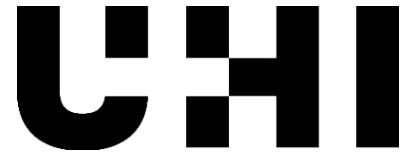


UHI Court: Special Meeting (MAATIC)

Mon 18 September 2023, 11:00 - 12:30

Microsoft Teams



Present

Alastair MacColl (Chair), Vicki Nairn (Interim Principal and Vice Chancellor), Rosemary McCormack, Andrea Robertson, Sara O'Hagan, Malcolm Burr, Derek Lewis, Angus Campbell, Mei-Li Roberts, Allan Clow, Fiona McLean (Rector), Calum Ross, Paul Travill, William Campbell, Gary Souter, Sheena Stewart (University Secretary), Neil Simco (Vice Principal Research & Impact), Lorna Walker (Vice Principal - Strategy, Performance & Culture), Roger Sendall (Director of Corporate Governance & Deputy Secretary), Gary I Campbell (Director of Business Enterprise and Development), Alison Wilson (Director of Development & Alumni Engagement), Scott Rhynas (Interim Director of Finance), Kenny MacDonald (Process Improvement Analyst), David Patterson (Principal - UHI Moray), Kenneth MacAlpine (Deputy Principal - UHI Moray)

Meeting minutes

1. Preliminary Items

The Chair opened the meeting and noted that a quorum was present.

1.1. Welcome and apologies

Apologies were received from Poonam Malik, Alex Paterson, Davie Sandison, Helen MacInnes & Heather Offord.

The Court welcomed Mr Travill to his first meeting.

1.2. Declarations of interest

None.

2. Moray Aerospace, Advanced Technology & Innovation Campus (MAATIC)

The Chair thanked members and officers for convening a special meeting of the UHI Court to facilitate a through review of progress with regard to developing a full business case to deliver a brand new innovation campus and technology facility (MAATIC) adjacent to UHI Moray in the heart of Elgin in collaboration with Boeing as part of the Moray Growth Deal.

The Chair noted that the project had been underway for a number of years and had evolved substantially. The original proposal had been to deliver a new facility adjacent to RAF Lossiemouth that would house a donated aircraft and this initiative had previously received in principle support from the University Court subject to development of the full business case, however, the original project and associated costs and risks have changed significantly over the intervening period and Court is now being asked to review and to formally commit to supporting the new amended proposal including accepting financial responsibility and liability for financial risks as the obligant and eventual owner of the proposed new facility.

The interim Principal and Vice Chancellor, and the Principal of UHI Moray provided a general overview of the project and the key matters and risks for consideration by Court in advance of a more detailed presentation by Professor MacAlpine. It was noted that Court members would have opportunity to question officers and to seek clarification after the presentation.

Court received a presentation from Professor Kenneth MacAlpine, Deputy Principal UHI Moray in relation to the overall project proposal including direct and indirect links to agreed strategic objectives, curriculum

development initiatives, knowledge exchange and research opportunities and forecast projected growth in student activity. Professor MacAlpine also highlighted the key changes that had been made to de-risk the project proposal over the previous eighteen months that had seen the project evolve from a single static aircraft located in a new purpose built campus adjacent to RAF Lossiemouth to a more sustainable and flexible proposition utilising next generation fully immersive software coupled with hands on practical tuition and active simulation located in a re-developed central Elgin location that was far better aligned with the existing campus and support services. The facility would provide access to fast tracked accredited aviation engineer qualifications and a jobs pipeline directly into Boeing.

Following the presentation the Chair invited comments, questions and clarification from Court members. The following points were noted:

- The MAATIC project represents a significant opportunity for the University to develop a next generation facility within Moray in partnership with Boeing and the RAF that is majority funded through the Moray Growth Deal and fully supported by both UK and Scottish governments.
- RAF Lossiemouth is of critical strategic importance to the Ministry of Defence and UHI Moray is ideally located and positioned to work with the RAF and Boeing within the region. The current proposal includes three years exclusivity for UHI. If UHI does not progress this opportunity then it is highly likely that a competitor will do so within our region.
- Court noted that the capital costs for construction of the new facility were estimated at £24M. This included site acquisition, design, build and final fit and these costs would be met from £21M funding from the UK government and a £3M grant from HIE. However, the University would be exposed to financial risks including for provision of working capital estimated at £5M for the period up to 2031 and also liable for budget overruns. However, if the project progressed to plan then there would be a forecast net positive cash position of £3.8M by 2038.
- Court noted that a number of contingency measures had been included within the business case in an effort to mitigate the University's exposure to inflation, unforeseen capital costs and delays, these included plans to commit to fixed price contracts over 2-3 years, profiling of works so that priorities were delivered first, strict project planning and monitoring and a clear list of priorities and nice to haves with regular review.
- The agreement made with Boeing was understood to be for a period of eight years including, a three year development phase and five year operational delivery. It was noted that this included three years of exclusivity for UHI. Court requested clarification of this provision to know if it related only to the development phase.
- Court noted that it had previously agreed to endorse activity in accordance with the Moray Growth deal including to support the development of a full business case for a different version of MAATIC. It was unanimously agreed that there was a need to ensure that Court's decision and commitment to the amended MAATIC project was clear and unambiguous and therefore most important that the minutes of this meeting provide a true and accurate account of what the University was agreeing to support and be liable for.

2.1. *MAATIC Full Business Case: Court Decision

Following due consideration the University Court unanimously agreed to commit the University to supporting continued development of the MAATIC project including authorising officers to proceed to progressing and submitting a full business case as part of the Moray Growth Deal. In reaching this decision the Court noted that the University was the obligant for this project and would own the final facility and would be liable and required to provide working capital of circa £5M in the period up to 2031. It was noted that this requirement would be met from ring fenced reserves.

 Court MAATIC FBC Paper 18.09.23_ VN 12.9.23.pdf

2.2. *Appendix Previous Court consideration of MAATIC with associated documents

Court noted the paper referenced below providing a summary of previous considerations, discussions and decision taken by FGPC and Court in relation to the MAATIC project.

[MAATIC_Court_Paper_Sept_23_Appendix_Court_Paper_Trail.pdf](#)

2.3. *MAATIC Full Business Case: current draft

Court noted the second draft Full Business Case dated July 2023.

[MAATIC Draft 2.2 FBC .pdf](#)

3. Update from interim Principal & Vice Chancellor

The interim Principal & Vice Chancellor provided members of Court with a brief update on a number of current projects and matters that had arisen and occurred since the last meeting. The following points were noted:

- The Chair of Court and the interim Principal and Vice Chancellor had met with the Chairs and Principals of the assigned colleges in Stirling on 15th August to discuss fundamental financial and governance challenges affecting UHI in the context of the current operating environment. It was noted that the meeting had been broadly positive and that all who were present had accepted a need for closer alignment and were supportive of seeking to work together to develop a new operating model for the partnership.
- A number of academic partners have been invited to meet with MSP Graeme Dey, Minister for Higher and Further Education; and Minister for Veterans on 29th September. The University has not been invited to attend this session.
- Ness Walk is now empty of staff and the building is being marketed for sale.
- The Executive Office staff restructure programme is progressing to plan, the restructure is creating tension amongst staff and this is attracting political and media interest.
- The interim Principal and Vice Chancellor will keep members aware of any key developments and significant events through correspondence between meetings.

DRAFT