropriate. Credits achieved from Sixth Century courses may be counted towards the total required from Group A, provided that except with the permission of the Senatus Academicus a graduating curriculum may not include in the Group A total more than 60 credit points from Sixth Century courses achieved in programme years 1 and 2 combined, nor more than 30 credit points achieved in programme years 3 and above.

Regulation 12

Insert new regulation as follows:

'Candidates for the Degree of Master of Arts with Honours in International Business who have achieved all prescribed courses for this degree programme and have undertaken the required year abroad, shall be eligible to apply to graduate with a Degree of Master of Business with Honours.'

3. SUPPLEMENTARY REGULATIONS FOR THE AWARD OF ALL DEGREES IN SCIENCE

Regulation 4.1

In the existing regulation, following 'Degree Courses in,' insert 'Academic Skills (QQ Coded Courses Only).'

4.1 Courses for the degrees are divided into two groups as under:

Group A: Degree courses in Academic Skills (QQ Coded Courses Only), Anatomy, Archaeology, Biochemistry, Biology, Biomedical Sciences, Biotechnology, Chemistry, Computing Science, Counselling Skills, Developmental Biology, Ecology, Engineering (courses at levels 1 and 2 only), Environmental Science, Genetics, Geography, Geology and Geophysics, Geoscience, Health Sciences, History and Philosophy of Science, Immunology, Marine and Coastal Resource Management, Mathematics, Mathematical Sciences, Microbiology, Molecular Biology, Pharmacology, Physical Sciences, Physics, Physiology, Plant Science, Psychology, Medical Sciences, Sports Science, Statistics, Zoology.

Group B: Degree courses in any other discipline.

Unnamed recognitions granted in respect of previous studies may be awarded in Group A or Group B as appropriate. Credits achieved from Sixth Century courses may be counted towards the total required from Group A, provided that except with the permission of the Senatus Academicus a graduating curriculum may not include in the Group a total of more than 60 credit points from Sixth Century courses achieved in programme years 1 and 2 combined, nor more than 30 credit points achieved in programme years 3 and above.

DRAFT

UNIVERSITY OF ABERDEEN

COURT

POLICY AMENDMENTS TO ADDRESS DEVELOPMENTS IN ARTIFICIAL INTELLIGENCE TOOLS**1. PURPOSE OF THE PAPER**

This paper outlines a proposed amendment to the Code of Practice on Student Discipline (Academic), for AY 2023-24, to address developments in Artificial Intelligence tools.

This paper is for **approval**.

2. PREVIOUS CONSIDERATION BY /FURTHER APPROVAL REQUIRED

	Board/Committee	Date
Previously considered/approved by	Quality Assurance Committee	29 March 2023
	Senate	19 April 2023
Further consideration/ approval required by	Court	21 June 2023

3. RECOMMENDED ACTION

The Court is invited to **approve** an amendment to the Code of Practice on Student Discipline (Academic) for Academic Year 2023/2024, which states that the unauthorized / unacknowledged use of artificial intelligence tools will be treated as a form of plagiarism and will therefore be dealt with in the same way as plagiarism/collusion.

4. DISCUSSION**4.1. BACKGROUND**

4.1.1 There are several artificial intelligence (AI) tools being used in Education. Some of these include:

- Translation tools such as Google Translate, DeepL
- Writing assistance tools such as Grammarly, QuillBot
- Conversational tools such as chatbots and virtual agents
- Generative tools, such as jenni.ai, perplexity.ai, dall-e-2.ai, GitHub Co-Pilot, ChatGPT
- Speech recognition tools, such as Dragon and Otter AI

4.1.2 However, it was not until OpenAI released ChatGPT in November 2022 that Higher Education, and the world at large, became aware of the power of generative AI tools based on the large language model GPT-3, and any subsequent iterations of the model, due to their ability to write answers that appear “human” in response to questions they are posed. ChatGPT generates text by predicting the likelihood of specific words or phrases based on its vast training dataset. This dataset comprises a massive amount of textual data sourced from the internet, up to 2021, which has enabled ChatGPT to acquire a broad understanding of natural language.

4.2. WHAT ARE THE ISSUES?

- 4.2.1. Generative AI tools such as ChatGPT can perform a wide range of language-related tasks well, such as translation, summarising, writing an essay, answering a question, producing “human-like” responses. These tools can also assist with coding tasks by providing code snippets and examples in various programming languages. ChatGPT, and similar applications could, therefore, be used by students to generate content that will be submitted for assessment.
- 4.2.2. It is difficult to detect and, as with any other tools used to investigate cases of academic misconduct, impossible to definitively prove that ChatGPT (or similar tools) have been used in the generation of text. Some detection tools have been released and others are under development, but these AI tools are constantly being developed and refined, making detection a race that cannot be won. It is a more efficient use of time to focus on assessment design than on detection.

4.3. PROPOSED AMENDMENT TO CURRENT POLICY

- 4.3.1. Our current Code of Practice on Student Discipline (Academic) does not state that the unauthorised or unacknowledged use of artificial intelligence tools constitutes academic misconduct. If Schools are to highlight this as academic misconduct, they would have to do so under Section 3.5 (i) which states “any other conduct reasonably considered to amount to cheating as decided by the Head of School on a case by case basis”.
- 4.3.2. It is proposed that the current policy be amended to explicitly state that the unauthorised or unacknowledged use of artificial intelligence tools constitutes academic misconduct, and that this amendment should be incorporated into Section 3.2 Plagiarism (see Appendix 1), under “Self-plagiarism”, as follows:
- “Plagiarism through the use of artificial intelligence tools is defined as the unauthorised or unacknowledged use of artificial intelligence tools to generate content for work submitted for assessment.”*
- 4.3.3. The unauthorised or unacknowledged use of artificial intelligence tools in work submitted for assessment can be regarded as plagiarism because it involves presenting work or ideas generated by an AI tool as one's own, without proper attribution or acknowledgement of the source.
- 4.3.4. Addressing the use of AI tools, particularly generative AI tools such as ChatGPT, under this definition ensures that the current Code of Practice on Student Discipline can be utilised to address unauthorised or unacknowledged use of AI in work submitted for assessment, with clear guidance on how Schools can deal with it, as set out in Section 4.2 of the Code, “School dealing with alleged Plagiarism/Collusion by students in taught courses at level 1-5”.
- 4.4 The Court is asked to approve, on the recommendation of the QAC, and endorsed by the University Senate, the revised Code of Practice on Student Discipline (Academic).

The Court is asked that, in accordance with the provisions of Section 6 (2) of the Universities (Scotland) Act 1966, the draft Resolution be passed forthwith, so that the amended provisions may be applied with effect from date on which they are passed by the University Court.

5. FURTHER INFORMATION

5.1 Further information is available from Kirsty Kiezebrink, Dean for Educational Innovation (k.kiezebrink@abdn.ac.uk) or Sara Preston, Senior eLearning Adviser (s.preston@abdn.ac.uk)

14 March 2023

Freedom of Information/Confidentiality Status: Open

**UNIVERSITY OF ABERDEEN
ACADEMIC QUALITY HANDBOOK**

CODE OF PRACTICE ON STUDENT DISCIPLINE (ACADEMIC)

1. PURPOSE OF THIS CODE

The University is a community dedicated to the advancement and dissemination of knowledge through research, teaching and learning. Those objectives can only be achieved if the members of the University community can live and work beside each other in conditions of safety and security and with respect for the norms of academic behaviour. This Code is intended to support these objectives by prescribing sanctions against Academic Misconduct by i) currently registered students and ii) Undergraduate and Postgraduate Taught Graduates. In the case of Postgraduate Research Graduates, the *Policy for Dealing with Allegations of Academic Misconduct Against Graduates of the University applies* and not this Code. It is expected that students will have been made aware of what is meant by Academic Misconduct by their respective Schools at the start of teaching/their programme. This Code should be read and applied in the light of the above.

2. GENERAL PROVISIONS

- 2.1** The Head of School is mentioned throughout this Code as having responsibility for dealing with alleged cases of Academic Misconduct. The Head of School may, however, delegate full authority under this Code to another member of academic staff.
- 2.2** An Investigating Officer will be selected by the Academic Registrar from a list of members of Senate. The Investigating Officer will be from a different School from which the allegation has been raised.
- 2.3** The Academic Registrar may delegate responsibility under any aspect of the Code to another member of staff.
- 2.4** The standard of proof that shall be used in all cases under this Code is the balance of probabilities. This is the same standard used in civil law proceedings. This means that a Head of School, Investigating Officer or anyone else permitted to make a decision under this Code will be satisfied that an event occurred if they decide, having reviewed the evidence available, that the occurrence of the event was more likely than not.
- 2.5** The possible decisions an Investigation Officer can take when deciding if a case of alleged Academic Misconduct has taken place are: proven; not proven; or case dismissed.
- 2.6** Reference to the CGS in the Code refers to grades available under the Universities Common Grading Scale (or in older cases or those involving historical data, CGS refers to the previous grading system Common Assessment Scale, CAS).
- 2.7** The role of internal and external examiners shall be restricted to the presentation of evidence; they shall have no role in deciding whether a student is guilty of cheating.
- 2.8** When considering a case relating to an Undergraduate or Postgraduate Taught Graduate the School and Investigating Officer will, after referring to the *Policy for Dealing with Allegations of Academic Misconduct Against Graduates of the University*, investigate the case following relevant procedures below, as if the Graduate was a registered student and will also refer to Section 7.

3. ACADEMIC MISCONDUCT

- 3.1** This section outlines four separate offences that the University regards as Academic Misconduct. These are: Plagiarism (including self-plagiarism) / collusion; Contract Cheating, other forms of Cheating and Research Misconduct. Committing an act of Academic Misconduct in any assessment, examination

process or in any required element of a programme, whether formative or summative, can result in disciplinary action being taken under this Code.

3.2 Plagiarism

“Plagiarism” is defined by the University as the use, without adequate acknowledgment, of the intellectual work of another person in work submitted for assessment. This definition includes the unattributed use of course materials and applies to all types of assessment, including ‘open book’ assessments. A student cannot be found to have committed plagiarism where it can be shown that the student has taken all reasonable care to avoid representing the work of others as his or her own.

“Self-plagiarism” is defined as the duplication of work for assessment by submitting coursework containing material identical, or substantially similar, to material which has already been submitted by the same student for any other assessment.

[Plagiarism through the use of artificial intelligence tools is defined as the unauthorised or unacknowledged use of artificial intelligence tools to generate content for work submitted for assessment.](#)

3.3 Collusion

“Collusion” is a form of plagiarism and is therefore treated in the same way as plagiarism. It is defined as collaboration between students in an assignment that has not been authorised by the course coordinator. It does not refer to authorised group work that is assessed by a single group report.

3.4 Contract cheating

“Contract cheating” is an umbrella term to denote the submission of work by a student where some or all has been produced by someone other than that student with the intention to deceive. This can be achieved through having another person, or commercial service, produce work that is subsequently submitted for an assessment, whether that person/commercial service is paid or not.

3.5 Other forms of cheating

“Other forms of cheating” include but are not limited to:

- (a) possession in an examination of any material or electronic device which has not been authorised in writing by the relevant Course Co-ordinator. This also applies to the possession of mobile phones and/or any other device on one’s person during an exam even if that device is switched off. Students whose first language is not English may, however, refer to a dictionary where this is approved by the Invigilator at the start of the examination;
- (b) copying from another student in an examination;
- (c) talking to another student in an examination setting
- (d) removing an examination book from an examination setting;
- (e) bringing into an examination room any other examination book, or part of one;
- (f) impersonating another candidate in relation to any assessment;
- (g) permitting another person to impersonate oneself in relation to any assessment;
- (h) producing work for another student to use and;
- (i) any other conduct reasonably considered to amount to cheating as decided by the Head of School on a case by case basis.

3.6 Research Misconduct

- 3.6.1 “Research Misconduct” applies to students studying a fully research-based programme such as the Master of Research or PhD. “Research Misconduct” is defined by the University as:
The fabrication, falsification, plagiarism or deception in proposing, carrying out or reporting results of research, or deliberate, dangerous or negligent deviations from accepted practices in carrying out research. It includes failure to follow established protocols (incl. ethical approval) if this failure results in unreasonable risk or harm to humans, other -organsims, or the environment, and facilitating of misconduct in research by collusion in, or concealment of, such actions by others. It also includes financial impropriety in accounting for research funds, intentional unauthorised use, disclosure or removal of, or damage to, research-related property of the University or of another, including apparatus, materials, writings, data, hardware or software or any other substances or devices used in or produced by the conduct of research. It also includes mismanagement or inadequate preservation of data and/or primary materials, breach of duty of care to research participants, animal subjects, human organs or tissue used in research, or for the protection of the environment, and also behaviour that constitutes bullying and harassment. This list is not exhaustive and further examples of research misconduct are explained in the University of Aberdeen [Research Governance Handbook](#)
- 3.6.2 Research Misconduct does not include honest error or honest differences in the design, execution, interpretation or judgement in evaluating research methods or results, or misconduct unrelated to the research process. Similarly, it does not include poor research unless this encompasses the intention to deceive.

