Abertay University®

INTEGRATED REPORT 2017

Background to the Integrated Report

Abertay is a modern university with a global outlook, rooted in its local and national communities. We have made our mark with high quality, well-directed teaching and research, and a stimulating and enriching experience for our students. We have a clear vision for the future. We understand our current performance both where it is favourable and less so, and the reasons why. We have put in place frameworks and plans to progress towards meeting our targets, to manage the risks and to exploit our opportunities. Guided by best practice from the British Universities Finance Directors Group, this report is the next step by Abertay towards Integrated Reporting.

Universities are diverse, complex and unique. They are places of education of research and innovation. They are major employers and an important part of the local economy.

Annual Reports and Financial Statements have traditionally been viewed as pages of numbers for accountants to pore over; they are often impenetrable and with limited use to non-financial stake-holders. Finance Directors have a role in helping to distil the complexity and to present the information in a relevant, engaging and effective way.

An integrated report says who we are and where we are going. The Integrated Reporting website (www.integratedreporting.org) says Integrated Reporting is "a concise communication about how an organisation's strategy, performance and prospects… lead to the creation of value over the short, medium and long-term".

It is very different from what universities have done in the past. Most universities are yet to prepare Integrated Reports. With some exceptions, the institutions' annual reports are simply a presentation of their financial statements. Unless the reader knows how to interpret the numbers, such reports don't do the story justice.

This document tries to adopt a more strategic and forward-looking focus, to provide a more comprehensive picture of the activities and performance at Abertay. It is accompanied by a technical annex which sets out the full financial disclosures and reconciliations.

I trust this document presents a richer experience for the reader.

This report has been reviewed and approved by the Executive and Court of Abertay University. It has been prepared by the Directors of Finance and Research Funding, Strategic Planning, External and Corporate Relations, the University Secretary and with the input of a broad range of senior management colleagues, for which, my thanks.
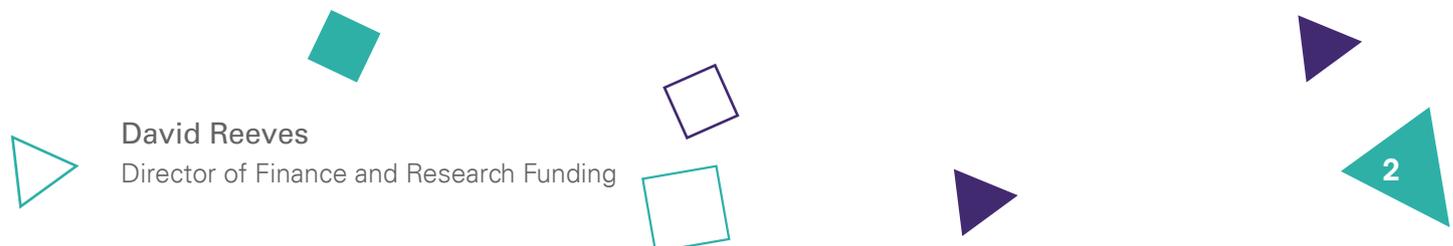
David Reeves
Director of Finance and Research Funding

Principal's Introduction

This is the second of Abertay University's 'integrated reports' in which we give an account of the life of the University over the past year. This is also our statutory annual financial report. Effective stewardship of our financial resources makes everything else possible, and we have taken care to give the financial aspects due prominence. Indeed, we believe an understanding of our financial performance is helped by its location within the over-arching narrative that is our integrated report.

There are many interconnected themes within this report, and I will not attempt to summarise them. There is one strand, though, which is woven through the whole report, but is rarely prominent, and which is perhaps worth outlining here - the political and economic environment in which we operate.

Scholarship proceeds best in a stable environment. University timescales are long: four years for the completion of an undergraduate degree; perhaps 8 - 10 years for the trajectory of a major piece of research, from seeking funding to exploiting the outputs. Rapid changes in the external environment are difficult to square with the nature of our work. On the other hand, one could argue – and I would agree – that it is not good for universities, or any other organisation, to be in an environment that is too stable, as this leads to complacency and inertia. You will see from this report that Abertay University is certainly not in that position. We know what we need to do to fulfil our mission as a university – which is emphatically not unreflectively doing next year what we did last year – and I know that you will see this dynamism in the report.

Even for a university that sees itself as an innovator, as we do, stability matters, and the external environment is less stable than it has been for many years.

The departure of the UK from the EU is the most significant source of instability for Abertay. Brexit disrupts, or at least radically changes, relationships across borders. The main effect on Abertay University

will be the likely change in the fee status of students from other member states of the EU. With any but the softest of soft Brexits – our remaining in the European Economic Area – EU students will probably not be entitled to a free university education in Scotland. This is an important issue for us at Abertay. We value the contribution to campus life made by EU students, and of course we will work vigorously to continue to recruit them after the UK leaves the EU. But it is clear that fewer would come if they had to pay fees.

There is a significant financial risk associated with a change in the fee status of EU students. Roughly 10% of Scottish Government funding for teaching currently goes to fund EU students, and a change in their fee status would allow a commensurate cut in teaching funding to be made whilst retaining funding for the teaching of Scottish students. One should not assume all this funding would necessarily leave the higher-education system. There is some evidence for unsatisfied demand for university education in Scotland, and a change in the fee status of EU students would be an opportunity to address this.

The broader political context, however, is not encouraging. The maintenance of public spending on higher education has not been treated as a priority by the Scottish Government, and funding for Scotland's universities has gone down in real terms in every year since 2012-13. There is thus a risk that the United Kingdom's departure from the EU might accelerate – or at least facilitate the continuation of – the real-terms decline in public funding that we have experienced over recent years.

Brexit has, of course, much broader implications – for student exchanges, the immigration and employment status of University staff (present and future) and research funding. There is substantial uncertainty in all these areas. There are also other sources of instability, unrelated to Brexit, the most significant of which are: political uncertainty surrounding the university-funding regime in England, where changes would have substantial knock-on effects on the Scottish higher-education system; and possible further tightening of the regulations on student immigration, which are already tight and, in their application, discriminate against small, modern universities such as Abertay.

How do we adapt to this at Abertay? The starting point is to be realistic about future prospects, which means making cautious forecasts about both public funding and income growth from non-governmental sources. Above all, we maintain a clear distinction between aspiration and expectation. We work towards the former but we do not confuse it with the latter.

This approach means that we have generated operating surpluses over the last few years, and aim to do so into the future. These surpluses are invested in our future, for example in new laboratories, in a renovated – indeed transformed – library, and in learning technology.

It also means taking a long view, and expecting the current tough conditions to continue into the indefinite future. Things will get better, but we make no assumption about when. So, we continue to innovate, just as we continue to invest. At Abertay, there is no sense at all of hunkering down until the situation improves. I am confident that you will see this approach – of continuing investment and innovation – running through the pages of this report.

Nigel Seaton
Principal and Vice-Chancellor

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1888

1902

1910

1950

1970-80

1994

1997

2016

The Princeton Review®

Abertay University

A Short History of Abertay University

Our 128 year history of preparing students for the world of work

We became a university in 1994 but our origins date back to 1888 as the Dundee Technical Institute with just 238 students. We were described as an "industrial university" by a government-commission report in 1902 and this is still relevant today – we deliver vocationally-relevant degrees to meet the needs of industry and commerce. The first classes delivered at the Institute were in textiles, reflecting Dundee's then pre-eminent position in the jute industry and we were designated a 'central institution' in 1902; one of the roles of which was to deliver vocationally-relevant higher education. Schools in navigation and marine engineering were introduced from 1910 and by the 1950s additional subjects including pharmacy, civil, mechanical and electrical engineering and management studies were being offered.

Between 1970 and 1980 we expanded to 2000 students. This period saw the introduction of higher education courses in computing, software engineering, nursing and accounting amongst others. In the early 1990s, as the Institute aimed for degree-awarding powers and university title, new courses were added in areas such as law, retail distribution and management, and sports science; there were, by then, 4000 students. **In 1994, we received University title as the University of Abertay Dundee.**

In 1997, we offered the first computer games degree course in the world and are currently the only European university listed in the "Princeton Review World Top 25 Games Universities". More recent developments include degree courses offered in food, nutrition and consumer science, forensic science and counselling. We offered the first 'ethical hacking' courses in the UK and in 2015 we were the first university in the UK to offer a range of accelerated degrees (four-year courses which are completed in three years).

Today, Abertay University - as we now know ourselves - is recognised for its bold, imaginative and innovative initiatives. In 2016, we were nominated for the Times Higher Education 'University of the Year'; the judges recognising our ambitious and in many ways, revolutionary reforms of the way we develop our curriculum, innovate in student learning, and support the personal development of both students and staff.
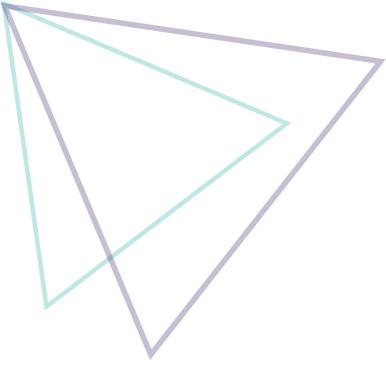
Strategic Plan 2015-20

Our Strategic Plan is a living document that we use to guide our decisions as well as to measure our progress. You can find the Plan, which was developed in consultation with our staff and students here:

https://goo.gl/94GsBk

Our Strategic Plan starts with a statement of our Purpose – our own understanding of what we are about as a university:

- To offer transformational opportunities to everyone who has the ability to benefit from Abertay's approach to university education.
- To inspire and enable our students, staff and graduates to achieve their full potential.
- To use our knowledge and expertise to have a positive impact on the world around us.

The Strategic Plan also identifies a set of Principles, consistent with the Purpose, that guides our work:

- Choosing our own path, being different if it means we can serve our students, staff, partners, and wider community better.
- Developing new ways to open up study at Abertay by providing a range of routes to an Abertay degree.
- Providing a broad, flexible, responsive and relevant curriculum to prepare students with the knowledge and skills to be successful in the world beyond Abertay.
- Working in partnership with our students, encouraging greater involvement in shaping our policies and practice.
- Aligning our teaching, research, innovation and knowledge exchange activity to local and national priorities.
- Encouraging our staff to use their knowledge and expertise to solve real-world problems.
- Investing in high quality infrastructure to provide an environment which will support and inspire our students and staff.
- Developing and sustaining an inclusive and supportive culture, welcoming and retaining students and staff from a diverse range of backgrounds.
- Giving our students a more international experience by increasing the number of international students at Abertay and providing more opportunities for exchanges.
- Being rooted in our community and maintaining close links with key partners in Dundee and beyond.

We have created measures of progress towards achieving our aims:

Theme	What the Strategic Plan says we aim to achieve	Existing 2020 KPI
Choosing our own path	• Implement the outcomes of our full-scale review of our portfolio, developing a set of undergraduate and postgraduate programmes which are attractive, relevant and viable • Embed the Abertay attributes in our curriculum [from 2016] • Embed the principles of efficiency and effectiveness across the University • Implement a financial strategy to ensure future sustainability • Develop and implement a high-level people and organisational development plan • Improve our existing estate in line with our estates strategy. • Continue to invest in our IT infrastructure to provide modern and leading edge systems which support our new ways of working • Show improvement in our benchmarking against comparable modern universities and consequently, improvement in our league table position	(1) % students satisfied with the overall quality of their course [NSS] (2) % of staff who would say the University is a good place to work (3) annual operating surplus as % of total income (4) league table position Guardian
Recognising and developing potential	• Provide effective and inclusive pre-study support for all students • Streamline and improve our systems for monitoring student progress • Increase the proportion of students who successfully complete an honours degree • Continue to ensure that at least 25% of our undergraduate entrants articulate from college to levels 2 or 3 of an Abertay degree • Continue to deliver against the outcomes in our Equality Action plan • Achieve Athena SWAN silver award for the University by 2018 • Ensure all staff involved in teaching and supporting learning achieve appropriate national professional recognition	(5) % of Scottish-domiciled undergraduate entrants from disadvantaged backgrounds (6) % Scottish-domiciled entrants articulating with advanced standing (7) % of undergraduate entrants still in higher education after one year (HESA PI) (8) % of undergraduate students projected to receive a degree (HESA PI)
Expanding horizons	• Offer every student the opportunity to undertake work experience as part of their degree programme • At least double the number of taught postgraduate students studying at Abertay • Double the number of international undergraduate students studying at Abertay • Increase the number of staff participating in Erasmus or similar exchanges • Implement a student enterprise support framework • Expand our active international partnerships	(9) % of graduates in employment or further study (10) % of graduates in graduate-level employment (11) Number of students taking up work experience opportunities (12) International students as % of student population * (13) Postgraduate taught students FTE *
Working in partnership	• Strengthen our relationship with college partners, ensuring curriculum alignment and greater co-ordination of activities • Operate a 'one stop shop' approach for our business partners • Improve the effectiveness of our internal communication • Increase alumni engagement, through a range of initiatives, including a mentoring programme • Play a key role in delivering the Dundee Cultural Strategy and contribute to UNESCO City of Design activities	(14) Retention/completion rate for entrants articulating to Abertay at stages 2 and 3 (15) Number of alumni involved in mentoring programme (16) Staff survey: % of staff who think communication in the university is effective
Making our knowledge accessible	• Offer an accelerated route on at least 10 of our programmes • Work with colleges to ensure that at least 25% of our undergraduate entrants join Abertay at years 2 or 3 of their degrees • Implement a business development strategy, including new and innovative consultancy services, to increase our income from knowledge exchange activity by 10% by 2020 • Increase our income from research grant and contract income by 10% by 2020 • Embed the Dundee Academy of Sport as a key part of the University's activities • Launch our IP self-audit and IP Manifest Toolsets in partnership with the UK Intellectual Property Office, providing free online IP housekeeping audits and a novel IP house checklist tool for digital content SMEs	(17) Total research grant and contract income (18) Total income from knowledge exchange activity (as reported to SFC) (19) Number of citations (20) students eligible for SFC funding compared to SFC funded places

Operational Plan 2017-20

The Operational Plan supports the implementation of the Strategic Plan, to reflect University priorities for 2017-20 and to set our agreed position against which progress can be monitored for each of the three years. The Plan is arranged according to 16 themes against which are objectives and actions. It has been shared with our staff.

The Operational Plan, in its current form, is a new development, as we are planning for the next three years, rather than one year as previously. This takes the Operational Plan to 2020, in alignment with the 2015-2020 Strategic Plan. The development of the Operational Plan was a major exercise, beginning in the Autumn of 2016, and involving a highly integrated set of discussions on topics such as student profile and recruitment, supporting students, employability, staff profile and development and space strategy. The Operational Plan is supported by detailed operational and financial plans for each of our Schools and Services.

The Plan will allow us to continue to progress as a university in a very challenging environment, continuously improving the student experience and supporting the wider community. It will allow us to allocate resources more effectively and to embrace and plan for change and innovation.
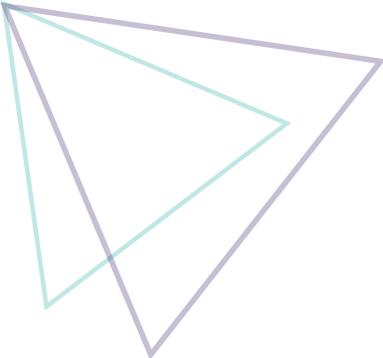
Outcome Agreement with the Scottish Funding Council (SFC)

The Outcome Agreement is our agreement with the SFC and sets out their expectation of outcomes delivered by our University in return for the funding received; it is important to note, though, that there is no direct link between the achievement of the Outcome Agreement objectives and funding.

