



POLICY AND RESOURCES COMMITTEE

19 November 2018

Minute

- Present:** Anne Richards, Vice-Convener of Court (Convener)
The Principal, Peter Mathieson
University Secretary, Sarah Smith
Vice-Principal Jonathan Seckl
Sarah Cooper, Senate Assessor
Frank Armstrong, Co-opted Member
Doreen Davidson, General Council Assessor
Susan Rice, Co-opted Member
Eleri Connick, President, Students' Association
- In attendance:** Hugh Edmiston, Director of Corporate Services
James Saville, Director of Human Resources
Phil McNaull, Director of Finance
Lee Hamill, Deputy Director of Finance
Gary Jebb, Director of Estates
Tracey Slaven, Deputy Secretary, Strategic Planning
Lewis Allan, Head of Court Services
David Newall, External Effectiveness Review Facilitator
- Apologies:** David Bentley, Co-opted Member, attending Audit and Risk Committee
Senior Vice-Principal Charlie Jeffery

1 Minute

Paper A1

David Newall, facilitator of the external effectiveness review of Court and its committees was welcomed as an observer to the meeting.

The Convener thanked Phil McNaull for his service and advice provided to the Committee as Director of Finance and welcomed Lee Hamill, Director of Finance with effect from 1 January 2019.

The minute of the meeting held on 10 September 2018 was approved.

2 Matters Arising & Review of Action Log

Paper A2

On behalf of the Chief Information Officer, the University Secretary provided an update on the Core Systems procurement programme. To allow time for additional scrutiny the final paper is now expected for submission to Exception Committee in early January. It was agreed that the paper can be submitted directly to Exception Committee without requiring review by Policy & Resources Committee.

3 Principal's Communications

Verbal

The Principal reported on:

- i) The University's first ever all staff survey – results of which will be made available to staff today and considered at a Leaders' Forum on 21 November. The headline results and the Principal's accompanying message will be circulated to Court members in advance of Court. The Committee welcomed the relatively high response rate of 46% and noted interest in variances between Colleges and between campuses, accepting that any supposed statistically significant differences would need to be treated with caution;
- ii) European partnerships – a memorandum of agreement has been signed with University College Dublin, the second to be signed after the University of Amsterdam. Members discussed success rates for the award of EU-funded research projects and sector discussions with the Scottish Government on funding arrangements for future cohorts of EU students;
- iii) A development and alumni visit to the United States, with significant opportunity for growth in US-based philanthropy identified;
- iv) Recent English higher education sector media coverage: proposals for accelerated two year degrees with greater tuition fee caps and unnamed institutions in financial difficulty have been reported;
- v) Research awards for the 2017/18 academic year have been revised upwards to over £400m, a record for the University.

SUBSTANTIVE ITEMS

4 Strategic Plan 2016 Performance Measurement Framework

Paper B

The annual overview of progress using the Strategic Plan 2016 performance measurement framework was presented, with the following points raised:

- Undergraduate student satisfaction measures remain disappointing;
- Research income per academic staff member is stable but below target – recent investment in the recruitment of early career academic staff may partly account for this;
- The progress indicator for 'operating surplus % of total income' will be matched to the 'watching' indicator contained within the draft annual report and accounts;
- Growth figures for online learning are particularly ambitious given significant potential in this area, although online learning growth has been relatively modest to date;
- Gender balance at senior grades is improving but at a slow rate;
- The strategic plan refresh may also refresh some of the performance measures and consider the level of ambition set for each target;
- Industry partnership figures are encouraging.

5 Finance Director's Report

Paper C

The Director of Finance presented the draft Annual Report and Accounts 2017/18, the first full year forecast review for 2018/19 and a special focus update on tuition fee income reporting. Noting that Audit & Risk Committee will provide detailed scrutiny of the Annual Report and Accounts prior to presentation to Court, the Committee discussed: improving the return on capital employed in relation to the weighted average cost of capital; improving net income generation to assist with funding the University's capital plan; the transparency shown by the integrated reporting approach used is best practice in the sector and provides assurance to funders; and, adding additional text on risk appetite. Next steps in improving net income levels were considered, with any proposals to be considered by the senior team in the first instance and to include a scenario analysis of different options.