4. SCHOOL PROCEDURE IN CASES OF ACADEMIC MISCONDUCT

4.1 Preliminary Investigation for all forms of academic misconduct

- 4.1.1 Where there is reason to believe that Academic Misconduct may have taken place, the Head of School shall decide if it is appropriate to conduct a Preliminary Investigation in accordance with section 4.1.3.
- 4.1.2 The possible outcome following a Preliminary Investigation depends on the nature of the allegation and in the case of Plagiarism/Collusion whether the student has been found guilty of Plagiarism/Collusion before. The outcomes and processes for allegations of Plagiarism/Collusion in a course at level 1-5 (taught element only) are outlined in section 4.2 with the outcomes and processes for other forms of Academic Misconduct outlined in section 4.3 and section 4.4.
- 4.1.3 The procedure to be followed by the Head of School when conducting a Preliminary Investigation is as follows, with further provisions applying to both Preliminary Investigation meetings and Discipline Hearings outlined in Appendix A:
- (a) a meeting, held on campus or online (e.g. Microsoft Teams) should be arranged with the student no later than 10 working days after the allegation is raised;
 - (b) the student should be contacted, in writing, outlining the reasons for the meeting, clearly stating the allegation, and confirming that they may be accompanied by another person if they wish. At the same time the student must be provided with copies of all evidence supporting the allegation of Academic Misconduct. Such meetings will be held in the appropriate way, whether on-campus or online;
 - (c) another member of staff shall be present at the meeting for the purpose of taking a record of the discussion, and additional staff members may be present if the Head of School requests; and
 - (d) the student should be sent a copy of the meeting’s outcome and record of the discussion to confirm its accuracy, no later than 5 working days after the meeting is held.

4.2 School dealing with alleged Plagiarism/Collusion by students in taught courses at level 1-5

- 4.2.1 Where an allegation of Plagiarism or collusion is made against a student registered in a course at level 1-5 (not including the project or dissertation element of a PGT programme) the Head of School shall contact the Registry to ascertain whether the student has been found guilty of committing Plagiarism/Collusion under this Code before. In determining if a student has committed Plagiarism/Collusion before the Registry will take into account the date the outcome of a previous case was communicated to the student and its relationship to the submission date of the new piece of work. Assuming the student had submitted the work under investigation after a previous finding of Plagiarism/Collusion was made under this Code the allegation shall be taken to relate to a second offence.
- 4.2.2 The Head of School shall then conduct a Preliminary Investigation as outlined in 4.1.3 above.
- 4.2.3 The Head of the School, having completed the Preliminary Investigation and considered all of the evidence submitted, may:
- (a) decide that plagiarism/collusion has not occurred and dispose of the case, or
 - (b) decide that plagiarism/collusion has occurred.
- 4.2.4 If the Head of the School decides that plagiarism/collusion has not occurred the case should be disposed of as follows:
- (a) the student should be written to within 5 working days informing them that no further proceedings will be taken;
 - (b) in the case of plagiarism, the student shall be informed that the mark awarded for the assessment in question will reflect the amount of independent work of the student and appropriately referenced work of the student and the student shall be provided, in writing, the University's definition of Plagiarism and guidance on its avoidance, including how to reference material correctly;
 - (c) in the case of collusion, the student shall be informed that the mark awarded for the assessment in question will reflect the amount of independent work of the student and the student shall be provided with guidance on when, and under what circumstances, group assignments are acceptable.
- 4.2.5 If the Head of School decides that Plagiarism/Collusion has occurred, and this is the first time the student has been found to have committed such an offence further to section 4.2.1 above, they shall have the following outcomes available to dispose of the case. The outcome chosen can be based on consideration of mitigating circumstances raised by the student during the Preliminary Investigation or the general significance of the elements of the assessment in question:
- (a) to award a mark of G3 for the assessment in question;
 - (b) to allow the student to resubmit the work in question for assessment, taking into account advice given during the meeting on avoiding plagiarism/collusion and any other support deemed appropriate for the specific case (which may include referral to the Student Learning Service for advice and support) with the ultimate grade for the assessment in question being capped at a D3 where deemed appropriate; and
 - (c) In the case of plagiarism, to ask that the work be assessed, ignoring the plagiarised elements, and a mark provided in the usual way.

- 4.2.6 After choosing an outcome the Head of School must write to the student within 5 working days of the meeting confirming that the outcome will be passed to the Academic Registrar who will issue a formal written warning to the student that any future allegation of Plagiarism/collusion will be dealt with under the Code and the nature of the penalty that may be imposed in such a case. The finding of Plagiarism/Collusion, and the specific outcome, shall then be recorded on the student's record by Registry.
- 4.2.7 If the Head of School decides that plagiarism has been committed, and the student has previously been found to have committed plagiarism further to section 4.2.1 above, the Head of School shall refer the matter to the Academic Registrar in accordance with section 5. The Head of School must inform the student in writing that the matter is being referred to the Academic Registrar for a Discipline Hearing to be arranged under this Code. Similarly, if the Head of School decides that collusion has been committed, and the student has previously been found to have committed collusion further to section 4.2.1 above, the Head of School shall refer the matter to the Academic Registrar in accordance with section 5. The Head of School must inform the student in writing that the matter is being referred to the Academic Registrar for a Discipline Hearing to be arranged under this Code.
- 4.2.8 The Head of School shall have the discretion to refer any case where plagiarism/collusion is suspected for further investigation through the Academic Registrar in accordance with section 5. The Head of School must inform the student in writing that the matter is being referred to the Academic Registrar for a Discipline Hearing to be arranged under this Code.

4.3 School dealing with alleged Contract Cheating by students in taught courses at level 1-5

- 4.3.1 Contract cheating is an umbrella term to denote the submission of work by a student that has been produced by someone other than that student with the intention to pass the work off as their own. Suspicion that a student has submitted work that has not been written by them may arise when there is a disparity in the grades awarded, or the style or fluency of writing, in an assessment in comparison to other assessments submitted by that student or in comparison to their overall performance in tutorials/discussion groups. It may indicate that the assessment has been purchased or otherwise acquired from a third-party supplier, e.g. an essay mill (essay writing service), purchased (for money or other goods/services) from another individual or produced by any other person on behalf of the student.
- 4.3.2 Where an allegation of Contract Cheating is made against a student, the Head of the School shall conduct a Preliminary Investigation as outlined in section 4.1.3 above. Students should be advised in advance that they may be interviewed, that the meeting will be recorded and that they may be required to submit additional information prior to, or following, the Preliminary Investigation.
- 4.3.3 The student may be interviewed to assess their level of understanding of the work submitted. This interview should be carried out by the Head of School, or their appointed nominee. If the interview takes place it will be recorded and notes taken to help inform future investigations.
- 4.3.4 The Head of the School, having held the Preliminary Investigation and considered all of the evidence submitted, may:
- (a) decide that Academic Misconduct has not occurred; or
 - (b) decide that there are good reasons for believing that Academic Misconduct may have occurred.
- 4.3.5 If the Head of the School decides that Academic Misconduct has not occurred, they shall write to the student within five working days of the meeting informing them that no further action will be taken.

4.3.6 If the Head of School decides that Academic Misconduct may have occurred, they shall refer the matter to the Academic Registrar in accordance with section 5. The Head of School must inform the student in writing that the matter is being referred to the Academic Registrar for a Discipline Hearing to be arranged under this Code.

4.4 School dealing with other cases of Academic Misconduct

4.4.1 Where an allegation of Academic Misconduct is made against a student that is not covered by section 4.2 and 4.3, the Head of the School shall conduct a Preliminary Investigation as outlined in section 4.1.3 above.

4.4.2 The Head of the School, having held the Preliminary Investigation and considered all of the evidence submitted, may:

- (a) decide that Academic Misconduct has not occurred; or
- (b) decide that there are good reasons for believing that Academic Misconduct may have occurred.

4.4.3 If the Head of the School decides that Academic Misconduct has not occurred, they shall write to the student within 5 working days of the meeting informing them that no further action will be taken.

4.4.4 If the Head of School decides that Academic Misconduct may have occurred, they shall refer the matter to the Academic Registrar in accordance with section 5. The Head of School must inform the student in writing that the matter is being referred to the Academic Registrar for a Discipline Hearing to be arranged under this Code.

5. REFERRING A CASE FOR A DISCIPLINE HEARING

5.1 Cases must be referred in writing to the Academic Registrar within five working days of the conclusion of the Preliminary Investigation. When referring a case to the Academic Registrar no less than the following should be provided:

- a covering letter or email confirming the full details of the allegation;
- a copy of the record taken at any meeting/discussion held during the Preliminary Investigation;
- the original piece(s) of work clearly identifying the sections in which Academic Misconduct is alleged to have taken place;
- for Plagiarism cases:
 - a) the source of the plagiarised material should be clearly marked on the original piece(s) of work submitted to identify the corresponding section(s) and, if available, the Originality report;
 - b) the source(s) of the plagiarised materials;
 - c) copies of relevant Student Handbook(s), Course Handbook(s) and any other written material routinely provided to students drawing their attention to the University's definition of Plagiarism together with additional details of information and support provided to students on how to avoid Plagiarism;
- for collusion cases - copies of relevant Student Handbook(s), Course Handbook(s) and any other written material routinely provided to students drawing their attention to the rules regarding the boundaries for collaborative working;
- For contract cheating cases – copies of examples of the student's work, including the piece under investigation and notes/recording of the interview carried out to assess their understanding of the work submitted for assessment;
- written reports from individuals, Tutors or Invigilators present at the time that the alleged

offence took place (if applicable).

5.2 On receipt of a properly referred case the Academic Registrar shall then arrange for a Discipline Hearing to be conducted in accordance with the procedures in this Code.

5.3 When arranging a Discipline Hearing the Academic Registrar shall select an Investigating Officer to hear the case in accordance with this Code. They shall also ensure a Clerk is present at the meeting to take a general note of discussion and to provide guidance on procedure and the application of this Code.

6. STANDARD OUTCOMES FOLLOWING A DISCIPLINE HEARING

6.1 General Provisions

6.1.1 The penalties which can be imposed by an Investigating Officer following a Discipline Hearing where an allegation of Academic Misconduct is proven are as set out in sections 6.2 to 6.8 below.

6.1.2 An Investigating Officer has the discretion to impose a lesser or reasonable alternative penalty than provided in this Code where it is thought appropriate to do so having reviewed all the evidence in the case and any statements or explanations provided by the student.

6.1.3 If the penalty imposed means that the student fails the course, the normal rules for resit examination, re-submission of assessed work or other re-assessment for that course shall apply.

6.1.4 Where a reassessment diet arises before the conclusion of proceedings under the Code, the student should be allowed to submit for reassessment, but the grade should be withheld by the School until the outcome of proceedings are known and applied.

6.1.5 Where mentioned, expulsion means the termination of matriculated student status involving a total prohibition on attendance at or access to the University and on any participation in University activities. A student who has been expelled will not usually be eligible for re-admittance to the University.

6.1.6 Where a student is expelled under this Code, if they have already satisfied the requirements for an award prior to the offence(s) being committed, they will be allowed to graduate with that award.

6.1.7 In the context of an Undergraduate or Taught Postgraduate Graduate the wording within a penalty relating to expulsion is not applicable (see Section 7).

6.1.8 An Investigating Officer can make alterations to the process to be followed at a Discipline Hearing where it is reasonable to do so, AND the student agrees to the alterations in advance.

6.2 Standard outcome for a first offence of Plagiarism/Collusion in a level 1-5 taught course

6.2.1 The student shall be awarded CGS G3 for the component of assessment (for example, a written examination or piece of in-course assessment) in which they are found guilty.

6.2.2 Where a student has been found guilty of Plagiarism/Collusion in any component of assessment for more than one course, or more than one component within one course, the student shall be awarded an overall CGS G3 for the course(s).

6.2.3 If the imposition of a penalty under section 6.2.2 means that the student fails the course and a resit is permitted, the CGS mark attainable following reassessment will be restricted to a maximum of CGS D3.

6.3 Standard outcome for a subsequent offence of Plagiarism/Collusion in a level 1-5 taught course (also see section 6.4 below)

6.3.1 Where a student is found guilty of Plagiarism/Collusion in any component of assessment for the second time the student shall be awarded an overall CGS G3 for the course(s) and may be expelled.

6.4 Standard outcome for Cheating/Plagiarism/Collusion in Taught Postgraduate Programmes: Dissertation or Elements Contributing one-third or more of the Programme

6.4.1 The student shall be awarded CGS G3 for the overall course mark (or the equivalent unit of assessment) in which the assessment of which they are judged to have Cheated/Plagiarised relates.

6.4.2 No resit examination, re-submission of assessed work or other re-assessment shall be permitted, nor can any other course be substituted for that which has been failed under that section.

6.4.3 Where a student is judged to have Cheated/Plagiarised/Colluded in any component of assessment for more than one course the student shall be awarded CGS G3 for the course(s) and will usually be expelled.

6.5 Standard outcome for students found guilty of contract cheating

6.5.1 Students who are found guilty of submitting work that has been partly or wholly undertaken by someone other than themselves ("contract cheating", as defined in Section 3.4) shall be awarded an overall CGS G3 for the course in question and will usually be expelled from the University.