In drafting the Outcome Agreement, we have discussed our approach and our ambitions widely within the University, including discussions with the Students' Association, staff trade union representatives, the senior management team, Finance and Corporate Performance Committee and Senate.

It is important to note that the Outcome Agreements have been developed in the context of reduced funding from the SFC in 2017, with a further real-terms reduction expected in 2018. The content of future Outcome Agreements will inevitably depend on the level of future funding provided to the University by the SFC.

The 2017 agreement

This was a continuation of our 2016 agreement and reflects our aspirations and the many developments which have taken place at Abertay in the year that has passed.. Among other things, it highlights our strengths in recruiting students from disadvantaged backgrounds and in increasing the number of students articulating with advanced standing onto years 2 or 3 of an Abertay degree (i.e. students are given full credit for their prior learning at college and are able to join their degree at years 2 or 3 of their degree programme).

You can find our 2017 Outcome Agreement here: **https://goo.gl/KP6x9F**

The 2018 agreement

This updated Outcome Agreement, responding to revised guidance from the SFC at the start of a new three-year cycle for Outcome Agreements, sets out the way in which we will continue to contribute to the national aims, set by the Scottish Government, over the next year. It has been developed in the context of our Strategic Plan 2015-20 and in parallel with the development of the Operational Plan.

The Outcome Agreement builds on our existing strengths. We would like to highlight in particular:

• Our commitment to widening access - currently over 26% of our 2016-17 undergraduate entrants come from Scottish Index of Multiple Deprivation (SIMD) 20 postcode areas or have experienced educational disadvantage. This is recognised by our contextual admissions policy. The preliminary figure for 2017-18 is 28%.

• The introduction of minimum entry qualifications, for applicants who have experienced educational disadvantage, for all undergraduate programmes, in line with the recommendations of the Commission on Widening Access. Around 10% of our entrants received an offer in line with the minimum requirements, 60% of whom would not have had the qualifications required to meet a standard offer.
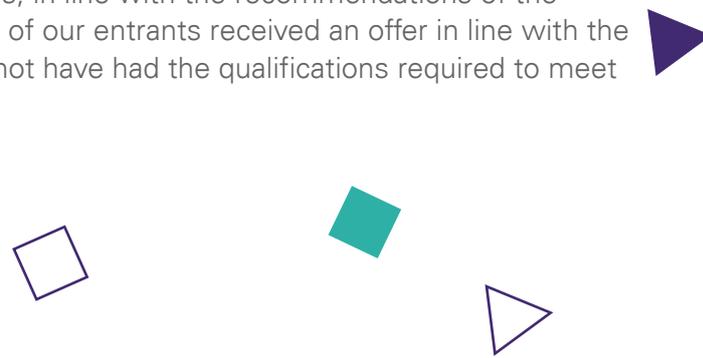
- Our commitment to continued high levels of 'articulation' from college into our undergraduate programmes. In 2016-17 35% of Scottish entrants joined Abertay in year 2 or 3 of a degree with their prior learning recognized, with 39% the preliminary figure for 2017-18. Generally good levels of student satisfaction, with high levels of satisfaction in assessment and feedback where reported through the National Student Survey (NSS).
- A range of initiatives to use our research base to support innovation in industry. You can find out more about these here http://www.sfc.ac.uk/web/FILES/UIF/UIF_Final_-_University_of_Abertay_Dundee.pdf
- Our continued commitment to equality and diversity - in 2016 we were the first university in Scotland to achieve the Race Equality Charter Mark, and remain the only Scottish university to hold this award.

You can find our 2018 Outcome Agreement here: https://goo.gl/BzFEFp

University Activities, Governance and Funding

What Scottish Universities Do

The "Audit of Higher Education in Scottish Universities", published in 2016 by the Auditor General for Scotland, assessed how HE is funded and delivered in Scotland, how it contributes to national strategic objectives and how well equipped the sector is to deal with future financial challenges. Highlights of the report, given below, provide external context to our business model. You can find the report of the Auditor General here: **https://goo.gl/xRSMUf**

Universities and their activities play an important role socially, economically, and culturally in improving Scotland and the wider world.	There are three core activities (skills, research and innovation) common to all universities in Scotland: • Universities produce skilled graduates for the economy. They provide opportunities for improving skills, re-training the existing workforce, and for lifelong learning. Research adds to human knowledge, and discoveries play a key role in all areas of life, both today and for future generations. Research also enhances teaching of students. • Universities work with public, private, and third sector organisations to transfer and adapt the knowledge gained from research for practical purposes.
The Scottish HE sector contributed an estimated £7.2 billion to the Scottish economy in 2013/14.	• Universities are major employers. • They generate investment by spend on estate and facilities. • Students spend money in their local areas.
HE is a global business. Scottish HE is delivered across the world.	Increasingly HE is delivered in other countries, either through [their own] overseas campuses, in partnership with overseas organisations, or through distance learning.

How Universities are Influenced and Governed

There is a wide range of bodies that influence Scottish universities. The policy-making, funding, and regulation of Scottish HE involves multiple public, private and third sector bodies from across the UK, the EU and the rest of the world.

Global events affect Scottish universities. Scottish universities attract students and funding from across the world. This means events in the rest of the UK and in other countries can impact on Scottish universities.	Changes in levels of government investment in HE in other countries can influence the numbers of students choosing to study in their home country and affect the ability of universities to recruit students and staff. Policy decisions on immigration in the UK and in other countries, volatility in exchange rates and imposition of money controls, international agreements on student mobility and research collaboration can all affect how attractive or otherwise the UK is a place to study for international students. Changes in global markets, such as oil and gas, affect levels of industry and governmental funding for related areas, (teaching and/or research).
Responsibility for HE is devolved to the Scottish Parliament, with exceptions.	The UK Government is responsible for making policy in, and providing funding for, areas that directly and indirectly affect Scottish universities: • Setting UK immigration policy. • UK research priorities and funding. • Developing policies for the English HE sector, which can affect Scottish HE. • Employment law, procurement and data protection.
Scottish universities are autonomous and are subject to regulation and accountable for the use of public funds.	Universities are classified as charitable, not public bodies. They are autonomous, which they consider as key to their effectiveness, within legislation, for setting their own strategy and vision, and for managing and governing their own affairs and finances. They have the ability to generate income from multiple sources and to work with a wide range of public, private and third sector partners to achieve their vision. Although universities are autonomous organisations, in practice, they operate within a context of multiple stakeholders, regulations, and accountabilities. As charitable bodies, they are

	regulated by the independent Office of the Scottish Charity Regulator (OSCR). Specific elements of their activities are also regulated by a number of other bodies, including the UK Home Office and the Competition and Markets Authority. Universities are also accountable to many funding bodies, including the SFC, charities, the UK Research Councils, and the EU for use of their funding.
In the UK, there are two main principles that establish freedoms for those who conduct academic work in universities – academic freedom and the 'Haldane Principle'.	Academic freedom is set out in law across the UK and was most recently redefined in the 2016 HE Governance (Scotland) Act. The 'Haldane Principle' is the idea, generally adhered to by the UK government since the early 1900s, that decisions on individual research proposals are best taken by researchers themselves through peer review.

Higher Education Funding in Scotland Explained

The Scottish Government provided over £1.7 billion in funding for universities and individual students in 2015 – through funding to the SFC for universities, and to the Student Awards Agency Scotland (SAAS) for individual students. 2015 numbers are shown in the table below, taken from the Audit of Higher Education in Scottish Universities report.

The Scottish Government provided £1.1 billion in direct funding to the SFC for universities in 2015.	97 per cent was to fund day to-day running costs, with the remaining three per cent, £30 million, for capital funding.
The SFC is responsible for deciding how to apportion this funding across the different areas it funds and then allocating the funding to universities, based on a ministerial letter of guidance from the Scottish Government (which sets out the government priorities for universities in Scotland).	62 per cent (£702 million) was for teaching Scottish and EU students. Research and knowledge exchange grants was the second largest area, at £296 million.
The SFC places limits on the number of university places it will fund for Scottish and EU students undertaking undergraduate courses and those taught postgraduate courses that are eligible for their funding.	It does this based on its annual budget and the Scottish Government's workforce requirements for areas that are nationally controlled, such as medicine and teaching. The SFC does not control the number of students from the rest of the UK or outside the EU. It is up to individual universities to decide how many of these students they wish to aim for and then recruit, in competition with other universities.

Where universities enrol more Scottish and EU students than their specific allocation of funded places in certain categories, these places are known as 'fees-only'.	Universities receive the tuition fee element from SAAS but they do not receive the accompanying teaching grant from the SFC. Universities can be penalised financially if they go outside agreed limits.
Universities received an average of £6,999 for each Scottish and EU student in 2015.	The SFC teaching grant is based on an annual price per funded place. In 2015 this was, on average, £5,180. Universities also receive £1,820 per eligible undergraduate student in tuition fees from the Scottish Government via SAAS.
Universities are accountable to the SFC for the funding received, and the SFC is accountable, in turn, to the Scottish Government.	The SFC has a financial memorandum in place with each university that sets out the conditions of the funding it provides. Each university is responsible for ensuring they comply with this. Universities' internal and external auditors provide assurance that the memorandum has been complied with and that there are effective risk management, internal control, and governance arrangements in place.

Funding for individual students

Since 2008, the Scottish Government has paid the tuition fees of Scottish and students of EU member states other than the UK who are undertaking full-time undergraduate courses for the first time, and for those taking a limited number of postgraduate courses:

- EU students studying in Scotland are currently subject to the same fee regime as Scottish students. This means full-time undergraduate students from other EU countries (and Norway, Iceland and Liechtenstein, as members of the European Economic Area) studying in Scotland are entitled to have their tuition fees paid by the Scottish Government. The Scottish Government has indicated this this arrangement will continue for students beginning an undergraduate programme in 2017-18 and 2018-19. The Scottish Government has not yet confirmed what the arrangements will be once the UK leaves the EU.

- This entitlement does not apply within EU member states, meaning students from different parts of the UK can pay different fees to study in Scotland. Since 2013, undergraduate students from England, Wales and Northern Ireland have paid tuition fees of up to a set maximum figure (currently £9,250 a year) to study in Scotland. The fee charged by Abertay to these students for 2017/18 is £8,000).

- Tuition fees for students from outside the EU are decided by individual universities, taking into account competition from across the UK and internationally.

- The Scottish Government provided approximately £623 million in support for individual university students in 2015 delivered through SAAS. The single largest amount, approximately £250 million (40%), was to fund student support and tuition fee payments, £237m (38%) was to fund student loans, with £123m (20%) to cover the cost of providing student loans.
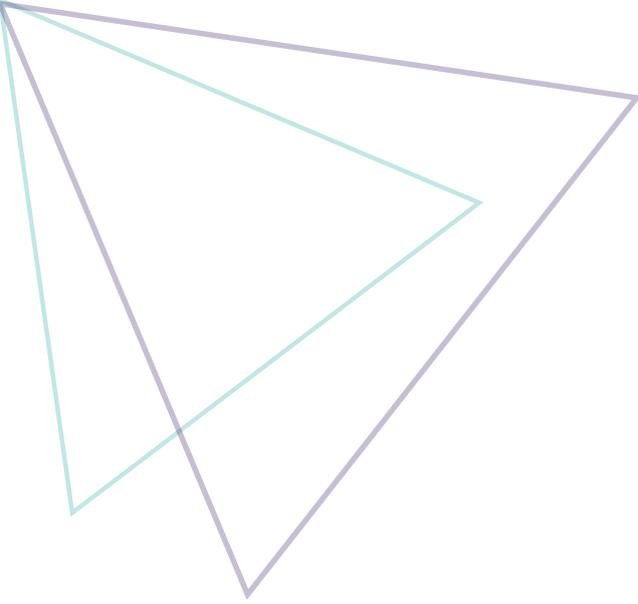
Our
Business Model

Excellence in Teaching

Our strategy

Teaching and learning in higher education is going through a period of significant transformation driven by a number of factors including changes to university funding, increased diversity of student bodies, increased demands from learners and policymakers for flexible learner journeys, increased choice, significant advances in technology and the rise of social media. Our vision is to create a distinctive Abertay student learning experience that has the potential to transform our students' lives and is recognised locally, nationally and globally. We have examples of leading practice and a good record in graduate employability but cannot afford to be complacent. Our Teaching and Learning Enhancement Strategy, introduced in 2014, aims to maintain and improve the University's competitiveness and distinctiveness in the future, supporting fresh ideas, a systemic change in practices and an institutional culture which embraces these changes and responds by continuously developing its approach to teaching and learning.

The strategic objectives are to:

- Reform our curriculum in a way which will advance students' knowledge; enhance students' preparedness for life post-graduation and the world of work; and recognise and facilitate different modes of the learner journey.

- Encourage our students' effective learning through an integrated approach to all aspects of assessment (formative, summative and recording achievement) with a focus on programme – level learning outcomes, use of the Grade Point Average (GPA) and implementation of the Higher Education Achievement Report (HEAR).

- Reinforce the development of teaching in terms of leadership, professional recognition, reward and development by developing a holistic, staff - centred approach to professional development in the area of learning and teaching.

The intended outcomes are:

- A distinctive, transformational student experience supported by high-quality learning and teaching.

- Excellent Abertay graduates, knowledgeable in their subjects, able to work independently and with others, extending their boundaries through curiosity and creativity.

- Teaching staff who are empowered, valued and confident professionals who employ a range of innovative, efficient and effective learning, teaching and assessment methods.

Our progress

Our Teaching and Learning Enhancement Strategy has translated into direct benefits for our students. Our approach to student learning means that students benefit from more personal interactions with

their lecturers than they might elsewhere. This has been by design, as has our policy of seeking professional accreditation for every one of our degrees where the possibility of such accreditation exists.

We also encourage and facilitate professional teaching accreditation for our staff, and the percentage of Abertay staff who have Higher Education Academy recognition as Fellows is significantly higher than both the UK and Scotland averages (at 63% we are more than twice the Scottish average of 30%, and almost double that of the UK as a whole at 38%). This means that our students are taught by staff who are not only expert in their disciplines, but who are also qualified to transmit their knowledge professionally and effectively.

We have led the way in other areas too. Our students benefit from sector-leading feedback turn-around times for their submitted work, and this had a significant impact on our NSS scores. We were the first university in Scotland to adopt Grade Point Average alongside traditional Honours degree classifications, facilitating our students' entry into the global employability market. Our popular interdisciplinary electives serve to broaden our students' knowledge across areas of study, preparing them to reflect deeply on the complex and multifaceted problems that society faces. Students submit their work electronically and receive their feedback the same way, resulting in both efficiency gains and consistency. We will continue to innovate and lead, one example being our approach to student engagement, where we are leading partners of a national initiative that involves the complex interaction of big data sets to engage and retain students.

We introduce new concepts and ways of thinking not just in our approach, but in state-of-the-art collaborative working environments, using both high-tech equipment and simpler methods. All students are exposed to work-related learning opportunities, often interacting with industry either on- or off-site, preparing them for the careers of the future rather than just those that exist today.

The positive impact of these changes have been recognised through, for example, our consistently being in the top two modern universities in Scotland for student satisfaction measures, shortlisting for the prestigious Times Higher Education University of the Year in 2016, and this year's award of "Silver" through the new UK-wide Teaching Excellence Framework (TEF).

TEF Silver

Silver award in the Teaching Excellence Framework

In 2017 Abertay University was awarded a Silver ranking by the Teaching Excellence Framework (TEF).

