

UNIVERSITY OF ABERDEEN

UNIVERSITY COURT

MINUTES OF MEETING HELD ON 21 JUNE 2023

Present: Julie Ashworth (in the Chair for Minutes 196 onwards)
Eleanor Bentley
George Boyne (except for Minutes 231-232)
Martina Chukwuma-Ezike (in the Chair for Minutes 193 to 195 onwards)
Owen Cox
Nick Edwards
Iain Mackay (via Teams)
Gary McRae (via Teams except for Minutes 201 to 214 and 217 to 233)
Helen Martin
Lyndsay Menzies (except for Minutes 210 to 214)
Caryn Miller
Anne Minto (via Teams)
Vanessa Mabonso Nzola
Iain Percival
Joachim Schaper
Diane Skåtun
Otto Thoresen
Camilo Torres Barragán
Robert Traynham
Neil Vargesson
Ilia Xypolia

In attendance: Liza Boffen-Yordanov (except for Minutes 231)
Debbie Dyker (except for Minutes 231)
Pete Edwards (via Teams for Minutes 210 to 216)
David Evans
Karl Leydecker (except for Minutes 231)
Tracey Slaven
Alan Speight (except for Minutes 225 to 233)
Ruth Taylor (except for Minutes 231)
Louise Thomson (except for Minute 231 (ii))
Sai Shraddha S Viswanathan (except for Minutes 225 to 233)
Mark White (except for Minutes 231)
Bruce Purdon (Clerk) (except for Minutes 231)

Apologies: Keith Anderson
Colette Backwell
Martin Mills
Charlotte Pope-Williams
Iain Torrance KCVO

THANKS AND RECTOR'S REPORT

- 193 The Rector opened the meeting and provided an oral report to Court on activities that she had undertaken since the last meeting. As part of this, the Rector highlighted the marking and assessment boycott and welcomed that the University expected that all students would be able to graduate. The Rector also noted her enjoyment of the Founder's Day events and looked ahead to graduations, and invited members to thank all staff who had contributed to those events and to the education of the students who would graduate.
- 194 The Rector noted that this was the last meeting for Keith Anderson, Camilo Torres Barragán, Collette Backwell and David Evans and, on behalf of Court, thanked them for their contributions to its work and to that of the wider University.
- 195 The Rector welcomed (as an observer) Sai Shraddha S Viswanathan, Students' Association Vice President Welfare, who had been nominated to succeed Camillo Torres Barragán, as one of the Association's two members of Court from 1 July 2023.

DECLARATIONS OF INTEREST AND REMINDER OF COURT AND MEMBER RESPONSIBILITIES

- 196 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*). Dr Martin noted an interest in the agenda in regard to any discussion of the University and College Union's marking and assessment boycott.

MINUTES

- 197 The Minutes of the Meeting held on 26 April 2023 were approved.

ACTION LOG AND MATTERS ARISING

- 198 The Court noted a report on the updated Action Log (*copy filed with the principal copy of the Minutes*).

REPORT FROM THE SENIOR GOVERNOR

- 199 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*).

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

- 200 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), which was supplemented by an oral report from the Principal. From these reports the Court discussed:

- The financial context within which the proposed University budget for the next three years to be considered later in the agenda was discussed. The Principal noted the impact of high inflation on Scottish Funding Council funding which was already static in real terms and therefore the importance of generating income from other sources. The Principal also noted that the underfunding of higher education over several years, made increasing the pay of staff to match inflation unaffordable, exacerbated by recent decisions to transfer higher education budget to meet rising pay costs in other areas of education. The University would continue to lobby government on the issue of funding while also exploring other opportunities, such as commercial income from the increasing number of tourists visiting Aberdeen.
- The announcement of recommendations for the future operation of the Research Excellence Framework (REF) and, were these to be adopted, their potential implications for the University. The University would need to review its approach to REF once there had been a response to the recommendations at UK Government level later in 2023.
- The publication of new Transparent Approach to Costing Data at sector level. This illustrated that under the current funding models, teaching 'home' students was increasingly being subsidised by fee income from international students and that the cost to institutions of undertaking research was increasing. The data also showed that the income available from international student fees to subsidise both these two key activities had decreased.
- Marking and assessment boycott, where it was noted that all students due to graduate would do so. The Court agreed to record its thanks to staff and the Students' Association for their contribution to this outcome. The importance of degree awards being completed for other processes for students, such as visa, job or further study applications was also noted.
- The recent precautionary closure of some buildings following inspections and discovery of Reinforced Autoclaved Aerated Concrete (RAAC) in roof areas.
- The UK Government announcement of funding cuts to Confucius Institutes, but Court was assured that these would not impact on the University's Institute due to the Scottish Government taking a different policy position.
- Immigration restrictions for international students with families, where the Court was assured that the University was regularly highlighting the positive contribution of international students to the wider community, as well as to the University community, with politicians and regional stakeholders.