6.6 Standard outcome for students found guilty of any other form of cheating

6.6.1 Students who are found guilty of any other form of cheating shall be awarded an overall CGS G3 for the assessment or course in question depending on the severity of the case and may be expelled.

6.6.2 If the imposition of a penalty under section 6.2.1 means that the student fails the course and a resit is permitted, the CGS mark attainable following reassessment will be restricted to a maximum of CGS D3.

6.7 Standard outcome for Research Misconduct

6.7.1 The student shall fail the degree in respect of which Research Misconduct is established and shall not be permitted to submit work for this or any other research degree of the University. The student shall be expelled from the University.

6.8 Standard outcome for students found guilty of a second offence of academic misconduct

6.8.1 Students who are found guilty of more than one instance of academic misconduct of any sort shall usually be expelled. For example, a student who is found guilty of their second case of plagiarism and who is then found guilty of their second case of collusion, or their first case of another form of cheating, shall be expelled from the University.

7 UNDERGRADUATE AND POSTGRADUATE GRADUATES

- 7.1 If the penalty imposed in Section 6 means that the graduate's Degree/Diploma/Certificate award is affected the Investigating Officer will decide, in consultation with the relevant School(s) as appropriate, whether a lower award is possible, or whether the award should be rescinded. Also refer to Section 4 of the Policy for Dealing with Allegations of Academic Misconduct Against Graduates of the University.

8 RIGHTS OF APPEAL

- 8.1 A student has the right of appeal against any decision made under this Code using the University's Policy and Procedures on Student Appeals but only if there are valid grounds to appeal. Full details on this process and the grounds on which an appeal can be submitted are available on the University Website by consulting the [University's Policy and Procedures on Student Appeals](#).

Preliminary Meetings and Discipline Hearings

1 Procedure when arranging a meeting/Discipline Hearing under this Code

- 1.1 The student who is the subject of action under this Code shall be informed in writing of any allegations made against him or her and the date, time and location of the proposed meeting/Discipline Hearing. Such meetings will be held in the appropriate way, whether on-campus or online. Normally notice of at least five working days shall be given of any meeting that requires the student's attendance.
- 1.2 The student shall be provided a copy of this Code and any other relevant Codes of Practice as part of the initial communication regarding the meeting/Discipline Hearing. The student shall also be provided with copies of all written submissions which are to be considered at the hearing.
- 1.3 The student shall be invited to respond in writing to allegations but shall not be required to do so.
- 1.4 The student shall be required to confirm that they will attend the hearing on the specified date/time and provide details of any witnesses they wish to be present at the meeting/Discipline Hearing.

2 Representation

- 2.1 The student may be accompanied or represented at any meeting/Discipline Hearing by one person of his or her choice. The Head of School/Investigating Officer has the discretion to permit additional persons to accompany the student at any meeting/ Discipline Hearing, though the student must request this in advance.
- 2.2 Where a student is alleged to have committed an offence under this Code with another individual, that individual may not accompany the student at any meeting/Discipline Hearing connected with the offence. That other individual may, however, be called as a witness at the meeting by either the Head of School/Investigating Officer or the student to which the meeting/Discipline Hearing relates.
- 2.3 The University will not provide legal or other representation for students subject to proceedings under this Code. Students can seek independent advice on the application of this Code, and obtain representation at a meeting/Discipline Hearing, from Aberdeen University Students' Association.

3 Extenuating or Mitigating Circumstances

- 3.1 The University Policy and Procedures on Student Appeals and Complaints stipulates that if a student believes that a medical condition or other personal circumstances have affected their performance in an assessment they must notify the Head(s) of the relevant School(s) in writing, not more than seven days after the date of submission of the assessment or exam concerned.
- 3.2 Where a student has not given notice of extenuating or mitigating circumstances within the required timescale, they cannot be accepted as evidence under this Code unless permitted by the Head of School after a satisfactory explanation for the delay in providing the information is given.
- 3.3 Medical or extenuating circumstances which have not been raised prior to a Discipline Hearing will not normally be accepted as evidence. If raised for the first time after the Preliminary Investigation has taken place it will be at the Investigating Officer's discretion as to whether it is necessary for the Discipline Hearing to be adjourned and the evidence referred back to the Head of School to decide whether there are grounds on which to accept the late notification. The Head of School will make this decision having regard to the

expected timescale for submission of such evidence and the reason for this delay. Their decision will be final. Once this decision has been taken, if the Head of School decides the case still requires further investigation under this Code, a new Discipline Hearing shall be arranged in accordance with this Code.

4 Determination of a case in the absence of the student

- 4.1 Where a student cannot attend an initial meeting/Discipline Hearing, as an alternative, they can either ask for it to be rescheduled (one change only is permitted), select another person to represent him or her, or submit further representations in writing, but shall not be required to do so. Where a student elects to select another person to represent him or her, written notification of this must be submitted to the School and/or Registry no later than two working days prior to the date of the hearing.

Meetings are permitted via MS Teams video calling or similar. Where the cost of an overseas teleconference carries a fee, the cost shall be borne by the student whose conduct is under scrutiny.

- 4.2 Where a student cannot attend an initial interview or hearing and requests that the interview or hearing be deferred to allow him/her to attend in person, the student cannot subsequently use the impact which the deferral of the interview or hearing may have on their academic performance as grounds for an appeal or complaint.
- 4.3 In the event that an initial interview or hearing is deferred at the request of the student the interview or hearing must be rescheduled to take place on a date normally within 6 weeks of the date originally notified to the student. If the student is unable to attend the rescheduled interview or hearing, the case will be considered, and a decision reached in the absence of the student. Under the terms of paragraph 4.1 the student can either select another person to represent him or her or submit further representations in writing.
- 4.4 Where a student has not informed the School/Registry in advance that they are unable to attend a meeting/Discipline Hearing, or is a no show, and has not asked for the meeting to be rescheduled will have their case considered, and a decision reached in the absence of the student.

Procedure at a Discipline Hearing

1. The Investigating Officer will outline the procedures to be followed, after which the witness(es) will be asked to leave until called to give evidence.
2. The Investigating Officer will then outline the nature of the allegation(s) against the student and invite the student to state whether they admit or deny the allegation(s).
3. The Investigating Officer will invite the Head of the School to make a statement on behalf of the School. The Head of School making the allegation of Academic Misconduct may, at this stage, present supporting evidence to the Investigating Officer. Supporting evidence may include oral testimony of witnesses or previously submitted written evidence.
4. The Investigating Officer will invite the student to make a statement in response to the Head of School and the allegation made against them.
5. The student and/or the student's representative may, at this stage, present supporting evidence to the Investigating Officer. Evidence may include oral evidence of witnesses or written submissions.
6. The student and/or their representative will be invited to address questions through the Investigating Officer to any witness(es) on their statement(s) and on their written submissions at the time they give their evidence to the Discipline Hearing after which they shall be asked to leave until formally dismissed by the Investigating Officer or the Clerk.
7. The Investigating Officer will take the opportunity to seek clarification on any points raised.
8. The student and/or their representative will be invited to give a concluding statement.
9. When all statements have been made, all witnesses heard and all questioning completed, all persons present other than the Investigating Officer and the Clerk must leave the room. The Clerk remains with the Investigating Officer solely for the purpose of recording the Investigating Officer's decision and takes no part in the decision-making process.
10. The Investigating Officer will consider the evidence and reach a decision, which will be communicated to the student in writing, normally within five working days.
11. Where the Investigating Officer feels the need to obtain additional supporting evidence or clarification from another party, the normal decision-making framework may be delayed. The student will be advised of any delay and, where possible, the student will be advised of this at the end of the Discipline Hearing.
12. Having reviewed any additional evidence or clarification the Investigating Officer can decide to issue his final decision through the Clerk or can ask for the Discipline Hearing to be reconvened as soon as possible to present his or her findings and reach a final decision.

UNIVERSITY OF ABERDEEN

UNIVERSITY COURT

COMMERCIALISATION COMMITTEE REPORT

1. Purpose of the Paper

This paper is provided to University Court for information as an overview of the business conducted by the Commercialisation Committee at its last meeting on 1 June 2023. The draft minutes and agenda/papers from the meeting will be made available in [Decision Time](#).

2. Previous Consideration By /Further Approval Required

	Board/Committee	Date
Previously considered/approved by	N/A	
Further consideration/ approval required by	N/A	

3. Recommended Action

University Court is invited to note the Committee's considerations and discussions, including its approval of the following items under its delegated authority:

- It's forward Schedule of Business for 2023-24.
- Key performance indicators (KPIs) and targets for industry engagement, knowledge exchange, commercialisation and entrepreneurship which were aligned with the key objectives within the Aberdeen 2040 Implementation Plan relating to regional engagement and recovery.
- The further development of a new Innovation Drivers Strategic Framework for the University.

4. Guest Speaker: Opportunity North East

- 4.1. The Committee was joined by Jennifer Crow, Chief Executive, Opportunity North East (ONE), who delivered a presentation to outline the work, aims and regional engagement of the organisation.
- 4.2. Detailed discussion followed as to the purpose and forward aims of commercialisation activity within the region, and it was agreed that the University's success in this area would require a consistent language for innovation and entrepreneurship, the building of content relevant from a regional perspective and the development of role holders confident to deliver it.

5. Committee Governance

Schedule of Business 2023-24

- 5.1. The Committee considered and approved its proposed Schedule of Business for 2023-24, which was aligned to the Committee terms of reference and had been designed to enable the Committee to gain as broad an overview as possible of the internal and regional commercialisation infrastructure to inform its strategic thinking.
- 5.2. In particular, the Committee expressed enthusiastic support for the proposed schedule of guest speakers to attend meetings to address the Committee on a range of commercialisation activity and themes.
- 5.3. It was noted that, under proposals to reduce the frequency of Court Committee meetings for 2023-24 and beyond, it had been agreed with the Chair that the Committee would meet three times per annum going forward, in October, February and May.
- 5.4. It was also suggested that the University's current Entrepreneurs in Residence should be invited to address the Committee at its next meeting in October 2023.
- 5.5. Detailed discussion followed regarding the Committee's remit in respect of the oversight of individual start-up and spin-out companies. It was confirmed that the Committee's decision-making authority was in relation to the overall strategy for commercialisation, the structures to help create and sustain the entrepreneurial and the acceleration of the level of commercialisation activity at the University. The operational details relating to individual companies (which included information of a commercially sensitive nature under contract) were the remit of the Start-Up and Spin-Out Panel (SUSOP), which reported directly to the Senior Management Team. SUSOP would provide a bi-annual pipeline report to the Committee, to include a summary of progress against targets for commercialisation.
- 5.6. It was agreed that as part of the forthcoming annual review of the remit and terms of reference of the Commercialisation Committee, consideration should be given to further clarifying the delegations of the Committee, and to articulating the purpose of SUSOP reports to the Committee within the Schedule of Business.

6. Commercialisation Strategy

Vice-Principal's Update

- 6.1. An update was provided by the Vice-Principal Regional Engagement on current commercialisation activity, including the sector and broader entrepreneurship environment.
- 6.2. In particular, it was noted that the University's first Dean of Enterprise & Innovation, Dr Heather Morgan, had been appointed from 1 April 2023 and was currently commencing work to review the institutional Intellectual Property

Income and Revenue Sharing Policy, plus a benchmarking against the sector. It was confirmed that the revised policy would be presented to the Enterprise & Innovation and Commercialisation Committees once available, as outlined with the Schedule of Business.

- 6.3. It was also reported that a near final draft of the Regional Economic Strategy had been approved by Aberdeen City Council and would now progress to Aberdeenshire Council and the Opportunity North East Board for approval the following week. The final publication of the Strategy was anticipated during the Summer 2023, and a copy would be brought to the next meeting of the Committee for consideration.
- 6.4. With regard to the UK Government's new programme of Investment Zones, it was not yet clear how the policy would be implemented in Scotland. However, the North East region had already positioned infrastructure to support the development of a bid via its Investment Zone Steering and Working Groups, of which both the Principal and Vice-Principal Regional Engagement were members. It was confirmed that the University would not invest significant resource in the initiative until it was known what the format of investment zones would be within Scotland.
- 6.5. In discussion, the Committee agreed that an understanding of the markets the University wished to serve was a key requirement for commercialisation success by which it could identify opportunities and oversee the strategy to derive value from these areas. It was noted that the Entrepreneurs in Residence Scheme would underpin this work, and that the University had plans to develop the scheme further, with EIRs challenging the academic colleagues to seize commercialisation opportunities. The Committee also suggested that working with industry partners and engaging with the regional business community would also support the University in understanding what problems it could assist industry to solve.

University Commercialisation Ecosystem

- 6.6. The Director of Research & Innovation delivered a presentation on the current Commercialisation ecosystem within the University, with particular reference to:
 - The national policy landscape.
 - The SFC policy and funding drivers, including the future intention to adopt a driver for participation in entrepreneurial campuses.
 - Current resources in support of commercialisation in terms of people, processes and programmes, noting that the University's accelerator programmes were currently delivered in partnership with other organisations, but its forward intention was to develop its own.
 - Current infrastructure, including an early-stage incubation centre on campus, and access to external incubators, facilities and services including ONE TechHub and ONE BioHub.
 - The culture and incentives for commercialisation, including policy review, the recent promotions review, incentives and secondments for start-ups.
 - Internal investment and support. It was confirmed that no equity funding was available currently, but the University awarded time and financial

resource to identify markets and customers for the development of Intellectual Property strategies.