The TEF is a new scheme for recognising excellent teaching, in addition to existing national quality requirements for universities, colleges and other higher education providers. Abertay was one of five Scottish institutions to participate in the TEF.

Universities' and colleges' undergraduate teaching is assessed against ten criteria covering the areas of teaching quality, learning environment and student outcomes. The awards are decided by an independent TEF Panel of experts, including academics, students and employer representatives who considered evidence from a set of metrics using national data as well as written evidence submitted by the providers. The metrics cover continuation rates, student satisfaction and employment outcomes.

Based on the evidence available, the TEF Panel judged that employability is "systematically embedded" within Abertay, while our students "consistently achieve excellent outcomes". The
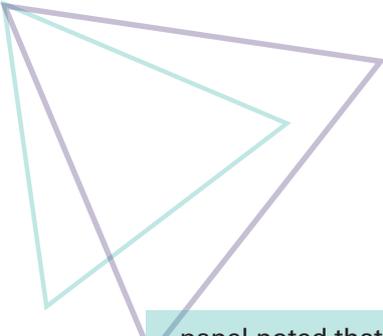
panel noted that a "very high" proportion of students continued with their studies after enrolment and progress to employment or further study.

The TEF panel found high levels of satisfaction with academic support and commented on the success of the University's commitment to widening access through a flexible admission policy, which takes the background of applicants into account.

It was also noted that our teaching encourages high levels of student engagement, while commitment to learning and study is personalised through small class sizes and integrated student support services.

Another key strength was our investment in high quality physical and digital resources – examples of these being the brand new £3.5m science labs and £4m library transformation.

The TEF panel also said that the institutional culture at Abertay "facilitates, recognises and rewards excellent teaching."

The TEF award is valid for three years. Across UK universities there were a total of 43 gold awards, 67 silver and 24 bronze.

A £4m library redevelopment for students and staff

Our students are enjoying the results of the first phase of a £4 million state-of-the-art upgrade to the University's Bernard King Library. The redevelopment will give our students among the best study facilities in the UK. The aim was to create a learning centre fully kitted out to utilise state-of-the-art study, collaboration and learning facilities. Prior to the redevelopment, many of the fixtures and fittings were dated. There were also issues related to the control of temperature, light and ventilation, which often featured in student feedback. There has also been an increase in demand for spaces where collaborative and peer-to-peer learning can take place, involving greater levels of conversation and social interaction – an essential part of modern learning and this has been reflected in the new layout of the library.

We are committed to providing a technology-rich learning and research environment for our students and staff. The first phase of the refurbishment took place over the summer of 2017, re-opening for the return of students for the new academic year.

The project is a major investment in the education and welfare of students and staff, providing the very latest in interactive technology and support services.

All four levels of the library, which is also open to the general public, will be completely refurbished, along with the plant room on level 5. The first phase focused on the redevelopment of levels 1 and 2.

The upgrade includes a new café and extensive facilities aimed at the comfort and convenience of students and the staff who work in the building.

More than £200,000 has been spent on new furniture for the library, while the interior design scheme is contemporary and incorporates the colours in our branding to create distinctive areas.

A new feature on Level 2 of the Library is a 'creative design suite' - a multi-purpose room somewhere between a 'maker space' and a 'Google war room'.

Laptop lockers and charging stations have been included in the concept, while the introduction of acoustic partitions and acoustically absorptive materials have been used strategically throughout the library to cut down on intrusive sound levels.

Students and staff were consulted throughout the process via surveys, comment cards and focus groups.

The University worked with a range of expert advisors and contractors: ADP, Pick Everard and Kier Construction.

New £3.5m state-of-the-art science labs

When our new £3.5m science laboratories were unveiled in May 2017, they were hailed as an "investment in the future of Scottish science".

Officially opened by Professor Dame Anne Glover, a distinguished biologist, an honorary graduate of Abertay University and former Chief Scientific Adviser for Scotland and to the European Union, the facility boasts Scotland's only Consumer Experience Laboratory.

The facilities support our Division of Food and Drink – this year named top in Scotland by the Guardian Good University Guide 2018.

The labs have four distinct areas to support the teaching and research of the Division, which is part of the School of Science, Engineering and Technology.

In addition to providing a cutting edge teaching and learning space, the labs also support external business projects such as food testing, consumer and sensory testing and product development for a range of sectors.

The Consumer Experience Laboratory is made up of 12 climatically controlled booths for the sensory analysis of food. A preparation and serving room is linked to a kitchen, while a waiting room can be used for consumer experience testing, student tutorials and small group working.

The New Product Development Laboratory houses pilot scale food manufacturing across a range of food processes and industries.

Featuring two labs, a large teaching area is used by the forensic science and biomedical science divisions, while the final space – a learning/social area – is multi-purpose and includes an 84-inch screen and seating.

Students assisted in the design of all labs, helping to shape both layout and decorative features.

Dame Anne said: "By building these labs Abertay has invested in the future of Scottish science and these new facilities will undoubtedly benefit students and researchers for years to come."

"The importance of STEM subjects cannot be overestimated and it's fantastic that such a well-appointed resource will be placed at the disposal of the next generation of scientists."
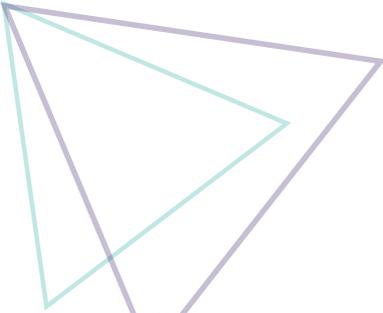
Our academic operating structure is based on five Schools:

The **School of Design and Informatics** is home to Abertay's world-renowned computer games courses, which were this year ranked number one in Europe at undergraduate level and in the global top ten at postgraduate level (according to the Princeton Review). With state-of-the-art facilities including the largest Sony Playstation lab in Europe and the Centre for Excellence in Computer Games Education, the School is a recognised international leader in this field and was the first to achieve Creative Skillset accreditation for games courses. This year marks 20 years since Abertay took the pioneering step of becoming first in the world to offer computer games degrees. The School was also first to develop courses in ethical hacking. Benefitting from extensive links to industry and a pedagogy that emphasises collaboration and working across disciplines, our graduates have shaped both the UK games sector and the cultural identity of Dundee.

The **School of Science, Engineering and Technology** blends teaching, research and business innovation in areas including Natural and Built Environment, Food and Drink, Forensics and Biomedical Sciences. With bespoke new labs created at a cost of £3.5m this year, the School is top in Scotland for both Food and Civil Engineering courses (Guardian University Guide 2018). Home to the Urban Water Technology Centre, which provides international wastewater consultancy and management support, the School has a broad range of clients across the world from local authorities to manufacturers and private sector companies. Our Civil Engineering course is the only one in Scotland to offer a guaranteed work placement - an employability-focused approach that has seen our students work on prestigious projects such as V&A Dundee and the Queensferry Crossing. In the School's Food Innovation Centre and the Consumer and Sensory Testing Scotland Centre, local, national and international businesses have the ideal facility for new product development, product reformulation and consumer evaluation and analysis.

The **Dundee Business School** offers Business, Marketing and Accounting expertise in addition to a Law Society of Scotland accredited Law degree. Housed in the historic Old College section of the campus, the School has well-established links with a host of high profile and blue chip companies, ensuring students enjoy access to the working methods of premium employers. Through the School's Innovation for Global Growth scheme, students get the chance to pitch their business solutions to multi-national firms such as Heineken and the Bank of Scotland. Programmes of study are informed by contemporary circumstances and emerging trends. Students were recently involved in a project to create the 'call lab of the future' for BT, which saw them introduce gamification to the working day. The case study can be found on page 32, later in this report. The Division of Law recently achieved a 100% rating for student satisfaction in the National Student Survey 2017.

The **School of Social and Health Sciences** provides a diverse range of courses. Featuring an extensive suite of tailored sports programmes, the Division of Sport and Exercise covers all aspects of the sector, including coaching, management, conditioning and health, and offers the Elite Athlete Development Programme for students competing at a high level. The School also hosts the Dundee Academy of Sport, which uses sport as a vehicle for engaging young people in education. All Psychology courses are accredited by the British Psychological Society and our Criminology course was rated 100% for student satisfaction in the National Student Survey 2017. The Division of Mental Health Nursing and Counselling has strong links with the NHS and delivers a selection of distinctive programmes approved by the Nursing and Midwifery Council, COSCA and BACP.
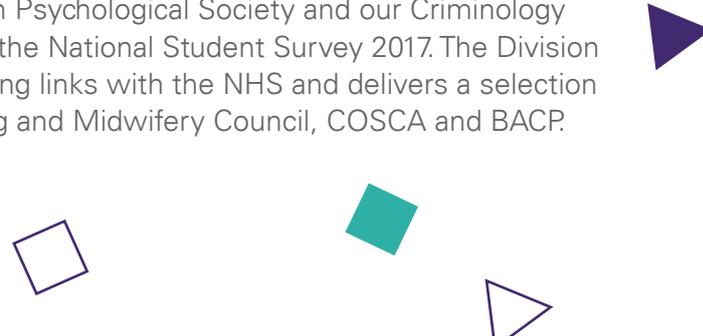
	Staff Full-time equivalent	Students Full-time equivalent	Expenditure
Design and Informatics	41.7	1,054	£2.4m
Science, Engineering and Technology	42.5	648	£3.3m
Dundee Business School	34.8	625	£2.1m
Social and Health Sciences	60.3	1,139	£3.6m

The Graduate School is a unique postgraduate community where students are provided with access to personal work stations and staff support in a multi-disciplinary environment. A purpose-designed forum where researchers and postgradutes come together to work, learn, collaborate and socialise, the School grants membership to all students engaged in postgraduate study at Abertay. From projects developing seaweed crisps to computer games programmes used for cancer diagnosis, the School supports the University's research community as a whole. In addition to providing a work space, Graduate School staff organise and run consultancy and training sessions for students, equipping them for further study, media contact and the world of work.

The Schools are supported by our Services:

	Staff Full-time equivalent (establishment)	Expenditure
Information Services ICT services, corporate information systems, library customer services, library learning and research services, infrastructure services, technical and business services.	52	£3.1m
External and Corporate Relations A new Directorate which encompasses our work in Student Recruitment - UK and International, Marketing and Communications, Alumni and Development and Business Engagement.	30	£2.0m
Estates and Campus Services Covering all aspects of estates and facilities management, student residences and the Student Centre (hospitality and catering). The Service is also responsible for health and safety, business continuity and corporate insurance.	57 (excluding commercial services)	£1.6m (estates function only – it excludes £1.0m commercial and £1.7m premises and depreciation)
Academic Registry Admissions, registration, student records, examinations, timetabling and student data.	20	£1.1m
Finance and Research Services Finance, purchasing, procurement, pre- and post-award research administration.	14	£0.8m
Student Services Student experience, equality and diversity, the Career Development Centre, student counselling, student funding advice, study skills support, the Abertay Language Centre and associated programmes, disabled student support, international student support and the Chaplaincy.	21	£0.8m

Human Resources Our HR function, and responsible for taking the lead in the University's development as an organisation.	8	£0.6m
Teaching and Learning Enhancement Responsible for overseeing the development and implementation of the Teaching and Learning Enhancement strategy and related plans.	6	£0.4m
Planning Responsibilities include developing and monitoring the University's Strategic Plan, internal planning processes and the University's Outcome Agreement with SFC.	4	£0.2m
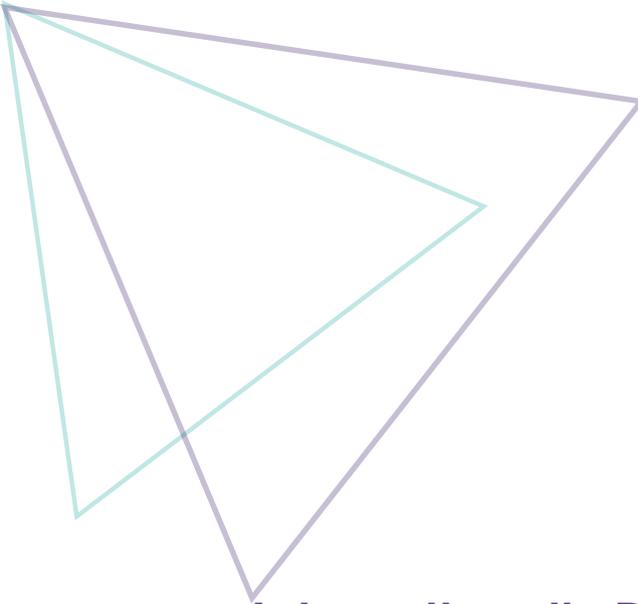
Our
Business Model

Internationally Recognised Research and Impact

Our strategy

Our Research and Knowledge Exchange strategy 2013-18, called R-LINCS (Research-Led Innovation Nodes for Contemporary Society), bridges conventional boundaries between research disciplines and devises innovative approaches to address societal challenges.

R-LINCS integrates our research into a single Abertay-wide initiative designed to exploit the fact that Abertay is a compact and focused institution. Our size enables us to work effectively within and across departmental and discipline boundaries to create an innovative and sustainable environment for research, to drive development of new research areas, and to strengthen disciplines through cross-fertilisation.

Our ambitious five-year plan to build capacity and drive interdisciplinary research and innovation is being stimulated by significant investment. Strategic research activity is focused around themes to address key local, national and international priorities, and to build on our existing areas of expertise and our industry-facing heritage.

The strategy framework:

- Builds critical mass and facilitates research management through focussed themes, fostering excellence, identifying new research and knowledge exchange opportunities, and increasing funding by leveraging existing strength.
- Stimulates excellence in interdisciplinary research and knowledge exchange with societal and economic impact through the appointment of leading academics.
- Supports the development of researchers to be adaptable and flexible in an increasingly diverse and global research environment through the provision of mentoring, researcher training, and open-access publication support.
- Established a pan-University Graduate School (referred to above) offering an integrated training programme to research students and students on taught postgraduate programmes within a single centre, thereby serving to inculcate interdisciplinary working in our next generation of researchers
- Provides targeted internal support for research students through doctoral scholarships to stimulate new intra- and inter-theme developments appropriate for a contemporary research landscape.
- Provides support for enterprise and innovation by way of proof of concept funding for small-scale research and knowledge exchange projects.
- Develops further strategic collaborations through national and international academic and industrial research and knowledge exchange alliances.
- Facilitates interaction with public engagement channels.
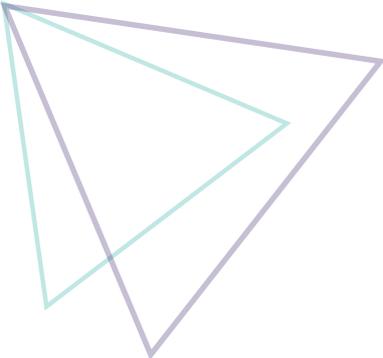
Our research themes

CREATIVE INDUSTRIES

Our Creative Industries theme builds on established relationships with some of the world's leading technology manufacturers, digital content creators and service providers to undertake research and development, knowledge exchange and collaborative content creation. Our Creative Industries research activity aligns with three broad and overlapping areas:

• Games Research: we focus on innovation in games development including inventive multiplayer virtual reality experiences, and theoretical and critical understanding of design and development practices. For example, we explore the interface between performance and play, quantify the player experience scientifically, and examine the novel application of play in other contexts, especially in digital security and healthcare.

• Digital Cultures: we investigate the application of interactive media in cultural contexts to inform and entertain, and we develop new curatorial, exhibition and archival practices. We also develop innovative ways to engage audiences with the cultural impact of digital technologies, with heritage and preservation research, and with practice-based creative research.