6 Investments

Frank Armstrong declared an interest as a member of the Strategic Advisory Board of Epidarex and Chair of Faron Pharmaceuticals and recused himself from discussion and decision-making on any connected proposals.

Susan Rice declared an interest as a founder of Social Investment Scotland and recused herself from discussion and decision-making on any connected proposals.

- **Investment Landscape & Supporting Groups**

Paper D1

An overview of the University's investment activities mapped against governance structures was presented. The role of the supporting groups was discussed, noting that these are intended for management coordination rather than as an additional governance layer.

- **Social Investments Update**

Paper D2

A summary of progress to date on social investments and next steps was reviewed. It was agreed to recommend to Court for approval proposed revisions to the Delegated Authority Schedule and Treasury Mandate, subject to the addition of text to the Treasury Mandate to reference financial objectives in addition to social objectives. Members discussed: publicising social investments made; the selection process to be used – with established organisations and some developing student opportunities identified; and, ensuring that financial reporting requests are proportionate and standardised if possible.

- **Venture Funding Update**

Paper D3

An overview of venture funding activities and two proposed commercialisation investments were considered. The following points were raised:

- The University has historically under-invested in commercialisation activity and is in period of catch-up before a steady state is reached;

- The University's own fund, Old College Capital, is nearing completion of its second tranche of funding. Next steps are being considered and will be presented to the Committee;
- Building a track record of successful spin-outs is vital and success will be judged by investors against the standard set by world leading universities in this field;
- Enhancing staff interest in commercialisation activities can be helped by access to mentoring and by improving incentives, support and streamlined processes;
- The Committee's Commercialisation Sub-Group will continue to meet regularly and provide support to the Director of Corporate Services as proposals are developed, including advice on informal agreements with investors.

The Committee supported the direction of travel and approved in principle investment from the University's Endowment and Investment Fund in Epidarex III and in Evotec BRIDGE, with the delegation of decision-making authority to the Investment Committee.

7 Student Residential Accommodation Strategy 2018-2028

Paper E

An annual update of the student residential accommodation strategy was presented. The intention to create developments with a socio-economic mix of room type, price levels and students was welcomed and the geographical concentration of student accommodation discussed. Transport, study space provision and competing private developments all influence student choice, with the next iteration to incorporate a transport strategy. Opportunities for philanthropic giving to assist with improving socio-economic diversity were noted. Staff accommodation, with longer term shared equity schemes and short term rental accommodation for those relocating to Edinburgh, was discussed.

Subject to some wording changes around student number forecasting the strategy was recommended to Court for approval.

Members also discussed incorporating a student experience section or broader strategic priorities section into the paper template, to be considered as the Strategic Plan refresh progresses.

ITEMS FOR NOTING OR FORMAL APPROVAL

8 Development Trust

Paper F

Proposals to amend the Trust Deed of the University of Edinburgh Development Trust were recommended to Court for approval. It was noted that an omission in the paper of one ex officio trustee will be included in the version submitted to Court.

9 Network Replacement Procurement Governance **Paper G**

It was agreed to recommend to Court approval for the:

- delegation of authority to the Principal for budget and contact approval;
- contract approval process for, subject to the Principal's approval of the contract, authority for the University Secretary to sign the contract in consultation with the Director of IT Infrastructure and the Chief Information Officer & Librarian to the University.

10 Commercialisation Sub-Group Report **Paper H**

The report was noted.

11 People Report **Paper I**

The report was noted and the following discussed: a UK-wide ballot on pay planned by the University & College Union planned for early 2019; the University's retention of an Athena Swan silver award for a further four years was strongly welcomed; University-wide implementation of decisions taken on immigration fees for non-EEA staff; and, enhancing discussion of people matters at the Committee, to be considered by the Principal and University Secretary.

12 Estates Committee Report **Paper J**

The report was noted and the Committee discussed: senior team discussion of capital prioritisation is ongoing; the recommendation that an additional large teaching space (400+) is created in the central area; identifying philanthropic naming opportunities; future Estates Committee reports will be cross-checked with the Ten Year Forecast; and, a verbal update on contractor relations.

13 Any Other Business

There was no other business.

14 Date of Next Meeting

Monday, 28 January 2019 at 2.30 pm.