- An overview of current ecosystem partners, their programme types and levels of engagement.
- An update on the National Knowledge Exchange Concordat and its identified key components of entrepreneurial activity.

6.7. The Committee asked how the University connected customer need with the work of its academics, and it was reported that a number of industry stakeholders were being invited to meetings on campus to help academic colleagues understand and support their areas of critical focus and challenge, and to demonstrate the University's engagement with industry. A recent programme for engineering students had also focussed on meeting the teams involved in new start-ups to identify what students could offer in support of industrial problem-solving. It was also noted that recent revisions to the promotions criteria for academic staff meant that consultancy, industry engagement and entrepreneurial activity had been articulated for the first time as an incentive for the academic community.

6.8. The conditions for success of university spin-outs and the consideration of appropriate equity stakes were also the focus of ongoing work by both Scottish Enterprise and the UK Government. Once available, both reports would be presented to the Committee for information.

Key Performance Indicators

6.9. The Committee considered and approved proposed key performance indicators (KPIs) and targets for industry engagement, knowledge exchange, commercialisation and entrepreneurship which were aligned with the key objectives within the Aberdeen 2040 Implementation Plan relating to regional engagement and recovery.

6.10. Alongside, a range of lower-level performance indicators (PIs) were presented for use to enable Schools to identify and monitor activity that underpinned institutional objectives and KPIs, reflecting the fact that Schools would support the institutional KPIs through a range of activities, with some Schools more likely to contribute to revenue generation through service and facilities than others.

6.11. For each of the KPIs and PIs, both baseline and target figures were highlighted to show both the current position and target ambition. For future reporting, the Committee requested that an additional metric be included with regard to opportunity value, to provide targets for high-value innovation-driven spin-outs for staff. It was also suggested that the targets provided clarity around outcomes, but would benefit from further indications of scale.

6.12. The Committee sought assurance that the University was confident it had the staff resource and infrastructure support in place to deliver the identified targets without impacting negatively on staff workloads and REF outcomes. It was confirmed that increased internal investment was planned to support activity, but it should also be noted that not all work would be conducted internally. The new incentives for commercialisation embedded within the promotion criteria for staff could also drive an increased number of impact case studies from start-up

activity. There were also plans in place to further extend support opportunities from the Entrepreneurs in Residence Scheme, and the University's adoption of the MIT Venture Mentoring Service pilot scheme was also planned to develop a network of mentors for the North East of Scotland, in partnership with ONE, Robert Gordon University and Scottish Enterprise.

6.13. It was noted that all data would be monitored quarterly by the Enterprise & Innovation Committee, with summary progress reporting provided to the Commercialisation Committee on an annual basis.

Strategic Discussion – Innovation Drivers

6.14. The Committee received a presentation from the Vice-Principal Regional Engagement to introduce the University's intention and current thinking for the development of a new Innovation Drivers Strategic Framework, including:

- Key attributes for the future innovation ecosystem.
- An overview of the MIT Entrepreneurial Development Programme recently attended by several staff from the University, including the Vice-Principal Regional Engagement.
- Key innovation and enterprise drivers necessary for success, including human capital, funding, infrastructure, demand, and culture & incentives, to be used to develop a proposed framework for the University of Aberdeen.

6.15. The Committee endorsed the Framework for further development, suggesting that it would help with University to identify what success looked like, alongside any gaps for targeted action.

6.16. It also indicated its endorsement of proposals that the University explore the development of its own in-house accelerator programme which could be supported by members of the Committee, the General Council Business Committee and Court.

6.17. It was noted that individual drivers would be considered in more detail at each forward meeting, as outlined within the Committee's Schedule of Business. This would include a further opportunity for the Committee to revisit commercialisation incentives and their communication to the University community.

7. Further Information

7.1. Further information is available from Jan Whitfield, Clerk to the Commercialisation Committee, janine.whitfield@abdn.ac.uk

Freedom of Information/Confidentiality Status: Open

UNIVERSITY OF ABERDEEN

UNIVERSITY COURT

PENSIONS ADVISORY GROUP REPORT

1. PURPOSE OF THE PAPER

1.1 This paper reports to Court on the main items of business discussed at the meeting of the Pensions Advisory Group of 31 May 2023. The agenda, papers and draft minutes are available within the [Decision Time](#) Resources area for members of Court.

1.2 The report is for information.

2. PREVIOUS CONSIDERATION BY /FURTHER CONSIDERATION REQUIRED

	Board/Committee	Date
Previously considered by	n/a	n/a
Further consideration required by	University Court	21 June 2023

3. RECOMMENDED ACTION

3.1 The Court is invited to note the report which is for information.

4. EXTENDED DISCUSSION: STAFF PARTICIPATION LEVELS IN USS AND UASLAS

- 4.1 The Group had an extended discussion to consider the participation levels of University staff in the USS and UASLAS schemes, supported by background papers on the pensions landscape in the University and participation data.
- 4.2 The Group noted that with regard to UASLAS, the Scheme Trustees were considering how to promote the scheme and encourage greater uptake amongst eligible staff. It was noted that the University as the employer could request that the Trustees consider whether the structure of the scheme should be revisited to encourage greater participation but that this was also a question for the Court to consider with that of whether further pension provision options for staff were necessary. The Group agreed to **endorse** that this be explored further with a view to a paper informing a wider discussion at Court, if possible, at its extended meeting in September 2023. It was also noted that increased participation levels in both the respective schemes would result in increased costs for the University which were currently not budgeted for.

5. USS: UUK PROPOSAL ON CONDITIONAL INDEXING

5.1 The Group received proposals and a request from UUK that employers express their support, or otherwise, for a more detailed exploration of the possible implementation of a Conditional Indexation (CI) scheme design within USS.

5.2 Following a detailed discussion of the advantages and disadvantages of the proposals the Group agreed that on balance that it would support the further exploration conditional indexing but subject to some caveats which should be highlighted in responding to UUK, these being:

- The University was supportive of the proposition on the basis of this being for a further exploration of what the option might involve but one which would require further discussion with employers before moving towards any formal proposal for change;
- That there are likely to be significant legislative requirements that would need to change in order for CI to be a practical option and which might present a barrier to its further progression as an option;
- The underlying assumptions of a CI approach, such as inflation, would need to be carefully considered and potentially subject to independent assessment;
- That consideration be given to, again in practical terms, how, given the current context of industrial relations in the sector, the scheme's membership might view CI, given the trust it requires in governance and performance of the scheme compared to guarantees offered under the current structure;
- That the proposition needed to be considered as a package together with the wider USS reform workstreams, including the commitment to a scheme governance review as reiterated in the UUK/UCU joint statement of 15 March 2023. The University noted that the timeframe for that work appears to be delayed and would, therefore, given its importance, encourage its conclusion in as speedy a timeframe as practical.

6. UASLAS: ORAL UPDATE ON VALUATION

6.1 The Group was advised that the UASLAS Trustees were due to hold their Annual General Meeting in June 2023 and that it was expected that the University would then receive an update on the Scheme valuation position and potential funding request to it as the employer. It was, therefore, agreed to circulate an update to the Group once any further information became available and that this could, if received in time, also be reported to Court verbally if not available for the Group's routine report in Court papers.

7. FURTHER INFORMATION

7.1 Further information is available from or Bruce Purdon, Clerk to the Advisory Group (email b.purdon@abdn.ac.uk).

7 June 2023

Confidentiality Status: Open

UNIVERSITY OF ABERDEEN

UNIVERSITY COURT

GOVERNANCE AND NOMINATIONS COMMITTEE REPORT

1. PURPOSE OF THE PAPER

1.1 **This paper provides a report on the key items of business considered by the Governance and Nominations Committee on 30 May 2023.** It includes recommendations to Court for approval, as detailed in section 3, however summaries of other item business considered are also included (the detail of which is available through the agenda, papers and draft minutes of the meeting that are available within the [Decision Time](#) Resources area).

2. PREVIOUS CONSIDERATION BY /FURTHER APPROVAL REQUIRED

	Board/Committee	Date
Previously considered/approved by	N/A	N/A
Further consideration/ approval required by	University Court	21 June 2023

3. RECOMMENDED ACTION

3.1 The Court is invited by the Committee to:

- 1) **Approve** the revised approach to the identification, recording and management of conflicts of interest and loyalty, gifts and hospitality for members of Court, its committees and Senior Management Team. Section 4 and Appendix 1 refer.
- 2) **Note** the report of other items of business considered by the Committee.

4. CONFLICTS OF INTEREST AND LOYALTY POLICY FOR COURT, LAY COMMITTEE MEMBERS AND THE SENIOR MANAGEMENT TEAM

4.1 The Committee received and considered proposals on a revised approach to the identification, recording and management of conflicts of interest and loyalty, gifts and hospitality for members of Court, its sub-Committee members and the Senior Management Team. A copy is enclosed at **Appendix 1**.

4.2 The review and revision of existing approach in this area followed the approval earlier in the year of a new policy and approach to the management of conflicts of interest for staff in relation to spin-up and start up activities. This allowed the simplification of the policy, now focused on conflicts of interest in relation to Court and Committee Members, and the Senior Management Team.

4.4 Following discussion, the Committee agreed to recommend to Court the adoption of the proposed revised approach, specifically noting that implied conflicts of interests should not always be considered financial.

4.5 The Court is invited to approve the revised approach as detailed in Appendix 1.

5. DEEP DIVE DISCUSSION: COURT AND COMMITTEE EFFECTIVENESS

5.1 The Committee held an extended discussion session in which it considered a potential new approach to the evaluation of Court and Committee skills, effectiveness and governance maturity.

5.2 The Committee agreed to make a firm recommendation to University Court that the proposed new three-tier approach (copy filed with principal copy of the minutes) to assessing governance maturity and initiating consequent improvements be approved for adoption and implementation during the Summer 2023 and 2023-24 academic year. **This recommendation is the subject of a separate item on today's Court agenda.**

5.3 Discussion also took place regarding the conduct and format of an effectiveness review session to be held at the June 2023 meeting of Court. It was suggested that the five key focus areas of effectiveness review outlined within the presentation, plus supporting statements from the new effectiveness framework, could form the basis of a reflective session with Court Members.

5.4 It was also agreed that the Head of Governance & Executive Support should offer a report to Court at the outset of the reflective session in June to present the findings of her observations of Court and Committee meetings to date. It should be noted at this stage this would represent an observational rather than an evidenced position

6. GOVERNOR APPRENTICESHIP PROGRAMME

6.1 The Committee received a report on the Governor Apprentice Programme following the first year of its operation in 2022/23 and considered options for the its continuance.

6.3 The Committee agreed:

- To continue with a single year model for the Governor Apprentice, noting that the current incumbent would conclude his appointment on 31 August 2023.
- Not to continue with the Perrett Laver Programme (which would not commence until January 2024), but to continue the Governor Apprentice Model and recruit a new Governor Apprentice for a term of one year, with a preference for this individual to commence their term at the start of the 2023/24 governance cycle. In so doing, it was noted that this would mean future governor apprentices would not have access to the peer network offered by the Perrett Laver Programme.

- To delegate authority to the Governance & Executive Support Team for the identification and procurement of an appropriate supplier and the arrangements for the forward Governor Apprentice recruitment, to ensure maximum opportunity for further improving Court diversity.

7. TRADE UNION BRIEFINGS PROTOCOL

- 7.1 The Committee considered and endorsed a revised approach to the composition and arrangements for briefings for trade unions on the Court agenda and papers. This had been developed and revised further since first considered by the Committee in March 2023 to include feedback from trade union representatives who currently attend the briefings.
- 7.2 The University Secretary noted that the Committee had previously been advised that the protocol would be shared with Court for approval. On reflection, it had been noted that as an operational protocol, it was appropriate for the Committee under its authority to endorse the revised approach, subject to appropriate reporting of that decision to Court.

8. FURTHER INFORMATION

- 8.1 Further information is available from Bruce Purdon, Clerk to the Committee (email b.purdon@abdn.ac.uk).

7 June 2023 v1

Confidentiality Status: Open

UNIVERSITY OF ABERDEEN

GOVERNANCE AND NOMINATIONS COMMITTEE

CONFLICTS OF INTERESTS AND LOYALTY POLICY FOR COURT, LAY COMMITTEE MEMBERS AND THE SENIOR MANAGEMENT TEAM**1. PURPOSE OF THE PAPER**

- 1.1 Following the Committee's approval for the protocol relating to the identification and management of conflicts of interest for staff (March 2023), it is appropriate to review (and revise) the approach to be adopted for members of Court, its committees and Senior Management Team (SMT).
- 1.2 This paper, and its supporting appendices, provide the detail for a revised policy covering conflicts of interests and loyalty for Court members, lay committee members, and SMT.
- 1.3 The proposed paper incorporates an approach for the declaration of gifts and hospitality offered and refused by the same group of people detailed in 1.2.