• Digital Living: this strand involves the consideration of the social and economic impact of the digital creative industries, including how new forms of creativity and approaches to product and service innovation have resulted in new social behaviours in online communities, and in new forms of collaborative working.

ENVIRONMENT

The Environment theme combines research in environmental science and engineering, food science and innovation, environmental, sustainable technologies and systems biology to deliver the solutions needed to address contemporary global environmental challenges.

We have developed model systems to explore how microbes affect biowaste treatment and food production. This modelling also applies to new methods to incorporate sustainability assessment within the decision-making process for urban planning, and to new techniques for pollutant disintegration. Our food and drink research explores consumer experiences and preferences in the context of new product development and food processing technologies. Our cancer systems biology work integrates experimental data streams and complex systems modeling to unravel the complexities of anti-cancer drug action and drug resistance. The work we do on sustainable urban drainage systems and waste water treatment continues to contribute to engineered solutions to urban pollution, where some of that pollutant can be converted back into useful energy.

SECURITY

Our strategic approach to the security challenges of the 21st Century is an interconnected and interdisciplinary platform based around cyber security, forensic psychology, forensic science, and law.

For example, the development and availability of new technologies is frequently accompanied by increasingly sophisticated criminal activity and organised crime. It is important to consider cyber security in the development of new technology so that secure features are embedded at the outset, as well as being able to continue

to test the security of cyberspace as new technological advances are made. Forensic psychology plays an important role in all aspects of the legal system by drawing on many areas of psychological science. Our researchers focus on child forensic interviewing, eyewitness memory, effective police training and guidelines, legal issues surrounding vulnerable victims, multiplex video environments, CCTV, camouflage, and individual differences.

SOCIETY

Society is the broad research area where we investigate the complex and rich nteractions that people have with each other, between societies and groups, how concepts and ideologies affect each other and our world, what the impact of technology is and will be, and what both individual actions and public policies might result in. The field includes business and law, mental health and wellbeing, media and culture, psychology, sociology, and sport and leisure.

Our researchers are doing groundbreaking work on the benefits of high-intensity exercise. Others are conducting research into approaches to ethical treatment in our health systems, and one group has received much prominence for work concerning the circumstances surrounding missing children and adults. Much of our work in the society theme is interdisciplinary, including the application of science to learning in school classrooms, in which we examine the outcomes of custodial versus community sentencing, and also where we investigate memory development and literacy acquisition in children.

Comparative studies that we are conducting, such as the evolution of tool use, have forward looking implications. This of course is a common thread for all of our research in this theme.

Research Excellence Framework (REF2014) – our internationally recognised research

The most significant external assessment exercise for British universities is the Research Excellence Framework (REF). REF is carried out periodically and considers the quality of outputs (papers, conferences, exhibitions etc.), the impact of our research beyond academia, and the environment within which research takes place. REF is commissioned by the four UK higher education funding bodies.

The outcomes of REF 2014 were published in December 2014. The results for Abertay were very encouraging. Our overall score rose by almost 18% compared with the previous national Research Assessment Exercise in 2008 (RAE2008) and we scored some significant successes in individual subjects with increases in the proportion of research judged to be 'internationally excellent' or 'world-leading'.

We chose to submit more staff, and to more subject areas, than we did in RAE2008, reflecting our inclusive and growing research community, expanding into new areas. This is central to our long-term plan to embed a research-led culture right across Abertay, underpinning everything we do in research, knowledge-exchange and especially teaching. The overall improvement in REF2014 was particularly pleasing as our explicitly interdisciplinary research strategy potentially hampered success in a subject-driven assessment process.

Our overall score was 2.15, which REF2014 describes as 'quality that is recognised internationally in terms of originality, significance and rigour'. This is a significant step-change from the 1.83, 'national recognition', we achieved in RAE2008.
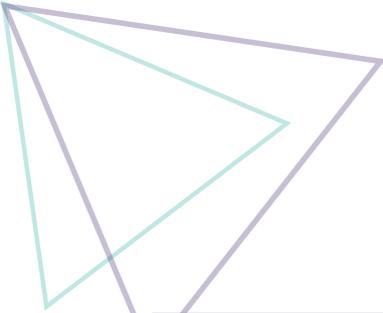
Unit of Assessment	REF2014	RAE2008
Psychology, Psychiatry and Neuroscience	2.73	1.70
Sports and Exercise Sciences, Leisure and Tourism	2.53	-
Earth Systems and Environmental Sciences	2.51	2.40
General Engineering	2.08	1.95
Sociology	2.00	-
Law	1.63	2.00
Biological Sciences	1.60	-
Overall	2.15	1.83

REF2014 ranked research in each Unit of Assessment (UoA) on a four-grade scale, with 3* equating to 'internationally excellent, and 4* equating to 'world-leading'. This table gives the proportions of research graded 3* and 4* in each category to which we submitted:

Unit of Assessment	3*	4*
Psychology, Psychiatry and Neuroscience	51%	12%
Sports and Exercise Sciences, Leisure and Tourism	19%	19%
Earth Systems and Environmental Sciences	48%	2%
General Engineering	20%	3%
Sociology	17%	5%
Law	9%	0
Biological Sciences	13%	2%

The table shows that almost two-thirds of Abertay's psychology research and more than half of its sports science research and environmental research is rated as 'internationally excellent' or 'world-leading'.

Also significant was the fact that we scored a proportion of research as 4 in six of the seven UoAs in 2014.*

Even more significantly, an alternative ranking of the results by Times Higher Education maps performance against the proportion of eligible staff submitted, to counter the tactic used by some universities of getting a high score with a small submission and thereby to create a level playing field. This analysis puts Abertay at 76th equal in the UK, part of the leading group of modern universities and ahead of some older universities as well as the other Scottish modern universities.

You can find the full results at http://www.ref.ac.uk/

In total, Abertay submitted 36% of its academic staff to REF 2014; compared with only around 22% submitted by the other five modern universities in Scotland. We believe that an Abertay student now has a better chance of being taught by an academic of international or world-leading quality than at most other modern universities in Scotland. We are determined to use that advantage to deliver the truly exceptional quality of learning experience that is our central aim and purpose.

The next REF, REF2021, assesses research activity until December 2020.

R-LINCS strategy review

In recognition of the importance of the coupling between R-LINCS operation and REF 2021 success, earlier this year the University Executive commissioned an externally-led intermediate review of our R-LINCS strategy. The review considered progress against the outcomes set out in the bulleted list describing the strategy framework above. The review was informed by both data, i.e. research income and research student registrations and completions, and discussions with the Head of the Graduate School and groups of staff and students from across the University including early career staff, established academic staff, support staff and postgraduate research students.

The review found that the R-LINCS strategic framework is robust in the face of a challenging external landscape and should lead to the intended outcomes. The Graduate School was identified as a very significant and positive development for Abertay, notably in recognising of the importance of post-graduate research students to the research culture of a university. The Graduate School was seen as enhancing the regulation, control and visibility of postgraduate research within Abertay. Training and development were also reported as notable improvements.

A number of recommendations were made including the establishment of a Head of Research, increasing commitment to staff development for research, consideration of ways in which staff time can be released in substantial blocks for research activity, and long-term commitment to the strategy.

Our research is recognised as being of the highest quality, but we make more than just an academic impact.

The following case studies show how the work of our researchers also makes a real difference to economies, societies and cultures across the globe, tackling challenges and finding new ways forward for governments, businesses and communities.

- **Public engagement** where we communicate to the public with the ultimate goal of bringing about positive change or benefit.
- **Policy engagement** where we are able to influence policy debate and decision making.
- **Industry engagement** where we enable future innovations that can be taken to market by industry.

Knowledge exchange between academia and public services and the third sector is central to the delivery of key societal and cultural benefits. It does not always lead to immediate or direct commercial benefits.
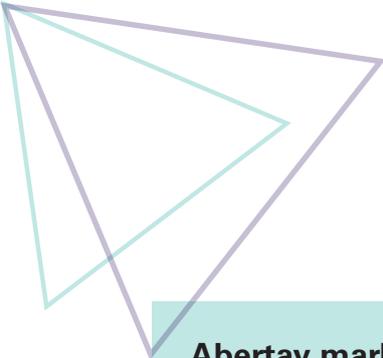
Abertay marks 20 Years of Games

2017 marks 20 years since Abertay became the first university in the world to offer degrees in computer games. We have not only been a global leader in games-related teaching and research over that period, but have helped create the standards by which others are measured.

Through early recognition of the huge potential of the market, and the boldness to invest in games programmes year after year, we have cemented our place as the home of games education and are recognised as the top destination in Europe for undergraduate degrees (Princeton Review).

An innovative approach to teaching and learning - mixing art with technology and students with industry is at the heart of the University's two decades of success in the field.

We have embedded links to industry in our games courses and developed workplace simulation – which has become accepted as best practice – where students from across disciplines work to create games in the same space and in a collaborative way, just as they would in a professional studio.

Investment has been part of a strategic focus to position the University as the premier destination for computer games education and the courses gaining accreditation from Creative Skillset.

Lord Puttnam, founder of Creative Skillset said: "The University has been the pioneer institution for UK games education since it became the first in the country to offer degree courses. Recognising the business and cultural potential of the industry at a time when some in the higher education sector viewed it with scepticism, the University has stayed the course and its far sighted decision to invest has been wonderfully rewarded."

A programme of celebrations to mark '20 Years of Games' has been running across the year.

International Conference on Missing Children and Adults staged at Abertay

The University hosted the 3rd International Conference on Missing Children and Adults this year – the first time it has ever come to Scotland.

The Conference included talks and workshops by police experts, academics and policy makers from across the world including Hong Kong, Canada, Israel, the Netherlands, Australia, South Africa, Belgium and the US.

Police Scotland chose the conference to unveil the first ever full dataset of 'missing' statistics, which showed that nearly 22,000 individual investigations into missing people are carried out every year.

Assistant Chief Constable Andy Cowie was at Abertay to officially unveil the research which also revealed that over half of those who go missing in Scotland do so repeatedly.

Held on June 14-16 2017, having previously been staged in Brussels and Portsmouth, the conference was organised by sector expert, Abertay's Dr Penny Woolnough, and drew national media attention.

Dame Sue Black of the University of Dundee and DNA specialist Dr Susan Hitchin of Interpol were keynote speakers.

Topics included psychological distress in relatives of missing persons, missing children in migration, parental alienation and links between repeated runaways and sexual exploitation.

Other areas included the identification and recovery of bodies, human body movement in water, underwater decomposition, responses to young runaways in Tayside and coping with Dementia-related 'wander-walkers'.

The use of technology in missing person cases was also explored, as was a concept analysis of going missing and a look at the cultural space between life and death.

The event is a strong example of Abertay's partnership working, with the Scottish Institute for Policing Research, Police Scotland and the Centre for the Study of Missing Persons at the University of Portsmouth all involved in staging the conference.

Dr Woolnough said: "I was delighted we were able to host this prestigious conference here at Abertay.

"The backing the University provided is testament to an ongoing commitment to high quality research and knowledge exchange as well as a commitment to tackling important social issues such as 'missing children and adults.'"
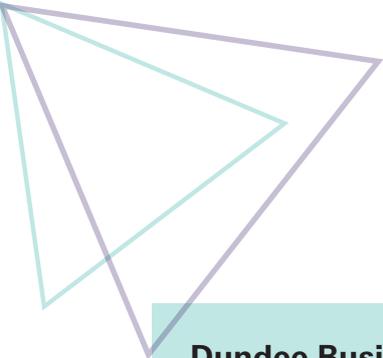
Dundee Business School students design lab in Innovation for Global Growth (IGG) partnership

Students from our Dundee Business School designed a futuristic 'Customer Experience Lab' for media giant BT this year.

Utilising computer games technology, the students embraced a challenge to reinvent the traditional customer contact centre, incorporating an array of innovative customer service solutions.

The project was part of Abertay's IGG, which provides students with an opportunity to interact with business as innovation and business consultants, providing fresh solutions to business problems.

After being given a brief to 'rip up the rule book', the Abertay group applied fresh thinking to the workplace layout and the use of technology.

A 'product bench' with working versions of BT's products, which advisors can use during conversations with customers was included in the design.

BT also utilised wireless headsets and the use of 'gamification' to provide engaging training opportunities.

Since the Dundee lab opened its doors the newly-trained BT team has handled more than 3,000 calls from small and medium-sized business customers across the UK.

Organisations including Heineken, Michelin, Royal Bank of Scotland, Tokheim, the NHS, Thorntons Solicitors and Perth & Kinross Council are among those to have taken part in IGG, helping students to apply their studies to practical problems faced by businesses, before pitching their solutions back to each company.

Charlie Malone of the Dundee Business School, who leads IGG said of the BT collaboration: "Abertay has a fantastic working relationship with BT and the success of this project demonstrates what can happen when companies place faith in the creativity and fresh ideas of our students.

"With a major focus on collaboration with industry and across academic disciplines, Abertay does things differently, and the use of gamification in this workplace of the future is a prime example of how that approach can produce incredible results."

Sector-leading Intellectual Property (IP) policy

In 2016 we launched a transformative IP Policy to make it easier for our research and knowledge exchange base to be exploited, to contribute a significant positive change to Scotland's priority economic sectors and to play a leading role in the innovation improvement agenda. We are committed to a research strategy which delivers real world solutions to end users.

We are the first university in Scotland, and one of the first in the UK, to grant both students and academic staff ownership of the IP that they create (except in specific defined circumstances or where agreed with an external funder).

We believe the inventors are better placed to identify potential end-users and applications for their research and knowledge. Our new policy removes a barrier to working with businesses who have long argued that negotiation of IP rights with universities slows down and/or prevents collaboration. This will increase the application of research and knowledge to address real-world problems and to stimulate innovation in Scottish SMEs and the wider economy.

As a modern, business-facing university we deliver local, national and international research and knowledge exchange which focusses on the needs of businesses and other end-users. We build upon our expertise in food technology, environmental management and computer games and apply this to a broad range of industries.

Our Performance

Progress in Delivery of our Strategic Plan

Here we summarise our performance, using the Key Performance Indicators linked to our Strategic Plan 2015-20 as a guide. We regularly review our strategic planning assumptions and KPIs with the Executive Group, senior managers and Court.

		KPI	Target 2020	Current assessment
Choosing our own path	1	% students satisfied with the overall quality of their course [NSS]	89%	On track to achieve
	2	% of staff who would say the University is a good place to work [from staff engagement survey]	89%	Currently below benchmark. A range of actions are underway to address issues which emerged from the last (2015) survey. Improvement expected by 2020. Next survey due Autumn 2017
	3	annual operating surplus as % of total income	3%	On track to achieve for 2020
	4	league table position - Guardian	3rd quartile	Achieved and on track to maintain
Recognising & developing potential	5	% of Scottish-domiciled under-graduate entrants from the 20% and 40% most deprived postcodes	35% ALL SIMD40	This KPI is in line with the SFC national measure included in our outcome agreement. Therefore it is focused solely on the postcodes of entrants. On this measure alone we exceed the SFC and Scottish Government targets for SIMD 20, however in 2016-17 we were slightly below the 2020 target we set.