FINANCE AND PLANNING

2022/23 UPDATED FINANCIAL POSITION AND PROJECTION

201 The Court received an updated paper on the year-end projected financial position (*copy filed with the principal copy of the Minutes*).

202 The Court noted that:

- The current forecast position was for 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.
- 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. Since the projected deficit of £7.1m reported to Court on the 1st March 2023, an additional (circa) £5m of further savings and additional income had been identified.
- Work would continue to achieve the £1.9m target, although the risk of inflationary cost pressures remained.

BUDGETS 2023/24 TO 2025/26

203 The Court received a paper which outlined the detailed revenue plans for 2023/24 to 2025/26, including the underlying assumptions, assessed risks and sensitivities and an assessment of performance metrics and loan covenant compliance. The revenue plans also considered how the ambition of the Aberdeen 2040 strategy could be brought to life in a financially sustainable way (*copy filed with the principal copy of the Minutes*). The budgets had been reviewed by the Finance and Resourcing Committee which had recommended their approval to Court.

204 The three-year plan proposed a budget with an underlying deficit of £3.9m in 2023/24, break even in 2024/25 and a £3m surplus in 2025/26. The paper also set out the forecast 10-year cash position supported by the budget, which peaked at £96m in July 2023, reducing to £23.5m in 2032/33. The plans would meet both internal and external covenant requirements and the risks, opportunities and sensitivities that had been identified in the paper. It was noted, however, that compliance with covenants would be tight across two of the key metrics used.

205 The Court noted that 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 would be offset by increasing staff costs (primarily wage inflation) and operating costs. The plan reflected the need for limited, targeted investment in academic staffing to continue to address areas of high student:staff ratio and to strengthen research capacity, and in professional services to support research, commercial income generation and education. It also included some investment in the REF action plan, as a key strategic driver. The Court also noted that the plan required a focused reduction in staffing costs in certain disciplines in relation to restructuring. This was estimated for 2023/24 at £0.5m but rising to £3.5m in 2024/25. The paper noted that there were several disciplines whose

contribution was structurally below expectations and would result in an unacceptable institutional deficit if not otherwise addressed.

206 The Court discussed the budget plans in detail, in particular their underpinning assumptions around income growth and costs. The following key points were noted from that discussion:

- A number of members noted that the plan required significant levels of growth in international student fee income (being set at the higher/optimal end of the sensitivity analysis) and sought reassurance that the projected level of growth was achievable, particularly given the challenges, both internal and external, experienced by the University in international student recruitment recently. The Court was assured by the Senior Management Team that in terms of market share the University was below where it should be and that this and the proven record of growth in student recruitment when taken together over the previous three years, was the basis for the proposed budget, rather than the immediate past year.
- Members sought reassurance that, in the event of the target growth in student recruitment not being achieved, that the University had the ability to take action and swiftly if necessary to address any financial shortfall. The Court was advised that the University could review costs or consider its portfolio of assets if absolutely necessary. Some members noted that they would have welcomed more information on a 'plan b' and one member requested receipt of more detail on the contingency plan for a scenario where the target growth was not achieved.
- Members also discussed, in the scenario of the growth target not being achieved, the level of headroom versus the covenant compliance.
- Members requested that given the ambition of the plan and the risks to its achievement, that they should receive regular reports on progress against the plan over the coming months across the recruitment cycles.
- It was confirmed that the University had the physical space capacity to accommodate the projected increases in student numbers.
- The pressure on staff pay and workload was also discussed and it was confirmed that the Professional Services budget component included savings and income growth targets.

207 The Court agreed:

- (i) To approve the three-year revenue budget plan which makes an underlying deficit of £3.9m in 2023/24, break even in 2024/25 and £3m surplus in 2025/26.
- (ii) That given the risks discussed above, the Court should receive regular updates on progress against the plan, particularly with regard to the ambitious student recruitment targets and that it should

receive further detail on a contingency plan should those targets not be achieved.