2. PREVIOUS CONSIDERATION BY/FURTHER APPROVAL REQUIRED

	Board/Committee	Date
Previously considered/approved by	N/A	N/A
Further consideration/ approval required by	GNC	30 May 2023

3. RECOMMENDED ACTION

- 3.1 The Governance and Nominations Committee is invited to **discuss and recommend** to Court the revised approach to the identification, recording and management of conflicts of interest and loyalty, gifts and hospitality for members of Court, its committees and SMT.

4. CONTEXT

- 4.1 Following the decision by Court to approve the protocol for covering staff conflicts of interests (26 April 2023), it is appropriate and timely to review and revise the agreed approach to be adopted by members of Court, its committees and the Senior Management Team (SMT) for the identification, recording and management of conflicts of interests and loyalty.
- 4.2 Tangential to these interests is the issues of the offer, acceptance and refusal of gifts and hospitality that may also impact on the perception of an individual's ability to act in the best interests of the University.
- 4.3 Guidance from the Scottish Charities Regulator OSCR (Conflicts of Interest, 2016) relating to the identification and management of conflicts of interests

requires a policy to include: what a conflict of interest is and relevant examples; the difference between a conflict arising from an appointment or personal situation; when to declare a conflict and what to include; references to the governing instruments on conflicts (where there are any); and how to manage conflicts especially where a trustee is required to withdraw. Further details as to what OSCR and the Scottish Code of Good Higher Education Governance (2022) expects to see within a conflicts of interests policy are detailed in Appendix B.

- 4.4 The following paper and appendices, including the proposed policy offer a revised approach to meet the legal and regulatory requirements and supports good governance practice in the identification, recording and management of conflicts of interests and loyalty for Court, its committees and the SMT.

5. PROPOSED APPROACH

- 5.1 It is proposed that a new, specific, policy is introduced to support the University's existing code of conduct and other policies aimed at promoting transparency and confidence in the work and conduct of Court and its members.
- 5.2 The proposed policy (Appendix B) will help relevant parties to be able to identify real and perceived conflicts of interests and loyalty and how to manage them in order to promote and maintain individual and collective integrity.
- 5.3 The proposed policy identifies the different types of conflicts of interests and loyalty and how to report them to the Governance and Executive Support Team. It also incorporates a suggested approach for the declaration of gifts and hospitality offered, accepted and refused.
- 5.4 It is posited that the revised approach apply to: Court members as trustees; committee lay members who support governance arrangements; and SMT as the highest profile members of the University working alongside the Court. The register will also capture personal conflicts where the interests of 'connected persons' to members of Court, committees or SMT need to be considered.
- 5.5 The policy includes 'connected persons' so as to cover the requirements of OSCR that 'personal conflicts' are covered within the policy. It also reflects the spirit of the Councillors' Code of Conduct (2021) published by the Standards Commission for Scotland (however, that limits declarations to close family members).
- 5.6 Within Scottish charity legislation and guidance there is one definition of a 'connected person', but this relates specifically to the situation where a trustee is remunerated (for being a trustee). In the absence of a more generic definition, it is suggested that the definition within the Charities and Trustee Investment (Scotland) Act 2005 is applied to the policy. This definition is detailed in Appendix B, for information.
- 5.7 A completed declaration will be required upon appointment and then in September and February for each year. Other material changes must be reported to the Governance and Executive Support Team in writing within 30 days of becoming aware of that change. The full register of interests will be available to access via Decision Time. Access to the full version must also be made available

to individuals, on request, at the University Offices. A partially open version will be available to the public via the University website, in accordance with relevant legislation, regulation and University policies.

6. FURTHER INFORMATION

- 6.1 Further information is available from Tracey Slaven, University Secretary and COO (tracey.slaven@abdn.ac.uk), Louise Thomson, Head of Governance and Executive Support (louise.thomson@abdn.ac.uk) or Bruce Purdon, Clerk to the Committee (b.purdon@abdn.ac.uk).

22 May 2023 v3

Confidentiality Status: Open

Appendix A: Background detail informing the proposed policy in Appendix B.

To assist the Governance and Nominations Committee to understand the proposed changes to the conflict of interests policy, and accompanying process for the declaration of gifts and hospitality, the following provides details of legal and regulatory requirements that are expected to be included in such a policy. By including these issues in the proposed policy the University can demonstrate that it has read and followed the specifics and/or spirit of the Code and OSCR guidance.

As Committee members will be aware, it is a requirement of Scottish charity law and the Scottish Code of Good Higher Education Governance 2022 (the Code) that charity trustees act in the best interests of the charity (Chapter 9, S66(1), Charities and Trustee Investment (Scotland) Act 2005). Specifically, the Code states:

Conflicts of interest can and will arise from time to time and may be direct or perceived. It is how they are managed that is of the utmost importance. Institutions must have a policy in place setting out what conflicts of interest are and how they are managed. This must clearly outline the obligation of individual members of the governing body to declare conflicts. (para 30, 2022 version)

Furthermore, the Code requires that:

- Governing body members must declare a conflict of interest, that they or a family member may have, in relation to an agenda item as soon as practicable (para. 33). A similar requirement applies to executive officers and the Secretary (para. 33);
- A conflicted member must recuse themselves from the item under discussion (para. 34);
- A staff or student member does not have a conflict merely because of their status as a student or staff governor (para. 35);
- A register of interests will be maintained and published on a website (suitably redacted), this should include details of governors, executive members (including the Secretary and finance director) (para. 36);
- An institution should maintain a policy and register for gifts and hospitality and this should include governors, executive officers, the Secretary and finance director (para. 37); and
- These policies should highlight the provisions of the Bribery Act 2010 (para. 37).

Guidance from OSCR (Conflicts of Interest, 2016) relating to the identification and management of conflicts of interests requires a policy to include: what a conflict of interest is and relevant examples; the difference between a conflict arising from an appointment or personal situation; when to declare a conflict and what to include; references to the governing instruments on conflicts (where there are any); and how to manage conflicts especially where a trustee is required to withdraw.

Given that guidance from OSCR requires a conflict of interests policy to include the difference between conflicts arising from an appointment or personal situation, the policy presented in Appendix B includes declarations in relation to 'connected persons'.

Within Scottish charity legislation and guidance there is one definition of a 'connected person', but this relates specifically to the situation where a trustee is remunerated (for being a trustee). In the absence of a more generic definition, it is suggested that the definition within the Charities and Trustee Investment (Scotland) Act 2005 is applied to the policy.

Chapter 9, section 68 (2) and (3) defines a 'connected person' as:

- (2) (a) any person — (i) to whom the trustee is married, (ii) who is the civil partner of the trustee, or (iii) with whom the trustee is living as husband and wife or, where the trustee and the other person are of the same sex, in an equivalent relationship,
- (b) any child, parent, grandchild, grandparent, brother or sister of the trustee (and any spouse of any such person),
- (c) any institution which is controlled (whether directly or through one or more nominees) by — (i) the charity trustee, (ii) any person with whom the charity trustee is connected by virtue of paragraph (a), (b), (d) or (e), or (iii) two or more persons falling within sub-paragraph (i) or (ii), when taken together,
- (d) a body corporate in which — (i) the charity trustee has a substantial interest, (ii) any person with whom the charity trustee is connected by virtue of paragraph (a), (b), (c) or (e) has a substantial interest, or (iii) two or more persons falling within sub-paragraph (i) or (ii), when taken together, have a substantial interest,
- (e) a Scottish partnership in which one or more of the partners is — (i) the charity trustee, or (ii) a person with whom the charity trustee is, by virtue of paragraph (a) or (b), connected.
- (3) For the purposes of subsection (2) a person who is — (a) another person's stepchild, or (b) brought up or treated by another person as if the person were a child of the other person, is to be treated as that other person's child.

For comparison, the Councillors' Code of Conduct (2021) published by the Standards Commission for Scotland requires councillors to include declarations that relate to 'close family members'.

The proposed policy in Appendix B includes these requirements and expectations along with other recognised good practice in relation to the identification, management and recording of conflicts of interests.

Appendix B: University of Aberdeen Policy: Conflict of interests and loyalty for Court, governance committee members and the Senior Management Team (draft)

Draft: Supporting information

The following is a draft policy and supporting information for Court and governance committee members and the Senior Management Team relating to the identification, declaration and management of conflicts of interests and loyalty.

Context

It is a requirement of Scottish charity law and the Scottish Code of Good Higher Education Governance 2022 (the Code) that charity trustees act in the best interests of the charity (Chapter 9, S66(1), Charities and Trustee Investment (Scotland) Act 2005). The Code states:

Institutions must have a policy in place setting out what conflicts of interest are and how they are managed. This must clearly outline the obligation of individual members of the governing body to declare conflicts. (para. 30, 2022 version)

Guidance from OSCR (Conflicts of Interest, 2016) relating to the identification and management of conflicts of interests requires a policy to include: what a conflict of interest is and relevant examples; the difference between a conflict arising from an appointment or personal situation; when to declare a conflict and what to include; references to the governing instruments on conflicts (where there are any); and how to manage conflicts especially where a trustee is required to withdraw.

This (draft) policy meets the legal and regulatory requirements expected of the University (as a registered charity) and supports good governance practice in the identification, recording and management of conflicts of interests and loyalty for Court, its committees and the Senior Management Team.

This policy should be read in conjunction with the University's relevant policies and procedures relating to the Bribery Act 2010 (covering measures for anti-bribery and anti-corruption, for example) and the University's Code of Conduct for Court and lay members.

What is a conflict of interest or loyalty?

Trustees have a duty under common law to act in the best interests of the charity they serve. Trustees, generally, should not benefit from the charity and should not be influenced by their wider interests when making decisions affecting the charity. The interests of the beneficiaries and those of the University will - for the most part - be consistent or complementary, but on the occasions where a conflict does arise, the responsibility of all the trustees is to the charity.

A conflict of interest is defined by OSCR as:

'...any situation where there is a potential for a charity trustee's personal or business interests (or the interests of someone they are connected with) to be different from the interests of the charity.'

Conflict of Interest guidance, OSCR, 2016.

A conflict of interest can be both real and perceived and can arise when the interests of trustees, or 'connected persons', are incompatible or in competition with the interests of the charity. Such situations present a risk that trustees will make decisions based on these external influences, rather than the best interests of the charity.

OSCR highlights two common types of causes for a conflict of interest:

- An appointment conflict – where the interest of the person or organisation that appointed the trustee may conflict with the best interests of the charity; and
- A personal conflict – where an individual trustee's personal or business interests conflict with the best interests of the charity.

These conflicts can manifest in different ways, such as:

- A direct financial interest – when a trustee obtains a direct financial benefit via:
 - the payment of a salary or other remuneration to a trustee by the University;
 - the award of a contract to a company with which a trustee is involved; or
 - the sale of property at below market value to a trustee.
- An indirect financial interest – this arises when a close relative of a trustee benefits from the University. For example, the awarding of an employment contract to a person connected to the trustee.
- A non-financial or personal conflicts – occur where trustees receive no financial benefit, but are influenced by external factors:
 - influencing Court decisions on activities and plans to their own advantage;
 - to gain some other intangible benefit or kudos; or
 - awarding contracts to friends.
- Conflicts of loyalties – trustees may have competing loyalties between the University to which they owe a primary duty and some other person or entity.

A conflict of interest can also arise from any access that all trustees may gain to confidential or privileged information by virtue of their trusteeship. All trustees should remain alert to the fact that whatever information they acquire in their role should remain confidential and not be used to the advantage of themselves, an external individual, or entity. Further information relating to confidential information can be found in the University's Code of Conduct for Court members.

Occasionally there may be cases where an apparent conflict is actually in the University's best interests. While the trustees may well act with integrity, the mere appearance of a conflict can be damaging to both the University and the trustees, so conflicts need to be managed effectively. When considering how a situation may be perceived, a simple rule of thumb might be to ask: how could this be portrayed in the media?

What to declare?

On appointment, and twice annually, trustees will be asked to complete a declaration of interests. Trustees should advise the Governance and Executive Support Team of any material changes to that declaration within 30 days of becoming aware of that change.

The Governance and Executive Support Team will review and revise, where necessary, the register of interests twice per year: September and February.

When completing a declaration of interests submission, Court members, lay committee members and SMT are asked to consider the following issues:

- current employer and the work involved (not applicable for SMT);
- any previous employment in which the individual still has a financial, or other, interest;
- any other appointments (voluntary or otherwise) e.g. trusteeships, directorships, local authority membership, tribunals;
- professional and organisational memberships;
- membership of any special interest groups;
- investments in unlisted companies, partnerships and other forms of business;
- major shareholdings of more than 1% of issued capital and any beneficial interests;
- family connections where relevant, such as the individual's spouse/partner, working at the University, or in a similar or connected body;
- a student or family member of a student at the University; and
- any contractual relationship between the individual or a 'connected person' and the University (or any of the University's subsidiaries or associated entities).