This measure however does not include many students who experienced educational disadvantage but who are not living in an SIMD20 postcode at the time of application. Our contextual admissions policy recognises a number of forms of educational disadvantage and our analysis shows that only a third of entrants who meet these criteria are from SIMD20 postcodes. As a result, Court has now agreed to add an additional KPI to monitor the number of 'contextual' entrants. Taking into account both the SFC |

	KPI		Target 2020	Current assessment
Recognising & developing potential				SIMD20 measure and evidence of other disadvantage recognised by our admissions policy, 26% of entrants in 2016-17 were from disadvantaged backgrounds, increasing to 35% if those from SIMD40 areas are also included
	6	% Scottish-domiciled entrants articulating with advanced standing	27%	Achieved. We have consistently exceeded the 27% target. Court agreed to increase target to 30%
	7	% of undergraduate entrants still in higher education after one year (HESA)	94%	Currently one percentage point below benchmark. Action to support the retention of students is a priority in the Operational Plan with a range of new measures in place for 2018
	8	% of undergraduate students projected to receive a degree (HESA)	80%	Currently below benchmark. The 2020 target may be difficult achieve. This indicator has been showing a year-on-year improvement but dropped slightly in the most recent data (relating to students in 2014-15). Performance in this measure is linked to improving retention after one year (measure 7). And action to support the retention of students is a priority in the Operational Plan with a range of new measures in place for 2018
Expanding horizons	9	% of graduates in employment or further study (HESA PI)	94%	Currently on track. The most recent indicator (published in July 2017) continues to show improvement with 93.7% of graduates in employment or further study. Although our benchmark has also increased to 94.1%, this is the highest score we have ever recorded on this measure. Improving employability is also a priority in the Operational Plan with a range of actions in place
	10	% of graduates in graduate-level employment (HESA data)	75%	Target may be difficult to achieve. Performance dropped slightly to 61% in the most recent data. This partly reflects the nature of the local employment market. Action to support employability identified as a priority in Operational Plan with new measures in place for 2018

	KPI		Target 2020	Current assessment
Expanding horizons	11	Number of students taking up work experience opportunities		The method of measuring this data is being reviewed but the Operational Plan reinforces our commitment to provide opportunities to all students
	12	International students as % of student population	7%	Currently below target. Will be difficult to achieve given the external environment and the impact of Brexit and a possible further tightening of UK immigration policy
	13	Postgraduate taught students FTE	300 FTE	Currently below target. Will be difficult to achieve based on current projections although activities are under consideration to increase recruitment
Working in partnership	14	Retention/completion rate for entrants articulating to Abertay at stages 2 and 3	In line with overall retention rate	Currently slightly below overall retention rate. Like to achieve by 2020 though improvements in support can take time to have impact due to the four year student cycle
	15	Number of alumni involved in mentoring programme		On track to increase number year on year
	16	Staff survey: % of staff who think communication in the University is effective	61%	Currently below benchmark. A range of actions are underway to address issues which emerged from the last survey. Expect to see some improvement by 2020. Next survey due Autumn 2017
Making our knowledge accessible	17	Total research grant and contract income	+ 10% £1,370k	On track to achieve. Current projection shows us exceeding target
	18	Total income from knowledge exchange activity (as reported to SFC)	+ 10% £1M	Income dropped in 2016 but current projections show target is likely to be achieved
	19	Number of citations	4,500	On track to achieve. Significant increase in last two years

Student Numbers

	2016-17 FTE					2017-18 Provisional FTE				
	Home	Other EU	RUK	Intnl	Total	Home	Other EU	RUK	Intnl	Total
Undergraduate	2,723	455	139	28	3,344	2,800	550	125	26	3,501
Post Graduate Taught	122	57	3	23	205	75	115	2	32	224
Post Graduate Research	53	12	1	29	93	55	20	0	24	99
Total	**2,897**	**523**	**143**	**80**	**3,643**	**2,930**	**685**	**127**	**82**	**3,824**

SFC funded places

— funded places — students eligible for funding
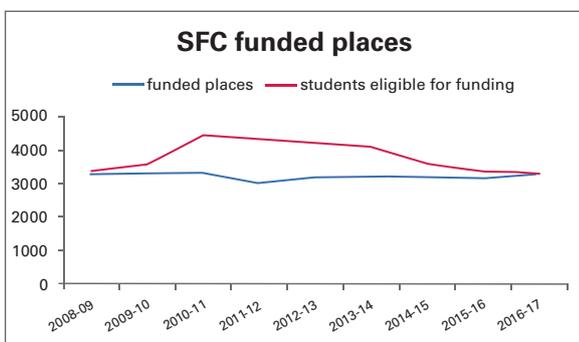
Our SFC-fundable (Scottish and other EU) student numbers were 4,443 in 2010/11, over 1,000 FTE more than the number of student places funded by the SFC. We took a decision to reduce the total number of students in order to improve the student experience and to bring the number of students in line with our funded places.

Our current policy is to maintain SFC-fundable student numbers to within 10% of SFC-funded places.

In 2016/17 the number of students was around the same as the number of places. We expect to increase our intake of SFC-fundable undergraduate students in 2017/18 to bring the total number of students to 5% above SFC-funded places, creating a buffer. Preliminary student numbers suggest that this has been achieved

- SIMD 20 contextual entrants
- other SIMD 20 entrants
- contextual entrants not SIMD 20
- all other SDUEs

26% of Scottish entrants from SIMD 20 areas or meet the criteria of our contextual admission policy
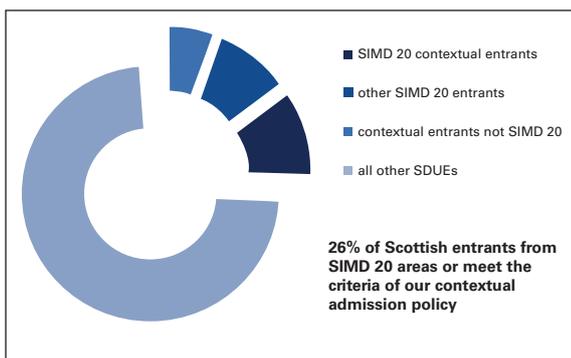
As in previous years, around a quarter of our Scottish entrants were from disadvantaged backgrounds.

16% of entrants met the criteria of our contextual admissions policy which recognises a number of forms of educational disadvantage.

15% of entrants came from one of the most deprived postcodes areas (SIMD20). This exceeds the Scottish Government's target for universities to ensure that at least 10% of entrants are from SIMD20 areas by 2021.

Scottish UG entrants by stage of entry

- entrants to stage 1 — 65%
- entrants articulating with advanced standing to stages 2 or 3 — 30%
- other direct entrants to stages 2, 3 or 4 — 5%
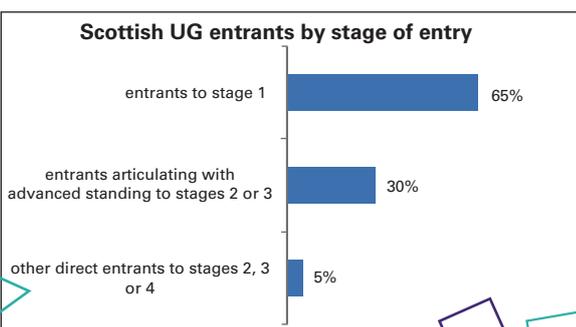
35% of Scottish entrants join Abertay in year 2 or 3 of a degree. 85% of our HN entrants articulated with full credit. This compares favourably to the SFC target which is for the proportion of HN entrants across the sector entering university degrees with full credit for their HNQs to increase from 49% 2016-17 to 75% in 2025-26.
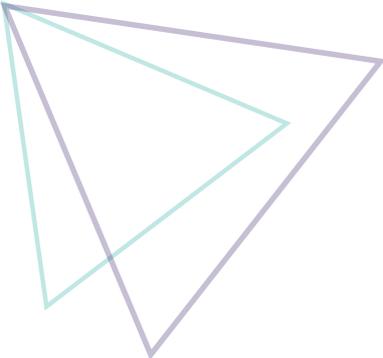
Equality Mainstreaming

For us equality and diversity is recognising and valuing that everyone is different and respecting and encouraging those differences to bring about improvements for organisational and societal benefit. People with different backgrounds, experiences and attitudes bring fresh ideas and perceptions and a diverse organisation such as that at Abertay can draw upon the widest range of experiences in order to better serve our staff, students and community.

Our mainstreaming report sets out the key areas in which we have progressed over the past four years, under the outcomes of:

- General duty (Public Sector Equality Duty)
- Gender
- Disability
- Race equality
- Faith and belief
- LGBT+
- Age
- Pregnancy and maternity

You can read the full report here: **https://www.abertay.ac.uk/media/equality%20mainstreaming %20report%202017%20with%20cover%202.pdf**

We have undertaken in-depth equality analysis, including pay gap analysis, for several years as part of our commitment to advancing equality and diversity. We see this as an important part of understanding our staff profile and where the equality and diversity challenges lie.

We recognise gender imbalances and in particular the drop-off in the proportion of women in senior academic roles is a significant challenge for the University and for higher education in general. Our Strategic Plan includes a specific objective in relation to advancing gender equality and we are members of the Athena SWAN Charter, which promotes advancement of gender equality, representation, progression and success for all. We achieved a University Bronze Athena SWAN award in 2014 and our Schools are working towards departmental awards. We have implemented a number of initiatives to support women's career progression, for example supporting a number of female staff to participate as delegates and role models, in the Aurora leadership programme for women in higher education and running two Women in Engineering conferences.

Our commitment to equality and diversity was recognised further in 2016 when we were the first university in Scotland to be awarded the Race Equality Charter Mark. As part of the application process, we developed a race equality action plan, which is now being embedded into our overall Equality Action Plan, **https://goo.gl/UkoDkf**.

We have a comprehensive Equality Action Plan covering the full range of protected characteristics including a range of initiatives and provisions to ensure equality and promote diversity and good relations for staff, students and the wider University community. For example, we offer internal promotion workshops for academic staff; all staff are required to undertake unconscious bias and diversity at work training and we are implementing an innovative 'Lead Voices' initiative to ensure that the views and needs of the different equality groups are heard and addressed.
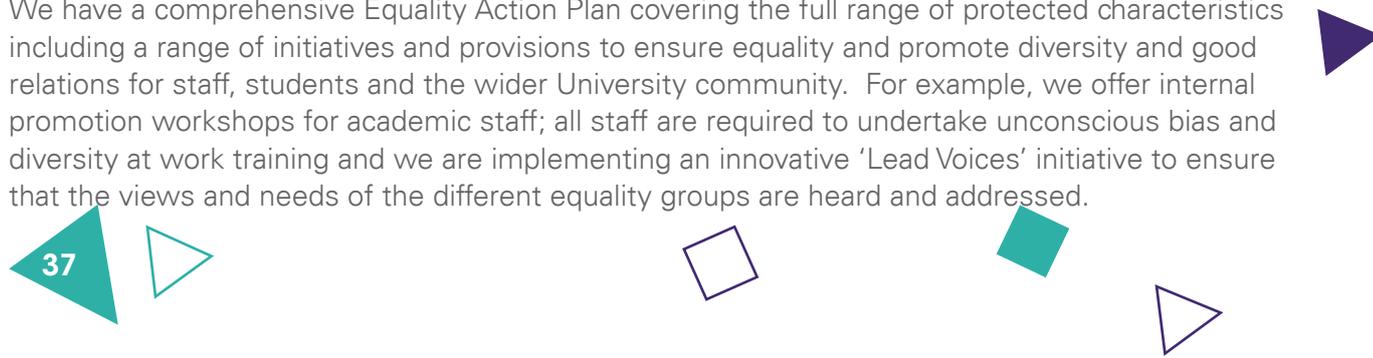
Research Performance Metrics

Funding for research is administered under a dual-support scheme. Under this system, the SFC provides annual funding in the form of a 'block grant', and the UK Research Councils (and a range of other bodies including other UK government, EU, charitable and industrial partners) provide funding for specific research projects and programmes. We received £2.4m of research funding in 2017 - £1.2m in the form of a block grant from the SFC, and £1.2m for specific research projects.

There are four elements that contribute to the calculation of the £1.2m block grant:

- A quality-related research grant, using the results of the last REF (£581k).
- Contribution towards meeting full economic costs for projects funded by the UK Research Councils and other competitively funded research (£78k), and a contribution towards meeting full economic costs for charity-funded research (£41k), both allocated in proportion to the amount of research income each university receives. It is important to note that, despite these contributions, funding for specific projects falls short of the full cost of carrying out the research.
- A research postgraduate grant, distributed in line with the average of research postgraduate student numbers for 2014 and 2015 (£258k).
- Funding from the University Innovation Fund, to support the reform and simplification of the innovation support landscape in the university sector, in line with Scottish Government priorities (£295k).

In 2017 the funding formula was in transition and our grant was £55k less than the amount indicated by the formula. The full formula will be applied from 2018.

Our portfolio of specific research projects is analysed below:

Research Project Income
(in the financial year £m)
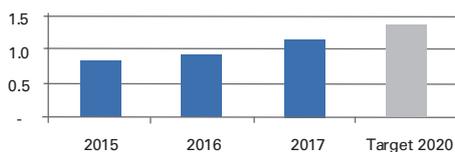
Total research project income has continued to increase year-on-year towards the 2020 target of £1.4m. Income in 2017 was 27% higher at £1.2m (£0.9m in 2016).
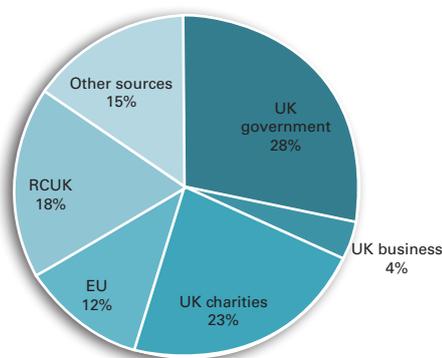
Public funding accounts for 58% of specific research projects (UK government, UK Research Council and EU). This is lower than last year (62%) due to the timing of large grants and growth in charitable and other sources of research income.

Future Project Pipeline
(awards won in the financial year £m)

	2016	2017	Target
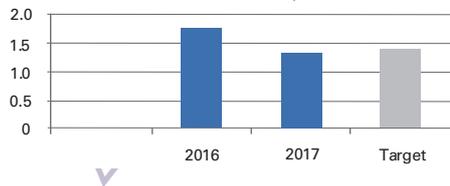
The value of applications increased from £7.0m in 2016, with a 27% success rate, to £9.5m in 2017 (on a like for basis) and a 19% success rate. £2.2m of the 2017 applications are still pending. If successful, this will increase the 2017 value of the awards won.

A further two applications valued at £7.1m were submitted in 2017 under the RCUK Global Challenge scheme but were unsuccessful.

Number of Citations
(calendar year)

| 2015	2016	2017 7/12ths	Target 2020
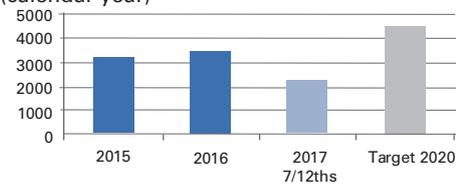
The number of citations increased by 5% in 2016, following a 6% increase the previous year. Part way through 2017 we are on track to exceed the 2016 number.