- (iii) To approve the 10-year cash position as set out in the paper.

STRATEGIC PLAN FORECAST TO SCOTTISH FUNDING COUNCIL FOR 2022-23 TO 2024-25

- 208 The Court received and approved the 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, for submission to SFC by 30 June 2023 (*copy filed with the principal copy of the Minutes*).

FINANCE AND RESOURCING COMMITTEE

- 209 The Court received a report on the business conducted by the Finance and Resourcing Committee at its meeting of 8 June 2023, which provided an overview of the assurances it obtained and decisions it had made under its authority from Court (*copy filed with the principal copy of the Minutes*). As noted above, the Committee also had recommended to Court approval of the budget and detailed revenue plans for 2023-24 to 2025-26.

ESTATES AND DIGITAL INFRASTRUCTURE

CAPITAL INVESTMENTS

- 210 The Court received a presentation on capital investments focused on the King's Quarter and Johnston Projects. This reminded Court of the original project objectives, the current cost estimates following conclusion of the respective tender processes and the outcome of the assurance review for both projects.
- 211 Following consideration of these various processes, the Estates Committee and Senior Management Team recommended to Court that:
- The current construction contract procurement for both projects should be paused.
 - The development of an Estates Strategy and Master Plan that would support the 2040 Strategy be completed (which Court was to receive a presentation regarding as part of a subsequent agenda item – see minutes 215-216).
 - A University-wide survey of future space requirements aligned to the 2040 Strategy be undertaken.
- 212 The Court noted that key factors in reaching these recommendations, had been the impact of the pandemic and high inflation on the likely cost of the projects significantly exceeding the original budget and, related to this, that the assurance review had concluded that the successful delivery of the projects appeared unachievable and that the projects should not proceed to their next phase until the level of risk and their viability had been re-confirmed.

- 213 In discussion, the Court was assured that the terms of the bond finance were not tied to the delivery of these projects although the University was not permitted to use bond finance for working capital.
- 214 The Court agreed to accept the recommendation of the Estates Committee and Senior Management Team and as such that the King's Quarter and Johnston projects would not proceed. It was noted that as part of next steps arising from the decision, communication internally and externally with stakeholders would be required, in particular with the Business School, and that any points of learning from the process would inform future projects)

PRESENTATION ON CAMPUS RE-IMAGINING PROJECT

- 215 The Court received a presentation, for information, on the Campus Re-imagining Project. This outlined:
- The underpinning ambitions and aspirations for the campuses, both in physical space and digital technology terms, and the linkage with the Aberdeen 2040 Strategy, which formed the context for the project.
 - The remit of the project board, the approach to engagement with stakeholders and the timeframe, with an aim for the project to deliver its initial findings by June 2024.
- 216 From a wide-ranging discussion, the following key points were noted:
- The need to re-imagine and plan for the future of the campuses also needed to be reconciled with the cost and what the University could afford.
 - Following the earlier decision around the Johnston Project, a number of members noted the need to explore in the short-term, as well as the longer-term, what other options for the Business School were available.
 - Some members suggested that the project's objectives be reduced in number and categorised between short-term and longer-term.
 - Student growth and re-purposing unused space rather than new buildings were suggested as part of the issues for the project to consider.
 - The size and membership of the project board were discussed but it was considered by the executive that it required the breadth of input that its composition enabled.
 - Some members suggested the timeframe for the project should be accelerated, however, the Court was advised that it was critical that the necessary time to engage with stakeholders, most of all the University community, was taken to develop a vision for the campuses which was supported in the same way that Aberdeen 2040 had been.

REPORTS FROM SENATE AND COURT SUB-COMMITTEES

SENATE

- 217 The Court received a report on the main items of business considered by Senate at its meetings on 19 April and 7 June 2023, together with an additional meeting held on 24 May (*copy filed with the principal copy of the Minutes*). The Court approved, on the recommendation of the Senate: the draft Resolutions, 'Resolution for Changes to Various Degrees - No 309' and 'Code of Practice on Student Discipline (Academic) - No 310', and 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 immediate effect.
- 218 In discussion, it was confirmed that the Senate had endorsed a call for UK and Scottish Governments to provide sustainable funding for higher education so that the sector could more easily address the cost of living pressures being faced by colleagues. The Court was advised that Senate had also passed a motion that "Senate called upon University and College Employers Association to return to negotiations on pay and working conditions", whilst noting that the Principal had reported in the Senate discussion that this was a Court matter and would need to be considered in the context of University finances.