For the purpose of this policy, a 'connected person' is defined as:

- Any person the individual in question is living with as a spouse or partner;
- Any child, stepchild or other child brought up as the individual's own or that of their partner or spouse, parent, grandchild, grandparent, brother or sister of the individual (and their spouse/partner);
- Any organisation controlled by the individual or connected to them via the first two bullet points (whether directly or through one or more nominees);
- A body corporate in which the individual or the connected persons described above has a substantial interest, i.e. more than 1% of issues shared or a controlling stake in an unlisted company; and
- A Scottish partnership in which one or more of the partners is a member of Court, its committees or SMT or connected to a member of Court, its committees and SMT.

Declarations of Gifts (over £50) or Hospitality (over £100), whether accepted or declined, should be made to the Governance & Executive Support Team.

Disclosure of Interests

An up to date register of interests will be presented to the Governance and Nominations Committee twice each year and subsequently reported to Court. Any member of Court and SMT will be able to review the full registers on Decision Time.

The register relating to the conflict of interests will be made partially open to the public (via the University's website), with sensitive information kept confidential.

The register of gifts and hospitality (offered, declined and accepted) will be made publicly available. This will be available via the University's website.

Full versions of the registers for the conflicts of interest and gifts and hospitality will be made available, upon request, at the University Offices.

Each register will be operated in line with the University's commitment to transparency, good governance and legal or regulatory requirements, such as General Data Protection Regulations (GDPR).

Draft: Policy

University of Aberdeen conflict of interests and loyalty policy (incorporating gifts and hospitality)

This policy applies to all Court members – including independent, elected, nominated and ex officio – lay members of governance committees and the Senior Management Team (SMT).

Why we have a policy

Charity trustees have a legal obligation to act in the best interests of the University of Aberdeen (the University) and in accordance with the University's governing instruments, and to avoid situations where there may be a potential or real conflict of interest. Staff have similar obligations and this is covered in a separate protocol (Code of practice on conflicts of interests in research and commercialisation).

Conflicts of interests may arise where an individual's personal or family interests and/or loyalties conflict with those of the University. Such conflicts may create problems that:

- inhibit free discussion;
- result in decisions or actions that are not in the interests of the University; or
- risk the impression that the University has acted improperly.

The aim of this policy is to protect both the University and the individuals involved from any appearance of impropriety.

The declaration of interests

Accordingly, all charity trustees/governors, lay members of Court committees and SMT are asked to declare their interests, and any gifts or hospitality offered and received in connection with their role as a charity trustee, committee lay member or SMT of the University. This declaration should include not just the individual but any that arise through 'connected persons' (see above for a definition of a connected person). A declaration of interests form is provided for this purpose, listing the types of interests you should declare.

Declarations will be requested of individuals by the Governance and Executive Support Team twice per year (September and February) and revised accordingly. Where an individual becomes aware of any material changes to their declarations they must advise the Governance and Executive Support Team (GEST) in writing within 30 days of that awareness.

If you are not sure what to declare, or whether/when your declaration needs to be updated, please err on the side of caution. If you would like to discuss this issue, please contact the Governance and Executive Support Team for confidential guidance.

A redacted version will be publicly available via the University's website, in accordance with the University's disclosure policy and any legal or regulatory requirements.

Declaring gifts and hospitality

The University currently maintains a register of gifts and hospitality for staff. This records offers of all gifts of a value over £50 and hospitality over £100, and whether they were accepted or declined by the individual(s) concerned. This register will be extended to members of Court and its committees.

The register will be accessible to Court and committee members via Decision Time or at the University's Offices, where a formal request is received.

The offer, receipt or refusal of a gift or hospitality should be communicated to GEST within 30 days; confirming the value, context and identity of those providing the gift or hospitality.

Data protection

The information provided will be processed in accordance with data protection principles as set out in the Data Protection Act 2018. Data will be processed only to ensure that trustees, Court lay members and SMT act in the best interests of the University. The information provided will not be used for any other purpose.

What to do if you face a conflict of interest or loyalty

If you believe you have a real or perceived conflict of interest or loyalty you should:

- declare the interest at the earliest opportunity; and
- withdraw from discussions and decisions relating to the conflict.

Any individuals covered by this policy with family members studying at or working for the University should not be involved in decisions that directly affect the course or service that you, or the person you are related to, receive(s).

Upon becoming aware of a conflict, you should declare your interest at the earliest opportunity and withdraw from any subsequent discussion, unless expressly invited to remain in order to provide information. In this case you may not participate in, or influence, the decision or any vote on the matter. You will not be counted in the quorum for that part of the meeting and must withdraw from the meeting during any vote on the conflicted item.

There are situations where you may participate in discussions from which you could indirectly benefit, for example where the benefits are universal to all students or staff members, or where your benefit is minimal. This action will be agreed by the Chair of the meeting and minuted accordingly.

If you fail to declare an interest that is known to the Governance and Executive Support Team or Chair of the meeting, the clerk or meeting Chair will declare that interest.

Decisions taken where a trustee, committee or SMT member has an interest

In the event of the Court or governance committee having to decide upon a question in which a trustee, committee or SMT member has an interest, all decisions will be made by vote, with a simple majority required.

A quorum must be attained and maintained for the discussion and decision; interested parties will not be counted when deciding whether the meeting is quorate.

Interested Court, committee or SMT members may not vote on matters directly affecting their own interests, unless the benefit is deemed to cover all or a significant proportion of the student and staff population.

All decisions under a conflict of interest will be recorded by the Governance and Executive Support Team and reported in the minutes of the meeting. The report will record:

- the nature and extent of the conflict;
- an outline of the discussion; and
- the actions taken to manage the conflict.

Where an individual financially benefits from the decision, this will be reported in the annual report and accounts in accordance with the current Higher Education Statement of Recommended Practice.

All payments or benefits in kind to trustees and committee lay members will be reported in the University’s accounts and annual report, with amounts for each individual listed for the year in question.

Where a member of the University’s SMT is connected to a party involved in the supply of a service or product to the University, this information will be fully disclosed in the annual report and accounts.

Independent external moderation will be used where conflicts cannot be resolved through the usual procedures.

Draft: Declaration
Declaration

I <insert name> as employee/trustee* [*delete as appropriate] of the University of Aberdeen have set out below my interests in accordance with the organisation’s conflicts of interest policy.

Category	Please give details of the interest and whether it applies to yourself or, where appropriate, a member of your immediate family, connected persons or some other close personal connection
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Current employment and any previous employment in which you continue to have a financial interest.	
Appointments (voluntary or otherwise) e.g. trusteeships, directorships, local authority membership, tribunals etc.	
Membership of any professional bodies, special interest groups or mutual support organisations.	
Investments in unlisted companies, partnerships and other forms of business, major shareholdings of more than 1% of issued capital and beneficial interests.	
Any contractual relationship with the University, its subsidiaries or associated ventures.	
Any other conflicts that are not covered by the above.	

To the best of my knowledge, the above information is complete and correct. I undertake to update as necessary the information provided, and to review the accuracy of the information on a six-monthly basis.

I give my consent for it to be used for the purposes described in the conflicts of interest policy and for no other purpose.

I understand that the information provided will be held in accordance with The University of Aberdeen's privacy policy.

Signed:

Position:

Date:

UNIVERSITY OF ABERDEEN

UNIVERSITY COURT

RESOLUTIONS FOR FORMAL APPROVAL

1. PURPOSE OF THE PAPER

1.1 This paper (i) provides Court with a report on the outcome of the statutory process of consultation regarding two Resolutions; and (ii) invites the Court to formally approve the Resolutions enclosed these being:

- Omnibus Resolution Changes in Regulations for Various Degrees'; Appendix 1; and
- Additional degrees available to Senate for award *honoris causa tantum*. Appendix 2.

1.2 The Court previously received the draft Resolutions at its March meeting and approved them subject to the further consultation required by the Universities (Scotland) Act 1966 being undertaken.

2. PREVIOUS CONSIDERATION BY /FURTHER APPROVAL REQUIRED

	Board/Committee	Date
Previously considered/approved by	Senate Court Business Committee of the General Council	8 February 2023 1 March 2023 1 June 2023
Further consideration/ approval required by	University Court	21 June 2023

3. RECOMMENDED ACTION

3.1 The Court is invited to:

- (1) Note the outcome of the statutory process of consultation, from which no changes are proposed to the draft Resolutions;
- (2) Formally approve the Resolutions – enclosed at Appendices 1 and 2.

4. BACKGROUND

Changes in Regulations for Various Degrees – Appendix 1

4.1 This Resolution enacts changes to the General Regulations for First Degrees, Regulations for the Degree of Bachelor of Medicine and Bachelor of Surgery (MBChB), Regulations for Degrees Undertaken at the Aberdeen Institute of Data

Science and Artificial Intelligence at South China Normal University, Supplementary Regulations the Degree of Bachelor of Music (BMus), and Supplementary Regulations for the Professional Graduate Diploma in Education (PGDE).

Additional degrees available to Senate for award honoris causa tantum – Appendix 2

- 4.2 The Senate, on the recommendation of the Honorary Degrees Committee, agreed proposals to create further honorary degrees to allow greater differentiation at the subject level.
- 4.3 The attached draft Resolution creates the degrees of Doctor of Education and Doctor of Engineering styled as DEd and DEng respectively to differentiate them from the EdD and EngD which exist already as professional doctorates; it creates the degree of Doctor of Dental Surgery (DDS) and the degree of Doctor of the University (DUniv) replaces the existing Doctor Honoris Causa (DHC).
- 4.4 In addition, the regulations are amended to permit the award of the Doctor of Medicine (MD) honoris causa tantum as well as by examination.

5. OUTCOME OF THE STATUTORY CONSULTATION

- 5.1 The Court received, on the recommendation of the Senate, the draft Resolutions at its 1 March 2023 meeting and approved the proposals subject to the further consultation required by the Universities (Scotland) Act 1966 being undertaken (through the Business Committee of the General Council and making publicly available for comment).
- 5.2 That process has now been concluded and no comments requiring changes to the proposals have been received. Accordingly, the Court is asked to formally approve both Resolutions

6. FURTHER INFORMATION

- 6.1 Further information is available from, in the first instance, Bruce Purdon, Clerk to the Court b.purdon@abdn.ac.uk

8 June 2023 v1

Confidentiality Status: Open

UNIVERSITY OF ABERDEEN

QUALITY ASSURANCE COMMITTEE/UNIVERSITY EDUCATION COMMITTEE

DRAFT RESOLUTION NO x OF 2023 [CHANGES IN REGULATIONS FOR VARIOUS DEGREES]

After consultation with the Senatus Academicus, the University Court, at its meeting on < > passed the following Resolution:

1. On the recommendation of the Senatus Academicus, the following changes to Degree Regulations are hereby approved.
2. This Resolution shall come into force on the fifteenth day of September, two thousand and twenty-three, but the requirements under it shall also be binding on students proceeding for the first time to First Degree study from the Summer School for Access, or from Programme Year 0 of the MA or BSc with Foundation Studies.

1. GENERAL REGULATIONS FOR FIRST DEGREES

Regulation 16.1 b.

In the existing regulation, following '[including those' insert 'courses'.

Regulation 16.1 c

In the existing regulation, following '[including those' insert 'courses'.

Regulation 16.1 d

Delete the existing regulation.

Re-number the following regulations.

Regulation 16.1 e

In the existing regulation, following 'programme year 3' delete 'of a non-honours degree

In the existing regulation, following 'end of level 3,' insert 'including those courses required to enter programme year 4 for the degree programme for which they are currently registered and'

In the existing regulation, following 'any courses' insert 'at levels 1 and 2'.

In the existing regulation, following 'programme year 3' delete '[including those required to enter programme year 4 for the degree programme for which they are currently registered].'

Regulation 16.1 f

Delete the existing regulation.

Re-number the following regulations.

- 16.1. Studies for each degree are arranged to extend over a number of programme years, each of which for a full-time student normally occupies two half-sessions. Except with the permission of the Senatus Academicus or where Regulation 17.1 applies candidates may not progress:
- a. if they have been required to attend the Summer School for Access, from that to a subsequent programme year unless they have completed the Summer School at a standard deemed to be satisfactory by the Senatus Academicus; or
 - b. from programme year 1 to programme year 2 unless they have accumulated, by award or recognition, or been exempted from, at least 90 credit points at level 1 [including those courses required to enter programme year 2 for the degree programme for which they are currently registered]; or
 - c. from programme year 2 to programme year 3 unless they have accumulated, by award or recognition, or been exempted from, at least 210 credit points at levels 1 and 2 [including those courses required to enter programme year 3 for the degree programme for which they are currently registered]; or
 - ~~d. from programme year 2 to programme year 3 of an honours degree unless they have accumulated, by award or recognition, or been exempted from, at least 240 credit points at levels 1 and 2 [including those required to enter programme year 3 for the degree programme for which they are currently registered]; or~~
 - ~~e.d.~~ from programme year 3 ~~of a non honours degree~~ to programme year 4 of an Honours degree programme where the degree programme for which they are registered allows, unless they have achieved at least 330 credit points by the end of level 3, including those courses required to enter programme year 4 for the degree programme for which they are currently registered and any courses at levels 1 and 2 which were outstanding at the time of progression to programme year 3 ~~[including those required to enter programme year 4 for the degree programme for which they are currently registered];~~
 - ~~f. within an Honours programme unless they have accumulated, by award or recognition, or been exempt from, at least 330 credit points by the end of level 3 [including those required to enter programme year 4 for the degree programme for which they are currently registered];~~
 - ~~g.e.~~ in all cases, unless they have satisfied such further requirements governing progression between programme years as may be prescribed in the Supplementary Regulations governing award of the degree programme for which they are registered.