Financial Review

Highlights of 2017:

Total revenue (£m)

	Core (inc SFC Grant, Tuition Fees)	Other (in/out)	
2020	29.1	4.1	33.2
2019	28.5	3.7	32.1
2018	28.4	3.8	32.3
2017	29.2	5.5	34.7
2016	29.1	5.2	34.3
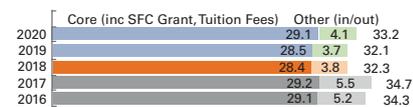
54% 2017

Core SFC recurrent grant as a percentage of total income
55% 2016

Student numbers (FTE)

2020	
2019	4100
2018	3824
2017	3643
2016	3818

2% 2017

Percentage of international students
3% 2016

Staff numbers (FTE)

	Academic		Support	
2020	193		232	425
2019	192		236	428
2018	188	5	243	436
2017	186	10	268	464
2016	175	11	285	471
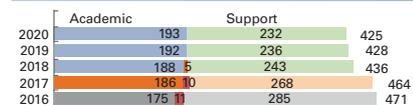
69% 2017

Percentage of annual income invested in staff costs
66% 2016
*Dundee Academy of Sport

Underlying Surplus (£m)

2020	1.0
2019	0.1
2018	0.8
2017	1.1
2016	2.3

3% 2017

Underlying surplus as a percentage of total income
7% 2016

Reserves (£m)

2020	13
2019	13
2018	16
2017	20
2016	21
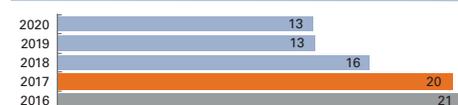
226 2017

Net liquidity days
244 days 2016

Capital Investment Programme (cumulative spend £m)

2020	22
2019	19
2018	14
2017	7
2016	2
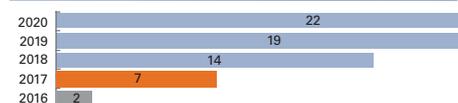
Funding strategy; to use the cash generated from the underlying surplus and disposal of non-core assets to leverage external grants and donations.

The full set of financial statements and notes to the account can be found in the Technical Annex to this Integrated Report.

## Overview of reported and underlying surplus

This is the second year of reporting under the new SORP which required a change in the calculation of surplus to become income after expenditure, the gains / losses from disposal of fixed assets and from investments. The prior-year comparators have been restated.

The focus of our internal management information is underlying surplus, which adjusts the reported surplus for accounting concepts and other one-off items. In 2017 there are three such adjustments:

- Accounting for donations.
- An increase in the value of our investments.
- Pension accounting of our defined benefit scheme.

The underlying surplus is sufficient to generate the necessary cash to meet our current capital plan needs.

	2017 £m	2016 £m
Reported Surplus	1.4	1.7
Add back adjustments for		
Donation Accounting (in income)	(1.1)	-
Investment Valuation (multiple places)	(0.9)	(0.4)
Pension Accounting (in expenditure)	1.7	1.0
Underlying Surplus	1.1	2.3
% Income	3.0%	6.8%
Restructuring within surplus	0.7	0.6

Previously only unrestricted donations were recognised as income. Under the new SORP all new endowments and donations will be recognised as income (upon entitlement). In 2017 we received the first tranche (£1.1m) of a significant personal bequest - later in the report we recognise the life and legacy of Bill Sword.

The new SORP resulted in an increase in the accounting cost of pensions as interest is now charged on the net defined benefit obligation (the difference between the fair value of the scheme's assets and the defined benefit obligation). The amount of the charge can vary significantly from year to year.

Total comprehensive income

A new calculation introduced by the SORP (reported surplus after the actuarial gain/loss of a pension scheme and after other comprehensive income).

	2017 £m	2016 £m
Reported Surplus	1.4	1.7
Actuarial Gain (Loss) of Pension Scheme	0.8	(6.3)
Other Comprehensive Income	-	-
Total Comprehensive Income	2.1	(4.6)

Actuarial gain or loss reflects the extent to which the movements of the assets and liabilities over the accounting year have not been exactly as assumed at the previous accounting date, and also the effect on the liabilities of changes to the assumptions used to value them. This calculation is highly volatile - a gain of £12.4m was reported in 2015 followed by a loss of £6.3m in 2016.

Pension figures presented in this report are only for the purposes of SORP accounting. In particular, they are not relevant for calculations undertaken for pension scheme funding purposes or for other statutory purposes under UK pension legislation.

Income
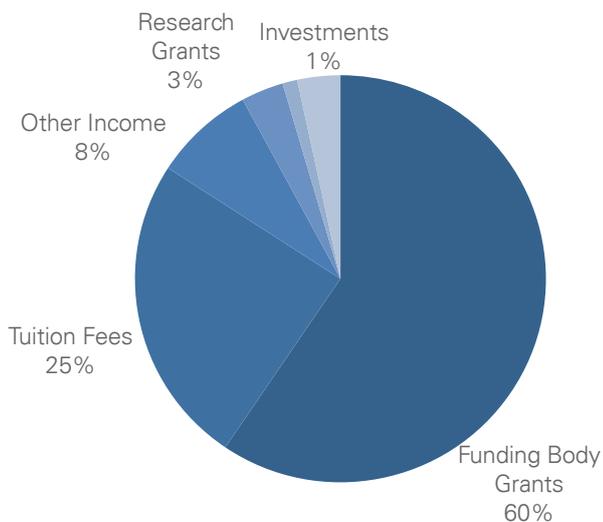
£m	2017 £m	2016 £m	Change %	2015 £m
Funding Body Grants	20.6	21.1	(2%)	21.0
Tuition Fees	8.6	8.8	(2%)	8.9
Other Income	2.8	3.2	(13%)	3.0
Research Grants	1.2	0.9	27%	0.8
Investment Income	0.4	0.3	20%	0.3
Subtotal	33.5	34.3	(2%)	34.0
Donations	1.2	-	n/a	0.1
Total Income	34.7	34.3	1%	34.1

Funding body grants and tuition fees continue to account for over 85% of income.

Our internal management information takes total income and analyses it into core income (tuition fees and the main funding body grants) and other sources of income (mostly money in – money out for specific activities).

Total income has risen 1%; core income is flat at £29.2m and other sources have increased by 4% to £5.5m. When the exceptional bequest is excluded, total income has fallen 2%; core income is flat and other sources have fallen 18% to £4.3m.

The fall in other sources is due to the disposal of a hall of residence (£0.3m of student rents in 2016), the end of specific fixed term funding body grants £0.8m (£0.5m Dundee Academy of Sport and £0.3m Articulation Hub), offset in part by a £0.2m increase in research grant income.

£m – 2017	Total	Core	Other
Funding Body Grants	20.6	19.6	1.1
Tuition Fees	8.6	8.6	-
Other Income	2.8	0.7	2.1
Research Grants	1.2	-	1.2
Investment Income	0.4	0.4	-
Subtotal	33.5	29.2	4.3
Donations	1.2	-	1.2
Total Income	34.7	29.2	5.5

(Core and Other defined in the narrative)

Year on Year Change %	Total	Core	Other
Funding Body Grants	(2%)	2%	(43%)
Tuition Fees	(2%)	(2%)	-
Other Income	(13%)	(8%)	(15%)
Research Grants	27%	-	27%
Investment Income	20%	20%	-
Subtotal	(2%)	-	(18%)
Donations	n/a	n/a	
Total Income	1%	-	4%

William M Sword: A Lasting Legacy

The late William M Sword, entrepreneur, businessman, Honorary Fellow and Honorary Graduate of Abertay, bequeathed to the University a gift that will create a lasting legacy for future generations of students.

William Sword ('Bill') had a wonderful and long connection with the University.

Bill launched his business career selling snacks to students and football fans. In 1949, with his wife Betty, he founded M. & E. Sword, opening a tea bar in what was then Dundee Technical College, our predecessor institution. Bill often said it was this opportunity that helped to launch his entrepreneurial ambitions. Building on the business, he and Betty began renting properties to students and steadily their business interests grew, developing into what was to be a multi-million-pound property portfolio.

In his lifetime, he supported several initiatives and activities at the University, from the Space School and outreach programmes, to endowing a sports prize and helping Abertay develop our research work. His interests were far-reaching and varied but always had at its heart inspiring students and young people.

Bill's generosity is not only a testament to the value and confidence he placed in Abertay and our staff and students, but to his deep sense of purpose to help raise the aspirations of our student community in creative and entrepreneurial ways. We will continue to honour his support with the establishment of an endowment.

It is with deep gratitude that we have established the William M Sword Endowment - a first for the institution. Bill's bequest is a landmark for us and will ensure that his commitment is celebrated, enduring and meaningful.

The return on an investment of this nature will be far-reaching and never ending. We look forward to illustrating the impact of this legacy and to recognising the role that such gifts play in the future of Abertay: helping to ensure the excellence of the University for future generations.

Expenditure

Pie chart segments:
- Pension Service Cost 1%
- Depreciation 5%
- Other Operating Expenditure 24%
- Staff Costs 70%

£m	2017 £m	2016 £m	Change %	2015 £m
Underlying Staff Costs	22.0	21.4	(3%)	
Restructuring	0.7	0.6	(17%)	
Pension Service Cost	1.2	0.5	Big*	
Staff Expenditure	24.0	22.5	(6%)	23.4
Other Operating Exp	8.1	8.4	3%	9.1
Depreciation	1.7	1.7	2%	1.3
Pension Finance Costs	0.5	0.4	(19%)	1.0
Total Expenditure	34.3	33.0	(4%)	34.8

Staff costs continue to account for over 65% of expenditure (70% in 2017).

Our internal management information takes total expenditure and analyses it into core expenditure (running costs of the Schools, Services and infrastructure) and other sources of income (mostly money in – money out for specific activities).

Total expenditure has increased 4%; core expenditure has increased by 12% to £29.9m and other sources have decreased by 27% to £4.4m (in line with other sources of income).

The £2.8m increase in core expenditure is driven by:

- £0.4m of additional depreciation costs as we continue to invest in our estate.
- £0.5m of additional operation expenses.
- £1.8m of additional staff costs, including an £1.0m increase in underlying costs, a £0.7m increase in pension service costs and a £0.1m increase in restructuring provision.

The £1.6m fall in other sources is due to the end of specific fixed term grants (the largest being £0.9m Dundee Academy of Sport which included a one-off £0.4m acceleration of depreciation in 2016 and £0.3m Articulation Hub), offset in part by a £0.2m increase in research grant expenditure.

£m – 2017	Total	Core	Other
Underlying Staff Costs	22.0	19.7	2.3
Restructuring	0.7	0.7	-
Pension Service Cost	1.2	1.2	-
Staff Expenditure	24.0	21.7	2.3
Other Operating Exp	8.1	6.0	2.1
Depreciation	1.7	1.7	-
Pension Finance Costs	0.5	0.5	-
Total Expenditure	34.3	29.9	4.4

(Core and Other defined in the narrative)

Year on Year Change %	Total	Core	Other
Underlying Staff Costs	(3%)	(5%)	12%
Restructuring	(17%)	(17%)	-
Pension Service Cost	Big	Big	-
Staff Expenditure	(6%)	(9%)	12%
Other Operating Exp	3%	(10%)	29%
Depreciation	2%	(31%)	Big*
Pension Finance Costs	(19%)	(19%)	-
Total Expenditure	(4%)	(12%)	27%

*Big refers to a percentage variance that is so great it would hinder interpretation of the table.

Staff costs

Average salaried FTEs decreased by 2% to 464. The number of support staff, including senior managers and researchers fell to an average of 278 FTE (snapshot 281 FTE – 31st July 2017) continuing the long-term trend. Academic FTEs increased to an average of 186 (snapshot 189 FTE), a level consistent with earlier years as positions vacant in 2016 were filled.

Total FTE

Support Academic

FTE by area

	Academic	Support	Total
2015	194	300	494
2016	186	285	471
2017	196	268	464

Academic Support
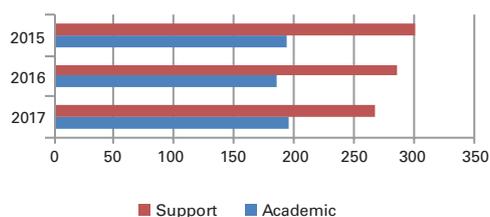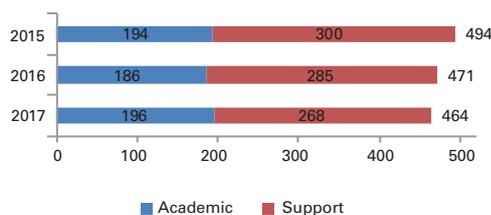
Our most valuable resource is our staff; underlying salary and related costs to sustain this were (£22.0m), up 4%, driven by an increase in academic FTE, the 1.1% annual pay award (August 2016), and the new 0.5% apprenticeship levy (0.5% from April 2017). There were £0.7m of restructuring costs in the year.

£m

	Wages & Salaries	Pension (service cost)	Pension (employer contribution)	Social Security	Restructuring
2015	18.0	0.9	2.7	1.4	0.4
2016	17.2	0.5	2.7	1.5	0.6
2017	17.4	1.2	2.8	1.8	0.7

Wages & Salaries Pension (service cost) Pension (employer contribution) Social Security Restructuring
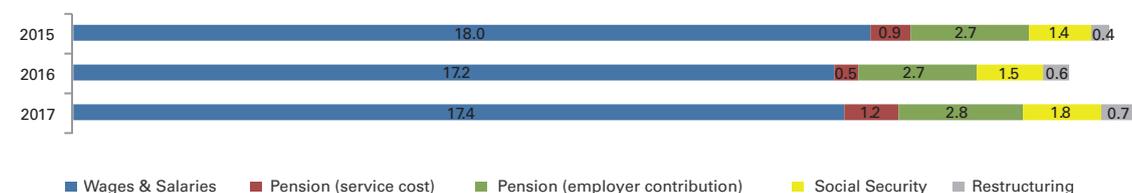
Staff are eligible to join one of three pension schemes – the Scottish Teachers' Superannuation Scheme (STSS – for academic staff) and the local government Tayside Superannuation Fund (TSF – for support staff), and the USS (normally where staff have transferred from another institution).

Pensions are a significant staff benefit and the employer cost to the University was £2.8m (17% of pensionable salary). Further analysis can be found later in this report.

Cladding

As part of our continuing investigations into the various concerns with cladding systems that have been raised following the tragic events at Grenfell Tower, we have completed a full review of all our buildings and identified one area of cladding to our Kydd Building which includes an aluminium composite material.

Fire Scotland have visited to carry out an audit of our approach to fire safety management and to discuss how we are managing the issues relating to the cladding identified. We were able to confirm that, in the short term, the cladding represents a low risk and, with appropriate management of fire safety, it remains safe to occupy our premises and operate as normal. We received advice on some general measures that will further improve fire safety.

We will follow guidance from Fire Scotland and the Government to take the appropriate steps to ensure the safety of building users.
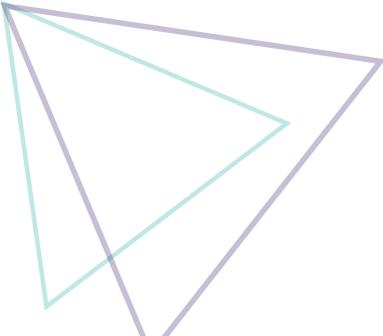
Overview of net assets

We have continued strength in the balance sheet. This strength was a key factor in preparing our long-term capital investment plan.

This is the second year of reporting under the new SORP - the calculation and presentation of the balance sheet was required to change and this introduces some volatility into reporting, particularly to pension liabilities.

£m	2017 £m	2016 £m	Change %	2015 £m
Land and Building	28.9	26.2	10%	27.0
Equipment	1.0	0.9	23%	0.8
Fixed Assets	29.9	27.1	10%	27.8
Investments	9.7	10.2	(6%)	9.6
Non-Current Assets	39.6	37.3	6%	37.4
Net Current Assets	7.1	6.1	12%	3.1
Pension Liabilities	(20.9)	(20.0)	(5%)	(12.6)
Other Provisions	(0.2)	(0.2)	n/a	-
Net Assets	25.6	23.4	9%	27.9

Fixed assets

Fixed assets have increased by 10% as a result of £5.4m of capital expenditure less £2.1m of disposals and £1.7m of depreciation.