AUDIT AND RISK COMMITTEE

- 219 The Court received a report on the business considered by the Audit and Risk Committee at its last meeting on 6 June 2023 (*copy filed with the principal copy of the Minutes*).
- 220 On the recommendation of the Committee, the Court approved the re-appointment of PwC as the University's internal auditor for an initial period of three years from 1 August 2023. This followed a competitive tender process and presentation from three bidders to the Committee's Selection Panel.
- 221 In discussion, it was noted that the Committee would be receiving a further report on the completion of mandatory cyber security training for staff where completion levels were low. It was clarified that volume of mandatory training courses for staff was not excessive and that the risk of a cyber attack due to lack of awareness in staff was real.

COMMERCIALISATION COMMITTEE

- 222 The Court received a report on the business considered by the Commercialisation Committee at its last meeting on 1 June 2023 (*copy filed with the principal copy of the Minutes*).

PENSIONS ADVISORY GROUP

- 223 The Court received a report on the main items of business discussed at the meeting of the Pensions Advisory Group of 31 May 2023. (*copy filed with the principal copy of the Minutes*). As part of this, the Group reported that it had considered proposals and a request from Universities UK that employers express their support, or otherwise, for a more detailed exploration of the

considered proposals and a request from Universities UK 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. The Court noted that the Group had agreed that on balance to support the further exploration of conditional indexing but subject to several caveats which it had highlighted in responding to UUK.

- 224 In discussion, the Chief Financial Officer confirmed that in recent days the University Superannuation and Life Assurance Scheme had advised the University of its valuation. The Scheme's deficit was unchanged and the Chief Financial Officer would provide a more detailed report to the Pensions Advisory Group in due course.

GOVERNANCE & REGULATORY

UPDATE ON APPOINTMENT OF INDEPENDENT MEMBERS OF COURT

- 225 The Court received an oral update on the progress of the recruitment process for the appointment of new Independent Members of Court.

GOVERNANCE AND NOMINATIONS COMMITTEE REPORT

- 226 This Court received a report on the key items of business considered by the Governance and Nominations Committee on 30 May 2023 (*copy filed with the principal copy of the Minutes*). The Court approved, on the recommendation of the Committee, a revised approach to the identification, recording and management of conflicts of interest and loyalty, gifts and hospitality for members of Court, its committees and the Senior Management Team.

RESOLUTIONS FOR FORMAL APPROVAL

- 227 The Court received a paper (*copy filed with the principal copy of the Minutes*) which provided Court with a report on the outcome of the statutory process of consultation regarding two Resolutions. Noting that no comments requiring changes to the proposals had been received, the Court formally approved the following Resolutions. These being:
- Omnibus Resolution Changes in Regulations for Various Degrees'; Resolution No 307; and
 - Additional degrees available to Senate for award *honoris causa tantum*. Resolution No 308.

FORWARD FRAMEWORK FOR EFFECTIVENESS REVIEWS

- 228 The Court received a paper on a three-tiered future approach to assessing and reporting the skills, effectiveness and governance maturity of Court, which had been endorsed by the Governance and Nominations Committee in May 2023, together with a timeline for implementation (*copy filed with the principal copy of the Minutes*).

- 229 Members welcomed the approach and discussed a number of components related to including: skills mapping, measuring or evaluating behavioural/cultural factors to effectiveness, induction and development, and the quality of information presented to the Court.
- 230 The Court approved the proposed approach and the timeline for its integration into procedures.

CLOSED BUSINESS SESSION

- 231 The Court met in closed session to discuss:
- (i) The Court's Effectiveness (absent those in attendance bar the Secretary and the Head of Governance and Executive Support).
 - (ii) The Principal's Annual Performance Review (absent the Principal and those in attendance bar the Secretary).
- 232 The minutes of those discussions are restricted to Court members and held separately.

DATE OF NEXT MEETING

- 233 It was noted that the Court Strategy Sessions would be held on Tuesday, 26 September 2023 from 4pm to 6:30pm, followed by the Court Dinner, and on Wednesday, 27 September 2023 from 9am to 3pm.



.....
Julie Ashworth, Senior Governor

26th September 2023
.....
Date Approved