Exceptionally, the Senatus Academicus may allow candidates to progress with less than the number of credit points stated, if it is satisfied (a) that they would have obtained the necessary credit points to progress save for medical or other good cause; (b) that they are capable of satisfying the progression requirements of the next programme year within two further half-sessions of full-time study or the equivalent.

2. REGULATIONS FOR DEGREES UNDERTAKEN AT THE ABERDEEN INSTITUTE OF DATA SCIENCE AND ARTIFICIAL INTELLIGENCE AT SOUTH CHINA NORMAL UNIVERSITY (SCNU)

Regulation 7a

In the existing regulation, following 'appended to these regulations,' insert 'excluding courses in English language'.

Regulation 7b

In the existing regulation, following 'appended to these regulations,' insert 'excluding courses in English language'.

In the existing regulation, for 'level 6 (or approved equivalent)' substitute '(or approved equivalent) to the required level as stipulated by the University of Aberdeen'.

Regulation 7c

In the existing regulation, following 'appended to these regulations,' insert 'excluding courses in English language'.

In the existing regulation, for 'level 6 (or approved equivalent)' substitute '(or approved equivalent) to the required level as stipulated by the University of Aberdeen'.

7. Studies for each degree awarded by the University of Aberdeen, undertaken at the Aberdeen Institute at SCNU, are arranged to extend over four programme years, each of which for a full-time student normally occupies two half- sessions. General Regulation 16, regarding progression, is, however, superseded by the following:

Except with the permission of the Senatus Academicus candidates may not progress:

- (a) from programme year 1 to programme year 2 unless they have accumulated, by award or recognition, or been exempted from, no less than 75% of the credit point total required at level 1 for the completion of the Aberdeen award [including those courses prescribed in the appropriate programme prescription, appended to these regulations, excluding courses in English language]; *or*
- (b) from programme year 2 to programme year 3 of a non-honours degree unless they have accumulated, by award or recognition, or been exempted from, no less than 100% of the credit point total required at level 1 and no less than 75% of the credit point total required at level 2 for the completion of the Aberdeen award [including those courses prescribed in the appropriate programme prescription, appended to these regulations, excluding courses in English language] and successful completion of the International English Language Testing System (IELTS) (or approved equivalent) to the required level as stipulated by the University of Aberdeen (level 6 (or approved equivalent)); *or*
- (c) from programme year 2 to programme year 3 of an honours degree unless they have accumulated, by award or recognition, or been exempted from, no less than 100% of the credit point total required at levels 1 and 2 for the completion of the Aberdeen award [including those courses prescribed in the appropriate programme prescription, appended to these regulations, excluding courses in English language] and successful completion of the International English Language Testing System (IELTS) (or approved equivalent) to the required level as stipulated by the University of Aberdeen level 6 (or approved equivalent); *or*
- (d) from programme year 3 of an honours degree programme or from programme year 3 of a non- honours degree programme to programme year 4 of an honours degree programme where the degree programme for which they are registered allows, unless they have achieved a no less than 100% of the credit point total required at level 3 for the completion of the Aberdeen award [including those courses prescribed in the appropriate programme prescription, appended to these regulations].

Exceptionally, the Senatus Academicus may allow candidates to progress with less than the number of credit points stated, if it is satisfied (a) that they would have obtained the necessary credit points to progress save for medical or other good cause; (b) that they are capable of satisfying the progression requirements of the next programme year within two further half-sessions of full-time study or the equivalent.

4. SUPPLEMENTARY REGULATIONS FOR THE DEGREE OF BACHELOR OF MUSIC (BMUS)

Regulation 1

In the existing regulation, following 'BMus (Education)' insert 'or'

In the existing regulation, following 'BMus Honours (Education)' delete 'Designated Degree of BMus (Community Music) or Degree of BMus Honours (Community Music).'

- | | |
|----|---|
| 1. | The Degree of Bachelor of Music (BMus) may be conferred as a Designated Degree of BMus, Degree of BMus Honours, Designated Degree of BMus (Education) <u>or</u> , Degree of BMus Honours (Education).
Designated Degree of BMus (Community Music) or Degree of BMus Honours (Community Music).
Candidates for the Degree with Honours who have completed satisfactorily a programme accredited by the General Teaching Council for Scotland shall be awarded the Degree of BMus Honours (Education). |
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Regulation 2

In the existing regulation, following 'BMus Honours (Education), delete 'or BMus Honours (Community Music),'

- | | |
|----|---|
| 2. | Before being admitted to the Honours programme, programme years 3 and 4, leading to the degree of BMus Honours (Education) <u>or</u> BMus Honours (Community Music), or to the Designated BMus (Education) programme year 3 all candidates must, in addition to satisfying any academic requirements for admission, become a member of Disclosure Scotland's Protection of Vulnerable Groups (PVG) Scheme. |
|----|---|

Regulation 5c

In the existing regulation, following 'an Honours programme' delete 'or the Designated BMus (Community Music).'

Regulation 5e

In the existing regulation, following 'Designated BMus (Education)' insert 'or'.

In the existing regulation, following 'BMus Honours (Education)' delete 'or, normally, programme year 3 of the Designated BMus (Community Music) BMus Honours (Community Music).'

In the existing regulation, following 'BMus Honours (Education)' delete 'or BMus Honours (Community Music).'

- | | |
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| 5. | Except with the permission of the Senatus Academicus or where General Regulation 17.1 applies candidates may not progress |
| (a) | from programme year 1 to programme year 2 unless they have accumulated, by award or recognition, at least 90 credit points at level 1 [including, by award, recognition or exemption, those required to enter programme year 2 for the degree programme for which they are currently registered]; <i>or</i> |
| (b) | from programme year 2 to programme year 3 of the Designated BMus or Designated BMus (Education) unless they have accumulated, by award or recognition, at least 210 credit points at levels 1 and 2 [including, by award, recognition or exemption those required to enter programme year 3 for the degree programme for which they are currently registered]; <i>or</i> |

- (c) from programme year 2 to programme year 3 of an Honours programme ~~or the Designated BMus (Community Music)~~ unless they have accumulated, by award or recognition, at least 240 credit points at levels 1 and 2 [including, by award, recognition or exemption those required to enter programme year 3 for the degree programme for which they are currently registered];
or
- (d) from programme year 3 of the BMus Honours, or Designated BMus to programme year 4 of the BMus Honours unless they have accumulated, by award or recognition, at least 330 credit points at Levels 1,2 and 3 [including by award, recognition or exemption those required to enter programme year 4 for the degree programme for which they are currently registered].
- (e) from programme year 3 of the Designated BMus (Education) ~~or~~ BMus Honours (Education) ~~or, normally, programme year 3 of the Designated BMus (Community Music)~~ BMus Honours (Community Music) to programme year 4 of the BMus Honours (Education) ~~or BMus Honours (Community Music)~~ unless they have accumulated, by award or recognition, at least 360 credit points at Levels 1, 2 and 3 [including by award, recognition or exemption those required to enter programme year 4 for the degree programme for which they are currently registered].

Regulation 7

Delete the existing regulation.

~~7. The Senatus Academicus may require candidates on the BMus Honours (Community Music) programme to discontinue attendance on courses in the programme if they fail any period of Community Placement on a second occasion. Candidates who have obtained no fewer than 360 credit points towards the degree, including at least 90 credit points at Level 3 may, on application, be awarded the Designated Degree of BMus or Designated degree of Bmus (Community Music).~~

Re-number the following regulations.

Regulation 10

In the existing regulation, following 'BMus Honours' insert 'or'.

In the existing regulation, following 'BMus Honours (Education)' delete 'or BMus Honours (Community Music)'.

In the existing regulation, following 'BMus Honours' insert 'or'.

In the existing regulation, following 'BMus Honours (Education)' delete 'or BMus Honours (Community Music)'.

In the existing regulation, following 'BMus Honours' insert 'or'.

In the existing regulation, following 'Designated degree of BMus (Education)' delete 'or Designated Degree of BMus (Community Music)'.

~~10.9~~ Candidates for the Degree of BMus Honours ~~or~~ BMus Honours (Education) ~~or BMus Honours (Community Music)~~ who either:

- (a) have failed to complete the requirements for this degree within five calendar years of the date of their first matriculation for this degree, or;
- (b) can no longer do so (e.g., are deemed unfit to practice) or;
- (c) have indicated in writing to the Senatus Academicus that they no longer wish to pursue a curriculum leading to the degree of BMus Honours or; BMus Honours (Education) ~~or BMus Honours (Community Music)~~;

but who, in each case, have obtained no fewer than 360 credit points towards the degree including at least 90 credit points at Level 3 may, on application, be awarded the Designated Degree of BMus or; Designated degree of BMus (Education) ~~or Designated Degree of BMus (Community Music)~~.

4. SUPPLEMENTARY REGULATIONS FOR THE PROFESSIONAL GRADUATE DIPLOMA IN EDUCATION (PGDE)

Regulation 2

In the existing regulation, following 'listed in annex A.' delete 'The degree may also be conferred as the Professional Graduate Diploma in Education (DLITE).'

- 2. The Professional Graduate Diploma in Education may be conferred in either Primary or Secondary Education. The Secondary route may be completed with designation in a cognate subject or a combination of two cognate subjects as listed in annex A. ~~The degree may also be conferred as the Professional Graduate Diploma in Education (DLITE)~~. Candidates who have completed satisfactorily a programme accredited by the General Teaching Council for Scotland shall be awarded the Diploma in accordance with Regulation 4.

5. REGULATIONS FOR THE DEGREE OF BACHELOR OF MEDICINE AND BACHELOR OF SURGERY (MBChB)

Regulation 14

Insert new regulation as follows:

'14. Candidates for the Degrees of MBChB are required to undertake the Medical Licensing Assessment (MLA). Consisting of two elements (a) a clinical and professional skills assessment, undertaken as part of the final year OSCE and (b) an Applied Knowledge Test (AKT), the degree of MBChB will not be conferred on a candidate who fails to achieve a pass in both elements of the MLA. In regard to the AKT:

- (i) Notwithstanding Regulation 8, candidates will normally have a maximum of four opportunities, undertaken over the course of two academic years, to achieve a pass in the AKT;
- (ii) In accordance with Regulation 10(iii), candidates shall not be permitted to progress to programme year 5 without successful completion of the AKT.
- (iii) Candidates must normally graduate with the degree of MBChB within two academic years of achieving a pass in the AKT. Failure to do so will result in a candidate being required to retake the AKT prior to graduation and a delay in conferral of the degree.'

Re-number the following regulations

DRAFT RESOLUTION NO XXX OF 2023

[Additional degrees available to Senate for award *honoris causa tantum*]

After consultation with the Senatus Academicus, the University Court of the University of Aberdeen, at its meeting on < >, passed the following Resolution:

1. The Degree of Doctor of the University (DUniv) may be conferred *honoris causa tantum* by the University of Aberdeen.
2. The Degree of Doctor of Dental Surgery (DDS) may be conferred *honoris causa tantum* by the University of Aberdeen.
3. The Degree of Doctor of Education (DEd) may be conferred *honoris causa tantum* by the University of Aberdeen.
4. The Degree of Doctor of Engineering (DEng) may be conferred *honoris causa tantum* by the University of Aberdeen.
5. On the recommendation of the Senatus Academicus, amendments to the General Regulations for Postgraduate Study and the General Regulations for Research Degrees as set out below are hereby approved.
6. This Resolution shall come into force on the date on which it is passed by the University Court.

Amendments to Regulations for Postgraduate Study

Section 3 Higher Degrees

After the regulations for the Degree of Doctor of Music (DMus)

Insert:

Degree of Doctor of Education (DEd)

The Degree of Doctor of Education (DEd) is conferred *honoris causa tantum*.

After the regulations for the Degree of Doctor of Science (DSC)

Insert:

Degree of Doctor of Engineering (DEng)

The Degree of Doctor of Engineering (DEng) is conferred *honoris causa tantum*.

Degree of Doctor of Dental Surgery (DDS)

The Degree of Doctor of Dental Surgery (DDS) is conferred *honoris causa tantum*.

Replace:

~~Degree of Doctor Honoris Causa (DHC)~~

~~The Degree of Doctor Honoris Causa (DHC) is conferred *honoris causa tantum*.~~

With

Degree of Doctor of the University (DUniv)

The Degree of Doctor of the University (DUniv) is conferred *honoris causa tantum*.

Amendment to General Regulations for Research Degrees

To the existing Regulation 39

Append:

39. The degree shall not be conferred on candidates unless:

- (i) they have completed the period specified under Regulation 13;
- (ii) they have paid the tuition fees required.

Or

(iii) The Degree of Doctor of Medicine shall not be conferred upon persons who have not satisfied the conditions hereinbefore set forth, except that it shall be in the power of the Senatus Academicus to confer the Degree of Doctor of Medicine *honoris causa tantum*.