The Alloway hall of residence was sold in August 2016 for £1m reducing the value of fixed assets and increasing non-current assets by the cash receipt. No gain or loss on disposal arose (which would have been taken to surplus) as the property was held on the July 2016 balance sheet at the market value. The non-core property was sold following a review which looked at the long-term decline in the number of students living in our halls and the lower than average occupancy levels at this particular property, which is located three miles away from the main campus.

Reserves

We have £20m of discretionary reserves which are held in various forms of cash and third party managed funds. The level of reserves has fallen 3% as we invest in the capital plan. Reserves are reported under the following headings of the balance sheet (shown on the table overleaf).

	2017 £m	2016 £m	Change %	2015 £m
Long-term investment fund	9.7	9.3	5%	8.7
Endowments held as investments	-	0.9	Big	0.9
Reported under Non-Current Assets (Investments)	9.7	10.2	(6%)	9.6
Bank deposits > 95 days	6.0	6.0	n/m	5.0
Reported within Net Current Assets (Current Asset Investments)	6.0	6.0	n/m	5.0
Bank deposits < 95 days	-	1.0	n/a	0.5
Instant access	4.3	3.5	21%	2.6
Other cash accounts	0.4	0.3	n/m	0.4
Reported within Net Current Assets (Cash)	4.7	4.8	(2%)	3.5
Total	20.4	20.9	(3%)	18.2

Our strategy is to make our reserves work hard before they are required to fund the long-term capital plan and a higher rate of return can be generated from notice accounts than instant access funds. There is an accounting presentation as the new SORP requires cash held in accounts with more than 95 days' notice to be reported as Current Asset Investments separate to instant access and cash held in accounts with less than 95 days' notice which are reported as Cash. We have a robust cash-flow framework which considers timing of government grant and fee income receipts, ongoing and capital expenditures. Notice accounts are managed accordingly.

Investment strategy

In June 2017 we ended our long-term relationship with Speirs and Jeffreys and appointed UBS as our fund manager following a competitive tender. The previous mandate, which has served Abertay well, was an unconstrained objective with a low / medium degree of risk, portfolio of 50/50 fixed interest and equities, investment time horizon 3-5 years with ethical investment restrictions (no tobacco, armaments or alcohol and divestment from fossil fuels). The UBS mandate is for a segregated, globally diversified, multi-asset portfolio designed for capital growth and income generation. It is structured to generate returns to match our long-term target of CPI + 3-4% over a rolling 3 year period with a 3% income yield. The investment philosophy is that the best risk-return trade-offs will come from diversifying from assets classes, regions and sectors. The proposed portfolio volatility is estimated to be approximately 2/3rds that of world equity markets.

Strategic Asset Allocation

- 76% equity (rounded to 45% UK, 8% other EU, 2% Japan, 6% emerging markets, 16% US) (range 65%-85%)

- 15% fixed income (range 5%-25%)

- 6% UK real estate (range 0%-10%)

- 3% cash (range 0%-10%)
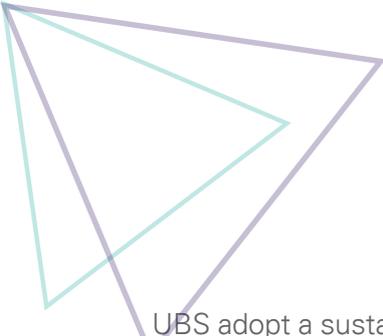
UBS adopt a sustainable investing process and the portfolio is completely open to scrutiny from an ethical/social/governance perspective with justification for all the components with detailed research in each case.

Investment gain

We report our investments at fair value with changes in fair value recognised through income and expenditure. Because of market conditions, we have reported an accounting gain of £0.9m (which is both taken to surplus, and increases the balance sheet asset value of reserves). This compares to a gain of £0.4m in 2016.

Pensions

We have taken the exemption permitted to disclose STSS (for academic staff) as a defined contribution scheme - STSS not being able to calculate individual employers' share of the overall deficit. The TSF (for support staff) is disclosed as a defined benefit. The USS scheme (for a small number of academic and administrative staff) is defined contribution but with an agreed deficit recovery plan.

	Assets £m	Liabilities £m	Deficit £m	Active Members
STSS		Not known		192
LGPS – TSF	£68.8m	£89.5m	£20.7m	282
USS		Not known		13
Total				487

Defined benefit pension schemes continue to record deficits relative to their forecast liabilities. In general, participating in a defined benefit pension scheme means that we are exposed to a number of risks:

- Investment risk. The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges;

- Interest rate risk. The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount future liability cashflows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way;

- Inflation risk. All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation; and

- Longevity risk. In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

We acknowledge the resultant volatility that this will bring to the balance sheet each year, but it does recognise the liability the University would have if the scheme ceased.

Contributions for the TSF scheme are set every three years as a result of the actuarial valuation of the Fund - the next will be carried out as at 31 March 2017 and will set contributions for the period 2018-21. There are no minimum funding requirements but the contributions are generally set to target a funding level of 100%.
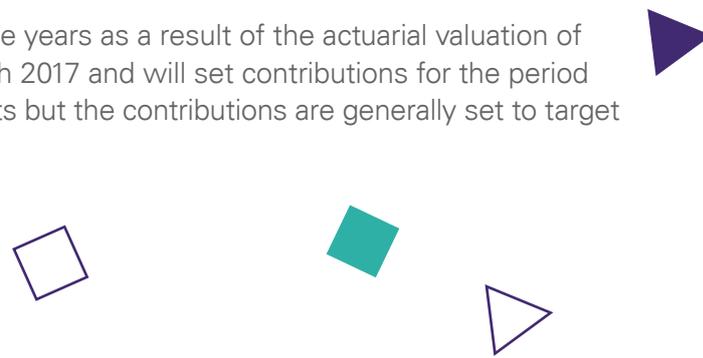
Abertay currently participates in a pool with other TSF employers in order to share experience of risk. At the 2014 valuation, the deficit for the whole pool was calculated and allocated to each employer in proportion to their value of liabilities. The next reallocation will be carried out at the 2017 valuation (which will be reported in the 2018 accounts), should we remain in the pool.

The TSF financial assumptions are set with reference to market conditions at 31st July of each year. The change in the balance sheet position over the year is mainly dependent on asset returns, corporate bond yields and market expectations of inflation:

- Overall, asset performance has been good over the year driven by equity returns.
- The defined benefit obligation is valued using a discount rate based on corporate bond yields that reflect the duration of the employer's liabilities. The discount rate is the annualised yield at the 21 year point on the Merrill Lynch AA-rated corporate bond yield curve. Bond yields rose in the second half of 2016 but gradually lowered in the first half of 2017 and started to climb again from June 2017. Overall, they are slightly higher than at the start of the year.
- The market's view of future inflation has increased over the year. As a result, the change in inflation assumptions had a greater effect on the value of defined benefit obligation than changes in discount rate.

31st July	2017	2016	2015
Discount rate	2.7%	2.6%	3.8%
Pension increase	2.7%	2.2%	2.6%
Salary increase	3.7%	3.2%	4.4%
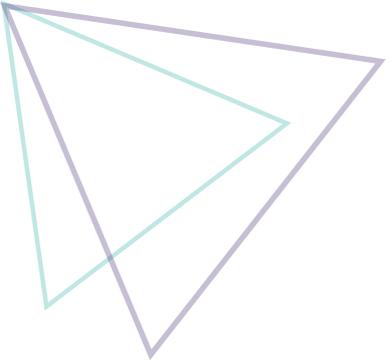
Risks and Opportunities

The principles articulated in our Strategic Plan 2015-20 define the way we think, work and act. One such principle is that 'we choose our own path' and this is reflected in our planning. To build an agile culture, we are looking outwards, scanning the horizon for risks and opportunities; we are making the necessary investments in our management information systems (decision relevant information); we are investing in people who will ask the right questions (to lead to the right decisions to manage risk); we are making the organisational changes to free the organisation to respond instantly.

We refreshed our Risk Management Framework and Policy in December 2015. The risk register is updated regularly and considered by Audit Committee twice a year and annually by Court at its June meeting.

The risk register highlights a range of risks, from those associated with future changes in governance arrangements to risks to our continued operations. These are summarised in the table overleaf. We believe that the greatest risk is the continuing uncertainty around future Scottish Government funding for universities and the likelihood that pressure on funding will lead to a more challenging environment with increased competition in student recruitment. The impact of Brexit in 2019 is likely to lead to reduction in the number of EU students coming to Scottish universities and in the funding associated with those students. It may also make the UK seem less attractive to international students and therefore make it more difficult to meet our strategic plan goal of increasing the number of international students studying at Abertay. Continued uncertainty may also impact on our ability to recruit and retain the best academic staff in the future. Consideration of these risks was an integral part of our planning discussions over the last year and the in the development of the Operational Plan. In particular, the objectives relating to student recruitment, supporting and retaining students, innovating our portfolio and retaining staff are a response to risk we have identified.

As last year, although the ongoing discussions around future funding present risks for the University, Abertay is well placed to benefit from greater concentration of funding in activities which support delivery of Scottish Government priorities. Our success in widening access and articulation clearly link to the priority areas highlighted by the Commission on Widening Access and to Scottish Government ambitions to streamline the learner journey.

Strategic Risk Register (June 2017)

Specific Risk	Residual Risk Score			Risk Owner
	1 ←	→	25	
Failure to deliver outcome agreement expectations result in reduction in SFC funding.				Vice-Principal University Services
Change in Scottish Governance/SFC funding policy results in significant loss off income				Vice-Principal University Services
Failure to recruit international students				Vice-Principal University Services
Insufficient numbers of students progressing from partner institutions to Abertay degree				Vice-Principal University Services
Disruption to University operations arising from major incident, omission, failure or external attack				Vice-Principal University Services
Increased competition for SFC resources leads to predatory attack from competitors				Vice-Principal University Services
Change averse/risk averse culture prevents delivery of key strategic objectives				Vice-Principal University Services
Failure to comply with legislation/change in legislation				University Secretary
Damage to University's academic reputation				Vice-Principal Academic
Lack of alignment of systems to business needs				Vice-Principal University Services
Loss of capacity (academic, professional, management) to deliver as a result of inability to recruit and retain high performing staff				Vice-Principal University Services
Portfolio and curriculum reform fail to meet student expectations and improve student experience				Vice-Principal Academic
Failure of governance following an inability to recruit an appropriately qualified Chair of Court under the provisions of the HE Governance legislation				University Secretary
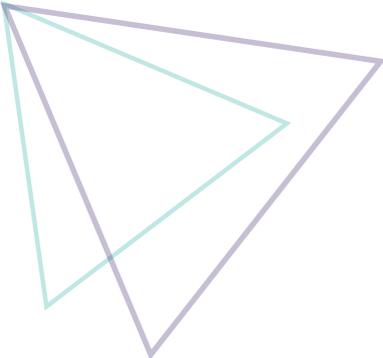
Financial Plan and Outlook

Our financial strategy is to maintain financial sustainability and provide the resources to enable delivery of strategic goals.

Financial sustainability means, in short, operating today without damaging the ability to do so tomorrow.

"An institution is being managed on a sustainable basis if taking one year with another it is recovering its full economic costs across its activities as a whole and its investment in its infrastructure (physical, human and intellectual) is at a rate adequate to maintain its future production capacity appropriate to the needs of its strategic plan and students, sponsors and other customers' requirements."

<div align="right">Research Councils UK</div>

"A sustainable financial position requires institutions to generate the necessary level of cash to finance an institution's operations and strategic needs over the medium to long-term, including its investment in human and physical resources. Achieving a sustainable financial position is therefore complex. It requires medium to long-term decision making, backed up by a strong and clear financial strategy. Viewing surpluses or deficits in isolation can be misleading as there are various levers that can be used to generate them, and some of these levers may be short-term measures that do not contribute to the overall financial sustainability of the institution. Assessing institutional sustainability not only requires consideration of financial surpluses, liquidity and financial health, but goes beyond this to include appropriate non-financial performance measures. It involves considerably longer timescales and must be forward-looking, including an understanding of the vision and strategy of an institution and the changing external environment in which it operates."

<div align="right">Financial Sustainability Strategy Group</div>

Our approach to preparing the Financial Plan 2017-20, which supports the Operational Plan 2017-20 was:

- To alleviate the stop-start nature of an annual budget process and to improve linkages between strategic priorities, activities, outcomes and resource allocation.
- To address the identification of emerging issues, risks and opportunities from the strategic review (such as student recruitment, student retention and student support).
- An appropriate financial plan ensuring long-term financial sustainability. The financial plan considers the capital plan (with acceleration of investment) and the Strategic Plan 2015-20. It tries to balance the right level of surplus and reserves to give us resilience to external shocks against ensuring that we make sufficient resources available to Schools and Services, or for capital expenditure.

- An HR plan to ensure we have the right people in the organisation, with sustainable costs.

Universities build surpluses to create cash which is invested through capital expenditure. The financial plan is an underlying surplus and acceleration of investment in our equipment, IT and the estate. We remain debt free, which gives us future flexibility.

|	2016 Last Year	2017 This Year	2018 Year 1	2019 Year 2	2020 Year 3
Underlying Surplus £m	2.8	1.1	0.8	0.1	0.7
% Income	7%	3%	2%	-	2%
Closing Reserves	21	20	16	13	13
Capital Expenditure £m	(1)	(5)	(7)	(5)	(3)

The final Plan is not just simply an aggregation of the plans from individual School and Services, but has taken account of discussions involving all members of the Senior Management focussing on:

- University-wide projections (student numbers and financial) and the implications of these.
- A collective assessment of whether resources were in the right place to support delivery of the plans.
- Clarification of where lead responsibility lay for all aspects of the plans, particularly for cross-University issues which might need a combination of a consistent University-wide approach with specific targeted action in some Schools.
- Identification of gaps and of areas where consistency of approach is required and consideration of how to address these.

Detailed three-year student number projections underpin the financial plans. These are based on realistic assumptions about growth in our intake each year, with marketing and recruitment plans in place to support this, and the expected retention of continuing students each year. These planning projections are based on our current portfolio and so do not reflect any proposed changes to programmes. It has been assumed that new EU students will not be eligible for Scottish Government funding from year 3 and therefore the number of EU students will reduce. Taught postgraduate numbers have been held largely flat at this stage and further work is planned to develop the portfolio. The exception is an increase in international recruitment in programmes in the School of Design and Informatics. The student projections will be reviewed in October 2017 following confirmed student recruitment and progression numbers.

Between individual Schools there has been a reallocation of academic staff resources to support Strategic Plan delivery. Heads of School have determined what they feel is the optimal allocation of resources given the multi-year forecast of income generation (funding body grants, tuition fee, research grants, CPD and consultancy). Staff costs account for 70% of income in year 1 and increase through wage inflation, incremental pay increases and stealth taxes (such as the apprenticeship levy). Total academic numbers remain at current levels. Support staff numbers are planned to reduce over the next three years (at a level consistent with the longer term trend) through business process review and investment in information systems. The Operational Plan 2017-20 will helps us better manage this e.g. taking advantage of when positions become vacant (owing to normal staff turnover), and to focus our investment in staff development.
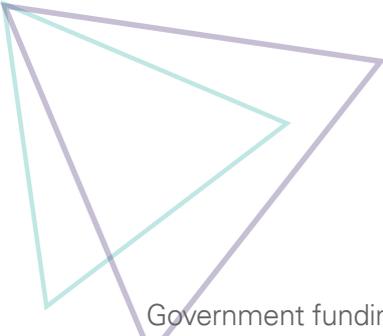
Government funding for teaching and research is 54% of our income. We know from announcements in 2017 to plan for a £0.5m reduction for year 1 and a further £0.7m for year 2. This is only partially offset by our planning assumptions to generate new unregulated income with margin through international fee paying students or from growth in research volume, consultancy and CPD.

