

## COURT

## Minutes

In the Chair:	Dame Frances Cairncross	Date of Meeting: 19 May 2017
Present also:	Ms Tracey Ashworth-Davies Ms Lucy Conan Professor Patrick Corbett Mr Diarmuid Cowan Ms Trish Gray Mr Amos Haniff Mr Grant Innes Professor Julian Jones Ms Eloise McNeaney	Mr Andrew Milligan Professor Isabelle Perez Professor John Perkins Ms Morag McNeill Ms Dorothy Shepherd Mr Tony Strachan Professor Ian Wall Ms Rio Watt Professor Richard Williams
Officer in attendance:	Professor Bob Craik Ms Ann Marie Dalton-Pillay Professor Gill Hogg Professor Ammar Kaka	Mr Andrew Menzies Dr Gillian Murray Professor John Sawkins
Others in attendance:	Ms Lorna Kirkwood-Smith (minutes)	

### **M17/74 APOLOGIES**

Apologies were received from the following members: Ms Pamela Calabrese, Ms Jane Queenan, Ms Jandy Stevenson, Mr Graham Watson, and from Ms Sue Collier who was invited to be in attendance at the meeting.

### **M17/75 ANNOUNCEMENTS**

The Chair welcomed the following:

- Dr Shonaig Macpherson, who attended to present paper item Ct5/17/15;
- Ms Ruth Moir who attended to present an update report on the Dubai Campus Project with Professor Bryn Jones (Minute item M17/80, below); and
- Professor James Ritchie, who had been appointed as the Senate-elected Dean to the membership of the Court from 17 May 2017.

The Chair relayed thanks and appreciation on behalf of the Court to Ms Eloise McNeaney, Vice-President (Wellbeing) for her valuable contribution to the work of the Court over the last year. The Chair reported that her Student Union successor, Aashna Bakshi, would take up the position of Vice-President (Wellbeing) and membership of the Court from 1 June 2017.

### **M17/76 MATTERS ARISING**

#### **76.1 Elections to the Court**

The Secretary of the University reported that:

- voting will close on 31 May 2017 to fill two staff-elected members of staff positions on the Court from 1 August 2017. The new members will succeed Ms Pamela Calabrese (who was absent from the May meeting, the last scheduled Court meeting before she will leave the University to take up a new post) and Ms Jane Queenan. Their membership terms will end on 31 July 2017; and
- arrangements are under way to elect an alumni member to succeed Ms Trish Gray whose membership term will also end on 31 July 2017.

**76.2 Scottish Code**

The Secretary of the University encouraged members of the Court to respond to the current public consultation on the draft revised Scottish Code of Good Higher Education Governance. An internal deadline date of 29 May 2017 had been set for responses which will be collated to form the institutional response. The public consultation will remain open until 21 June 2017.

**M17/77 DECLARATION OF INTERESTS**

No declarations of interest were received; however, relevant members were absent during the discussions relating to their respective appointments, as recorded under M81.2 and M81.3, below.

**M17/78 HERIOT-WATT UNIVERSITY / EDINBURGH BUSINESS SCHOOL ARTICLES OF ASSOCIATION AND MEMBER AGREEMENT (Paper Ct5/17/15)**

The Court received and discussed the following documents which were presented by Dr Shonaig Macpherson, Chair of the Governance Joint Working Group (GJWG). The GJWG had been established by the University and the Edinburgh Business School (EBS) to oversee review and revision of the constitutional documents which exist between the University and the School as a wholly owned subsidiary company of the University limited by guarantee:

- draft revised Articles of Association;
- draft revised Member Agreement;
- the final report of the Governance Joint Working Group; and
- a letter dated 4 May 2017 from Lord Vallance of Tummel on behalf of the EBS Board.

The Chair of the GJWG emphasised that the aim of the review and redrafting had been to ensure that adequate controls are in place, from the perspective of the University as Member, while ensuring that the School has an appropriate degree of independence to enable it to deliver against its core purpose and strategy.

The Court approved the draft final versions of the Articles of Association and the Member Agreement. In relation to the letter from Lord Vallance, the Court agreed with the point raised in the letter about Prescribed Matter 17 in the Schedule to the Member Agreement and agreed the proposed wording for this section, as set out in the letter.