UNIVERSITY OF ABERDEEN

UNIVERSITY COURT

FORWARD FRAMEWORK FOR EFFECTIVENESS REVIEWS

1. PURPOSE OF THE PAPER

1.1	At the May meeting of the Governance and Nominations Committee (GNC) a revised approach to assessing and reporting the skills, effectiveness and governance maturity of Court was discussed and supported.
1.2	This paper outlines the three-tiered approach endorsed and provides a timeline for implementation.
1.3	Further detail of the approach can be found in the slides presented at the May GNC meeting within the resources section of Decision Time for today's meeting (supplementary information folder).

2. PREVIOUS CONSIDERATION BY/FURTHER APPROVAL REQUIRED

	Board/Committee	Date
Previously considered/approved by	GNC	30 May 2023
Further consideration/ approval required by	Court	21 June 2023

3. RECOMMENDED ACTION

3.1	Court is asked to reflect on and approve the approach and timeline detailed.
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4. CONTEXT

- 4.1 Since 2018, the University has taken considerable steps to improve its governance arrangements. There is a strong commitment to assessing the impact and effectiveness of Court and its committees. Most notably, the introduction of quarterly catch-ups between the Senior Governor and individual members including reflections on individual performance, drop-in sessions after each Court meeting and the pre-Court social opportunities affirm the commitment to embed this aspect of good governance.
- 4.2 To maximise the benefit of these activities, it is essential that these activities are fully integrated into the governance activity of the University and a feedback loop put in place to ensure constructive feedback and opportunities for continuous improvement are not missed.

- 4.3 The three-tier approach detailed below, provides a mechanism for the Governance and Executive Support Team (GEST) to fully take advantage of the current arrangements and transition towards a best in class approach that should be able to provide a snapshot of Court's (and its committees') effectiveness at a given point in time. The activities constituting the three-tiers provide for the University to move away from a compliance-based exercise to one that engenders and promotes the understanding of the inherent benefits to be gained by having a more enlightened approach to ongoing review and development for the benefit of the University.

5. CURRENT APPROACH TO REVIEWS

- 5.1 At present, the University annually reviews its compliance with the Code of Good Scottish Higher Education Governance (the Code) and makes a statement accordingly in its annual report and accounts.
- 5.2 Additionally, the Senior Governor's performance is reviewed by the Senior Independent Member (collating the views of the rest of Court), the Senior Governor reviews independent members over the academic year and committees are starting to review their effectiveness and terms of reference annually.
- 5.3 Unfortunately, the feedback from all of these activities is not combined to deliver a route map for future development support and activity. The revised approach aims to provide a comprehensive arrangement that can support individuals, Court and its committees in their duties and provide a strong evidence-base to inform externally-facilitated review requirements.

6. PROPOSED APPROACH

- 6.1 The approach supported by GNC consists of a pyramid arrangement with a skills audit and accompanying heat map, effectiveness framework and a maturity matrix. More details of each are provided below.
- 6.2 Skills Audit and Heat Map
- 6.2.1 At the bottom of the pyramid is the evaluation of the skills, attributes and core competencies that Court and its committee have in place and which are required to support the achievement of Aberdeen 2040 and the charitable objects. These underpin both Court's effectiveness and level of governance maturity.
- 6.2.2 The skills analysis outlines the key skills, characteristics and capabilities required by Court and its committees to ensure it has the right experiences and attributes for success. These are grouped across four key areas:
1. Governance – the current and previous experience of members relating to charitable, corporate or public sector governance and legal and regulatory compliance

2. Skills, competences and diversity – the professional experience, personal competencies and lived experience of court and committee members
3. Strategic role – the experience and ability of members to support strategic governance in a higher education environment
4. Conduct, dynamics and culture – the personal qualities and competences of members to support effective working and decision-making, in line with the strategic aims and values of the university.

6.2.3 This information will inform a heat map to assist in the speedy identification of skills, competencies and attributes required to support the achievement of Aberdeen 2040. Primarily this will support succession planning, recruitment and development plans by:

- Identifying any gaps in support of targeted recruitment activity
- Supporting succession planning, again to feed into targeted recruitment activity
- Identifying key strengths and areas for development in line with strategic aims and priorities and to best respond to current and future challenges
- Informing and developing committee compositions.

6.3 Effectiveness Framework

6.3.1 The second level of the pyramid relates to Court and committee effectiveness – fundamentally, whether Court has the structure, processes, people and performance to deliver for the University and its charitable purposes.

6.3.2 The underpinning framework will be supported by a questionnaire, which will focus on five key areas:

1. Governance framework and documentation – the documents, structures and processes to articulate governance arrangements and that support the effective operation of all court and committee business and processes
2. Skills, competences and diversity – the balance and employment of Court's skills and diverse perspectives and experiences in support of effective governance and decision-making
3. Strategic role – Court and its committees' strategic focus and understanding and articulation of the University's operating environment, opportunities, risks and key aims, including its impact on the university's reputation and standing
4. Dynamics and culture – Court's working relationships, levels of engagement and challenge, and its demonstration of individual and collective responsibility
5. Conduct of meetings – the effectiveness of Court and committee work schedules, agendas and papers, plus the conduct and chairing of meetings and member contributions

6.3.3 These areas align broadly to those of the skills review, and are considered to be key aspects for any externally facilitated effectiveness reviews. This will help to ensure we have a common language and framework and a more seamless flow of information and data between the different elements.

6.3.4 Key factors covered by the effectiveness framework include:

- The institutional understanding of the purpose of governance
- The impact of a good chair
- The quality of meeting packs
- The levels of constructive challenge and robust decision-making
- The quality, purpose, frequency and effectiveness of meetings
- The recruitment, induction and development of members
- The embedding, developing and benchmarking of good practice

6.3.5 The results of the annual effectiveness exercise will be used to form the basis of Court's publicly disclosed effectiveness outcomes. It can also be used to: inform development and action plans for continuous improvement; support preparations for five-yearly external effectiveness reviews – demonstrating how the University embeds the recommendations of previous reviews and they are taken forward into the next; and enhance and develop Court's level of governance maturity.

6.4 Maturity Matrix

6.4.1 The top level of the pyramid relates to Court's governance maturity: its perceived level of effective governance. The underpinning framework for maturity self-evaluation is based on the Good Governance Institute's matrix for higher education governance. Additionally, the Governance and Executive Support Team have mapped the matrix elements specifically to the Code, Aberdeen 2040 strategic aims and the University's charitable purposes.

6.4.2 It offers five levels of effective governance from "aspiring" to "leading", demonstrating a maturity journey from compliance and ambition for development to excellence and the innovation of new sector-leading practice.

6.4.3 The descriptors for each level of maturity are provide below, for information.

1. Aspiring – Court is at the start of its governance maturity journey. It has an established framework for governance, meets its regulatory and legal duties and understands its role and responsibilities. However, it is also aware that compliance is only the starting point, has ambition to grow its governance effectiveness and maturity and is considering what steps it can take to achieve these goals.
2. Forming – Court is undergoing a process of change, via the identification and early development of new practices and processes, leadership strategies and frameworks to further embed governance across the institution and to improve governance effectiveness. It may be discussing and considering how to further develop and embed cultural change, enhance its engagement, impact and reach, or revise its structures and business in order to better support its overall strategy and aims.
3. Developing – Court has fully scoped, developed and implemented new governance practices and approaches. These are now underway and being managed and strategically coordinated to ensure they can be embedded to

form the foundation for more mature levels of continuous performance enhancement.

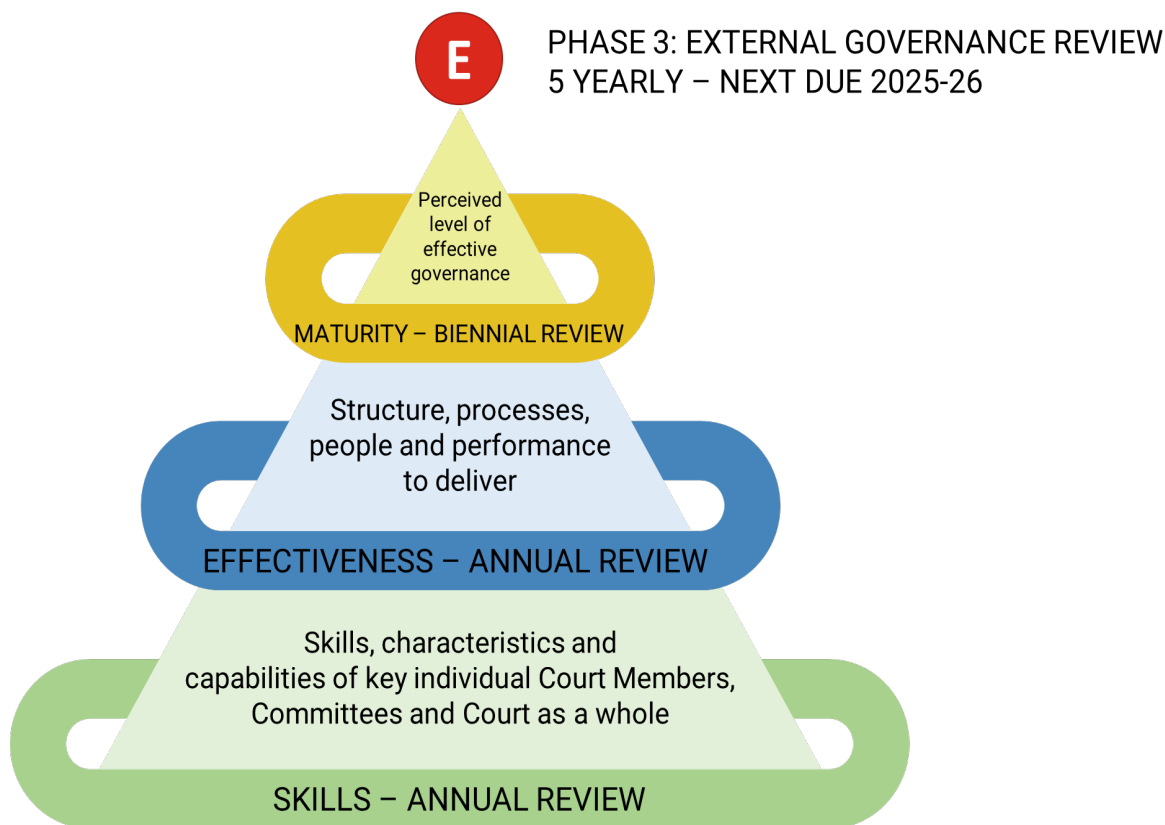
4. Maturing – Court can evidence sustained levels of governance maturity and development, with governance principles applied extensively across the institution. At this level, practice is sustained and continuously deepened in a strategic way to form the basis of leading practice.
5. Leading – Court is at its most mature stage. All governance principles outlined within the maturity matrix are extensively applied and members have the knowledge, skills and experience to lead key internal and external governance projects. Training, coaching and mentoring is available internally across the governing body, and the institution is innovating and developing leading practice that it offers externally to other institutions within and beyond the sector.

6.4.4 The benefits of moving to this approach enable Court to create a ‘road map’ of where it is currently, where it aspires to be in the future and what it needs to develop in order to get there. Outcomes of the approach should include:

- Being able to quickly (once embedded) provide a snapshot of the Court’s effectiveness at a given time – which may help in recruitment processes as well as reviews;
- Creating a baseline of governance data that can be used to benchmark future progress and development needs;
- Offering an opportunity to benchmark our performance against the wider sector;
- Quickly identifying any gaps in skills, performance or knowledge that can in turn be addressed swiftly and effectively;
- Creating a common language around maturity and development which is consistent and repeatable;
- Providing a strong and robust foundation for the five-yearly external reviews. The baseline data should also represent efficiencies when engaging with a consultant to undertake the review.

7. TIMELINE

7.1 The diagram below plots the various activities detailed above against the pyramid and provides an overarching timeline for being fully embedded.



7.2 In moving to this new approach, Court should be assured that there should not be any additional input required of them will be kept to a minimum. The following provides a brief overview of the impact on Court members and independent lay members.

Activity	Member input
Skills audit	Upon appointment, or when the activity is introduced for more established members, and reviewed annually.
Effectiveness questionnaires	To be completed annually by Court and independent lay committee members. Second stage may see SMT invited to complete annually too. Exercise to be repeated annually to build baseline and benchmark data to inform other development activities.
Effectiveness framework	GEST to review annually and submit to Court for consideration and challenge.
Effectiveness framework	Optional: individual members may wish to reflect on their personal effectiveness in their own time.
Maturity matrix	GEST to regularly review and update matrix in accordance with evidence available.
Maturity matrix	Court invited to reflect on the maturity matrix every two years and agree their assessment of where they sit in regard to each section. GEST to add Court’s judgment to maturity matrix snapshot
Externally facilitated review	All sources of data to be readied for an externally facilitated review

21 June 2023

8. FURTHER INFORMATION

8.1 Further information is available from Louise Thomson, Head of Governance and Executive Support louise.thomson@abdn.ac.uk

12 June 2023 Confidentiality Status: Open