We will accelerate our building and facilities capital plan and invest considerable sums on capital for IT systems and ICT projects to help the university run more efficiently.

There is a strong focus on improving our estate. Estates projects approved by the University Court include the Library redevelopment (£4m) and northern elevation Kydd Building Cladding (£3.5m) projects. Work on the Level 4/5 Kydd Building science laboratories (£3.5m) in summer 2016 has now been completed.

£2m has been ring-fenced for much smaller scale building related projects (to be prioritised and approved over the next 3 years in accordance with our Capital Plan). This investment in the estate includes teaching and research facilities, student and staff facilities, and essential investment in the building infrastructure (such as heating and lifts).

We will continue to evolve our longer-term capital plan for 2020-25 with the larger target projects including new sports facilities.

Corporate Governance Statement

Corporate Governance Statement

The University Court is the governing body of the University. The composition, functions and powers of the Court are set out in the University of Abertay Dundee (Scotland) Order of Council 1994, which incorporates parts of the Dundee College of Technology Scheme 1975. Under the Order, the objects of the University are to provide education, undertake and carry out research, make suitable and adequate provision for such activities, and conduct the affairs of the University in ways that promote its objects. The University is committed to exhibiting good practice in all aspects of corporate governance.

This summary describes the manner in which the University has fully complied with the principles and supporting guidance established in the Scottish Code of Good HE Governance (the Code), which came into effect on 1 August 2013.

As the Governing Body of the University, Court is responsible for the University's system of internal control, which includes internal audit; delegation of responsibilities within a regulatory framework; and reviewing effectiveness. The system is designed to fulfil the University's responsibilities related to accountability, transparency and value for money inherent in good corporate governance practice. It emphasises the effective management of risk, using well thought-out and controlled risk-taking, leading to improved delivery of the University's objects, proper regard for organisational development, and ensuring the institution's long-term sustainability. However, any such system can only provide reasonable and not absolute assurance against material misstatement or loss.

Court undertakes a continuous review of the process used by the University to identify, measure and manage its key risks. These risks comprise both business and financial risk and derive from operating in the environment of the higher education sector. The identification, measurement and management of risk are conducted through the University's Risk Management framework. This process is reviewed by the Audit Committee of Court, and accords with the internal control guidance for directors on the UK Corporate Governance Code.

Court comprises independent (lay) members, *ex officio* members and staff members, with a maximum membership of 25 people. Lay members have '*experience of industrial, commercial or employment matters or the practice of any profession*', include at least one person having experience in each of '*local government*' and '*the provision of education*', and remain an absolute majority. Of the maximum 25 members, up to 18 are lay members, 4 are ex officio (Principal, 2 Vice-Principals and the President of the Students' Association) and 3 are appointed from among Senate, academic staff and support staff.

Under its governing Order, Court is required to meet at least three times per year. Court met five times in the year to 31 July 2017 and the aggregate attendance rate was 86% (compared with 88% in the preceding session). The table overleaf shows the attendance of all members at meetings of Court and its main committees. During the year to 31 July 2017, there were no new members, but one lay member stood down at 31 December 2016. Six members attended external governor development programme events as part of their on-going training.

In line with the Scottish Code of Good HE Governance, Court conducted an annual effectiveness review and a periodic externally-facilitated review. It also received reports on Key Performance Indicators. The agendas and papers for Court and its committees are all published and available to staff and students of the University. Approved Court minutes are published on the University's website along with the register of interests of each Court member, the Secretary to Court and the University's Director of Finance and Research Funding.

Court members' attendance at meetings of Court and Court Committees (to 31 July 2017):

	Court	Court Committees	
		Audit Committee	Finance & Corporate Performance Committee
	5 meetings	5 meetings	5 meetings
Mr M Batho	5		4
Ms A Boyle OBE +	4		
Mr J Burt OBE +	5		
Mrs L Baxter +	5		
Ms A Cameron	4		
Dr A Cornish +	4	4	
Mr D Dorward +	4		4
Mr R Fletcher +	5		
Mr E W Frizzell CB Chair +	4		
Ms G Ghafoor +	5	5	
Mr M Grossi +	3	2	
Dr M Hinfelaar +	4		4
Mr G MacDougall +	5		
Mr C Macdonald + (to 31.12.16)	1(of 2)		
Mr C Marshall	4		3
Mr I McDonald +	3		4
Professor S Olivier	5		
Rt Rev Dr N Peyton +	4		
Mr C Rae	5		
Dr J Rees +	4		
Mrs S Scott +	4		
Professor N Seaton	5		
Mr M Shaw +	4		3
Dr S Waiton	5		1 (of 1)
Professor E Wilson Vice-Chair+	4	4	
Aggregate attendance level (figures for year to 31 July 2016)	86% (88%)	75% (63%)	68% (93%)

+ Non-executive/lay member

Overall, based on the robust systems of corporate governance in place as described above, the University Court considers that these meet the principles of good governance set out in the Scottish Code of Good HE Governance, maintain a sound system of internal controls, and apply the key principles of effective risk management.

Governance & Nominations Committee	Chair's Committee	Remuneration Committee	People, Health & Equality Committee
5 meetings	5 meetings	2 meetings	5 meetings
	5		
	5		4
3			
			2
	2	1	
			5
5	5	2	
			4
3			
	4		
2			
5			
			4
4	4	2	
5	4		
		2	
	4	2	
77% (85%)	83% (83%)	90% (90%)	76% (73%)
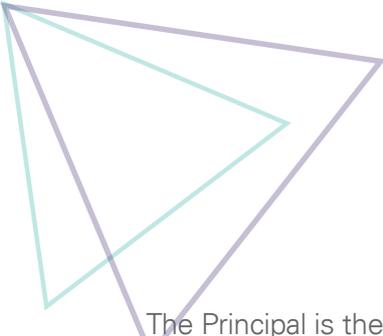
The Principal is the chief executive of the University with delegated powers to discharge the functions of Court relating to the management of the University and to discipline therein. He is supported by three other members of an executive group; the Vice-Principal (Academic), the Vice-Principal (University Services) and the University Secretary; and a wider senior management group including Heads of academic Schools and Services.

Court has formally constituted a number of Committees, all of which have clearly defined remits and a lay member as Chair. The Committees are: Audit Committee; Chair's Committee; Governance & Nominations Committee; Finance & Corporate Performance Committee; People, Health & Equality Committee; and the Remuneration Committee. Court delegates to Senate its functions relating to the overall planning, co-ordination, development and supervision of the academic work of the University. Senate has formally constituted a number of committees, all of which have clearly defined remits.

The **Audit Committee**, which met five times during the session, advises Court on all audit-related matters and assists Court in ensuring the discharge of its responsibilities for proper financial management. It is also responsible for the effectiveness of the internal control and management systems, for the efficiency and effectiveness of the University's financial activities, for monitoring mechanisms designed to ensure value for money across all of the University activities and for monitoring compliance with the University's risk management framework. It received reports at each meeting on internal control and twice in the year it received reports on strategic risk management. In the reporting period, there were 13 strategic risks identified for the University, all with residual risk scores, trends over time and risk owners. The University's risk appetite and tolerance thresholds have also been defined.

The University does not have an in-house internal audit function, but contracts the services of an external provider, which provides access to a wider set of specialist expertise as well as benchmark data to help inform Court. The internal auditor adopts a risk-based approach to identifying future audits, taking into account the University's strategic objectives, and areas audited include core business and operational risks as well as financial risks. The internal auditor conducted seven reviews during the year ended 31 July 2017 including a review of the implementation of recommendations arising from the previous year's reviews.

The **Chair's Committee** acts in the name of Court in cases of urgency, subject to any decision being reported to the next meeting of Court. The Chair's Committee held five meetings in the session. The Chair's Committee did not take any decisions on behalf of Court during the reporting period.

The **Finance & Corporate Performance Committee** oversees and supervises the receipt, expenditure and control of all revenues. It advises Court on all strategic financial matters. The Committee met five times during the session. In addition to standing items including key performance indicators, investment performance, oversight of Students' Association accounts, and reports on procurement, the Committee reviewed and approved a revised investment strategy and investment mandate for the University; considered a review of procurement and approved a new procurement strategy; and considered and approved a consolidated capital projects programme.

The **Governance & Nominations Committee's** purpose is, *inter alia*, to consider and bring forward recommendations in relation to issues relating to good practice in institutional governance. It also acts as a Nominations Committee, considering recommendations for the appointment of lay members

to Court, which are then referred to Court. The Committee met five times during the session. The focus of the Committee's work in the year to 31 July 2017 was the University's implementation of the HE Governance (Scotland) Act 2016; contributing to the review of the Scottish Code of Good HE Governance; and overseeing a periodic, externally-facilitated review of governance at the University. The Committee presented Court with the findings of the latter review in June 2017 and Court accepted the recommendations contained therein. Implementation of these recommendations will provide focus for the Committee in session 2017/2018. The report is published on the University's website. In relation to its remit for nominations to Court, the Committee advertised for one lay member vacancy, but did not make a recommendation for appointment at that time. The Committee noted that the Court aim of having at least 40% women lay members continued to be met. The Committee was also tasked by Court with overseeing the advertisement for the next Chair of Court and members were involved in the production of the applicants' brief for this key role. The role was advertised widely including on key websites such as Women on Boards.

The **People, Health & Equality Committee** oversees the development of HR strategy and policies, considers staff consultative processes and oversees equality and diversity and health and safety matters relating to students, staff and visitors. The Committee met five times during the session.   In addition to receiving regular updates on employee relations and annual reports on equality and diversity, on health and safety and on the University's Prevent Duty, the main work during the session included consideration of the implementation of actions arising from the staff engagement survey; on the University's work in relation to the Race Equality Charter Mark, which led to the achievement of the Bronze Charter; and further Athena Swan developments. In addition, the Committee considered a Reserved Forces Policy, a revised Grievance Procedure, a revised Student Code of Discipline (non-academic) and a range of employee matters including a review of sickness absence and a review of exit interviews.

The **Remuneration Committee**, which met twice in the financial year, comprises lay members of Court and considers and determines the levels of salary and terms and conditions of service of executive officers as well as the principles behind the approach adopted for considering the salaries for other senior staff whose salaries are above the national pay-scale. The framework for determining the performance of the Principal & Vice-Chancellor is set by the Chair of Court and this was discussed with Court (including staff and student members but without the executive officers present) at the Court meeting in June 2016 to inform decisions by the Remuneration Committee in September 2016, following which a report was provided back to Court.

As stated above, the University Court, through its Governance & Nominations Committee, carries out regular reviews of its effectiveness. The previous effectiveness review took place in session 2011/12 when the overall conclusion was that the University had an effective governance structure with a strong working relationship between the Court and the University's Executive. The externally-facilitated review held during 2016/17 included an external facilitator and a separate external adviser; and concluded that that the Court of the University is effective and overall meets its Statement of Primary Responsibilities and complies with the Scottish Code of Good HE Practice 2013 and the HE Governance (Scotland) Act 2016 (where applicable).

Court also reflects annually on its effectiveness through various means including through individual discussions between the Chair and members; through an evaluation by all members of the effectiveness of the Chair by discussion led by the Court 'Intermediary' (a lay member appointed by and
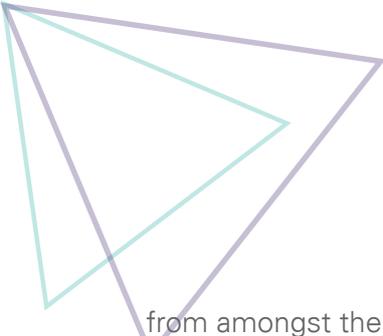
from amongst the lay members of Court); and through the work of the Governance & Nominations Committee in continually developing corporate governance to ensure that it is aligned with good practice.

The primary responsibilities of Court, as the governing body of the University, are:

1. To approve the mission and strategic vision of the University, long-term academic and business plans and key performance indicators (KPIs); to ensure that these meet the interests of stakeholders; and to ensure that there are opportunities for Court to provide strategic input in the development of key strategies and long-term plans such that their approval can be considered by Court without conflict of interest.

2. To appoint a Principal and Vice-Chancellor as chief executive, and to put in place suitable arrangements for monitoring his/her performance.

3. To appoint a secretary to Court and to ensure that, if the person appointed has managerial responsibilities in the University, there is an appropriate separation in the lines of accountability.

4. To delegate authority to the Principal and Vice-Chancellor of the University, as chief executive, for the academic, corporate, financial, estate and personnel management of the University; and to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the Principal.

5. To ensure the quality of Institutional education provision.

6. To ensure adherence to the funding requirements specified by the SFC in its Financial Memorandum and other funding documents.

7. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, and procedures for handling internal grievances and 'whistle-blowing' complaints and for managing conflicts of interest.

8. To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the University against the plans and approved key performance indicators, which should be – where possible and appropriate – benchmarked against other comparable institutions.

9. To establish processes to monitor and evaluate the performance and effectiveness of Court itself.

10. To conduct its business in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.

11. To safeguard the good name and values of the University.

12. To be the employing authority for all staff in the University and to approve a human resources strategy.

13. To ensure that non-discriminatory systems are in place to provide equality and diversity of opportunity for staff and students.

14. To be the principal financial and business authority of the University, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the University's assets, property and estate.

15. To be the University's legal authority and, as such, to ensure that systems are in place for meeting all the University's legal obligations, including those arising from contracts and other legal commitments made in the University's name.
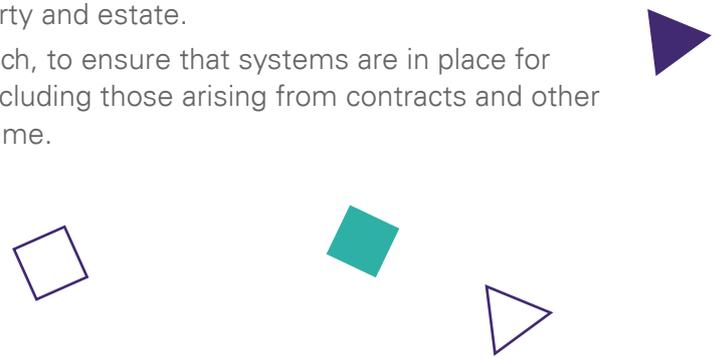
16. To make such provision as it thinks fit for the general welfare of students, in consultation with Senate.

17. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the University.

18. To ensure that the University's constitution is followed at all times and that appropriate advice is available to enable this to happen.

The strategic development of the University involves development of a strategic plan; initially produced by the management group, then considered by Senate, by Finance & Corporate Performance Committee and, finally, by Court. Court holds regular conferences at which strategic development issues are discussed and receives regular updates on implementation of objectives. In April 2017, Court held a strategic conference in which Court and senior management considered the progress being made against the current Strategic Plan 2015-2020 and also considered planning for the sustainability of the institution beyond the period 2017 to 2020, focusing on areas requiring more momentum and on areas of potential risk to future sustainability.

There were no changes to the other significant commitments of the Chair of the Court during the year.

Going concern

The University Court considers that the University has adequate resources to continue in operation for the foreseeable future.

Signed by

Mr Edward W Frizzell CB
Chair, University Court

The University Court would like to express its thanks to all those who have served on Court or as members of Committees of Court during the course of the year.