In response to points raised by a few members it was clarified that:

- EBS would indeed require the University's endorsement of its Strategic Plan and any subsequent amendments to the Strategic Plan. In practical terms, the University had the power to ensure that its position and interests will be protected and the School was expected to participate in the University's planning round process. All of these provisions were new and set out in the agreed re-written Articles of Association, Member Agreement and Consolidation Agreement;
- surpluses generated by EBS could be used only for the purposes of the School. While EBS could make a future loan to the University, any loan agreement would need to meet conditions that accorded with the charitable purposes of the School. In response to a member's concern about apparent ring-fencing of accrued assets, the Principal explained that there were areas of alignment between the School and the University more widely which might offer opportunities for collaborative projects and investment where the University as a whole would benefit directly, while complying with charity rules;
- a question was asked about a point raised earlier by the University's External Auditor, who suggested that the revised Articles of Association might mean that EBS would no longer be considered a subsidiary company for accounting purposes; therefore, the University would not be able to produce consolidated accounts. Dr Macpherson reported that the legal advice given to EBS confirmed that no such issue existed, as the Articles of Association gave the University sufficient control so that the accounts were able to be consolidated. However, she understood that the Director of Finance was to seek similar

confirmation from the University's External Auditor. The Court noted that there would be a follow-up report at the next meeting of the Audit and Risk Committee.

The Court noted that, following Court approval, both documents would be presented for ratification at a forthcoming meeting of the Board of the EBS.

**M17/79 2017 FOUR-YEAR FINANCIAL PLAN (Oral report)**

The Court received and discussed an oral update on the development of the 2017 Four-Year Financial Plan which was presented by the Vice-Principal.

The Vice-Principal reported on the progress that had been made since the March 2017 meeting of the Court when the Court had endorsed the defined planning envelopes, and the opening in April of an enhanced voluntary redundancy scheme (which had closed on 15 May). Throughout March to May 2017 a series of intensive planning round meetings had taken place with a view to achieving a compliant Plan; however, this was dependent on achieving significant further salary savings. The Vice-Principal explained the guiding principles which were being applied to income growth and to expenditure reductions. The planning envelopes had been based on conservative income assumptions and a programme of reduced expenditure which, following an assumption of a deficit in 2017/18, would enable the University to return to surplus in 2018/19 with sustainable surpluses planned thereafter.

**XXX(XXX Reserved section (Ref Sections 30, 33, FOI(S)A)XXX**

The Vice-Principal confirmed that a substantial amount of work was still required on the Plan in the period running up to the Finance Committee meeting on 6 June 2017. Court members were encouraged to submit any significant comments they have on the current draft Plan to the Vice-Principal as soon as possible. The Court noted that next steps would also include completion of the current enhanced redundancy scheme by the end of May 2017.

**M17/80 DUBAI CAMPUS PROJECT UPDATE REPORT**

The Court received and discussed an update report on the Dubai Campus Project.

In the absence of the Chairs of the Finance and the Audit & Risk Committees, Mr Grant Innes relayed the summary of the four key areas highlighted in their report following their visits to the Dubai and Malaysia Campuses in February 2017. The Principal reported also that the University Executive and the University Leadership Forum had been actively considering, inter alia, what planning and costing models will be necessary to achieve the desired fully integrated "global University" incorporating the Dubai Campus; this naturally extended to the partnership agreement with Study World. **XXX(Reserved section (Ref Sections 30 and 33, FOI(S)A)XXX**

The Assistant Principal (International) updated the Court on the vision for the campus and the strategic aims of the University as a whole to develop the global University, delivering high quality education and research supported by excellent professional services and systems, and to develop specialist, creative and professional global graduates. Future developments would build on the University's strong reputation in Dubai established over 11 years, its wide portfolio including many professionally accredited programmes and flexible study options with mobility between campuses, its strong links with business/industry, and its purpose-built campus. Partnership was a key-stone of the University's strategy for future growth and increased impact and many different kinds of partnerships and business models were possible.

**XXX(Reserved section: Ref Sections 30 & 33, FOI(S)AXXX**

The Principal agreed to ensure that the Court be provided with detailed information on the project and the options being considered. The Chair of Court recommended that Mr Grant Innes should be appointed as the Court's liaison point between the negotiating team and the Court and that there should be a further discussion on the Dubai Campus Project at the meeting of Court in June 2017. It was noted that, according to the timetable proposed, agreed Heads of Terms will be required in time to be presented for agreement at the subsequent meeting of the Court in September 2017.

## **M17/81 REPORT FROM THE GOVERNANCE AND NOMINATIONS COMMITTEE**

The Court received a report, presented by the Secretary of the University on behalf of the Governance and Nominations Committee, which related to the meeting of the Committee held on 4 April 2017.

### **81.1 Court Skills Register and Matrix**

The Court approved streamlining changes to the set of skill areas within the Court Skills Register which were recommended by the Committee.

The Secretary of the University reported that arrangements would be made shortly to collect information from Court members against the shortened Skills Register to refresh the Skills Matrix used for succession planning.

### **81.2 Court membership succession planning**

The Court approved the following extensions to Court membership recommended by the Committee:

- Mr Andrew Milligan, extension for one further year until 31 July 2019; and
- Professor Ian Wall, extension for one further year until 31 July 2019.

The Secretary of the University reported that the Committee's recommendations had arisen from wider consideration of the future membership of the Court. It was planned to embark on a high profile recruitment drive in autumn 2017 with a view to making some very senior appointments to support member succession. The GNC recognised over the years ahead the heightened governance and leadership challenges that the University faces, making it imperative that the kind of appointments are in place in 2018, that the Court can draw on when looking for successors to role holders stepping down in 2019. The Secretary of the University confirmed that proposals including a timeline for the recruitment process would be presented at a future meeting of the Court.

### **81.3 Audit and Risk Committee**

The Court approved the following recommendation of the Committee in respect of membership of the Audit and Risk Committee, subject to the individuals' ability and willingness to accept the appointments:

- Ms Trish Gray to be appointed for a period of three years from 1 August 2017 in the category of co-opted lay member;
- Professor John Perkins to be appointed for a period of three years from 1 August 2017 while he is a member of the Court; and
- Ms Morag McNeill to be appointed for a further period of one year from 1 August 2017.

### **81.4 Constitutional Framework Definitions document**

The Court approved recommended changes to the Constitutional Framework Definitions document with the exception of one change recommended by the Ordinances and Regulations Committee listed on page two of the document.

The recommended change, which was not accepted for the time-being, involved deletion of a reference which related to corporate policies. The Secretary of the University explained that concern had been raised by the Director of Governance & Legal Services and that further advice should be sought on this part of the document before any commitment is made by the Court to change it. The Secretary advised that, following further consideration, advice would be provided to the Court at a future meeting.

### **81.5 Other items reported for information**

The Court noted other items which were reported for information.

The Secretary of the University reported that the Constitutional Review Group would meet again in the near future and would consider the impact of other developments, besides the Higher Education Governance (Scotland) Act, on the University's constitutional documents. These included, for example, the outcomes of the Senate Effectiveness Review. At its next meeting the Group planned to consider proposals from the trade unions as to the process for nominating two trade union members to the Court. Meanwhile the Group had considered and endorsed proposals from the Student Union for filling Court and Senate membership places in accordance with the Act. The proposals were based on current elected roles and representation from each of the main campus locations.

In response to a question from a member, the Secretary of the University confirmed that there was an expectation that at least one meeting per year would be attended in person by student members from overseas campuses. The cost would be reimbursed.

The Secretary of the University also reported on new steps being taken by the Scottish Government to streamline the process of approval of changes to universities' constitutional documents with the aim of substantially reducing the time this normally takes.

The Secretary of the University reported on recent progress on implementation of the outcomes of the Senate Effectiveness Review. At its meeting in May 2017 the Senate had approved Terms of Reference for the three primary standing committees of the Senate – for Research & Innovation, Learning and Teaching and Quality and Standards, and had approved an Attendance Policy and Standing Orders for Senate Committees. The Senate had also agreed a start time of 9.30 am for its meetings, starting from the forthcoming new academic year.

The Secretary of the University reported that the outcomes of the consultation with Court members on the draft revised Scottish Code of Good Higher Education Governance would be reported to the Governance and Nominations Committee and the Court in due course.

## **M17/82 ANNUAL REPORT 2016/17 FROM THE STUDENT UNION**

The Court received and noted the Annual Report for 2016/17 from the Student Union which was presented by the President of the Student Union and the Vice-President (Wellbeing). The report, which was introduced with a supporting presentation, provided a report on the activities of the Student Union in support of the general welfare of students in the reporting year.

Key achievements in the year included: having the highest student voter turnout in Scotland for a second year running; the Union's finances and governance continued to be strong with a surplus recorded and the target of holding six month cash reserves having been met ahead of schedule; the Union's society engagement had greatly improved with a standing total of 70 societies operating; growth in student volunteering activity; growth in Teaching Oscar nominations; and general growth in both the level of student engagement and the Union's work with the University across a range of initiatives.

The report highlighted challenges also: the improved engagement was putting strain on Student Union facilities which had become outgrown. The University had allocated £2 million in 2017/18 for building development work, but it was emphasised that the Student Union view was that the current building could no longer sustain the volume of students, provide the types of facilities being sought, or properly support delivery of the Student Union's strategy including its positive contribution to the student experience. The amount of capital budget available, which would cover refurbishment of the building, was not likely to address the issues.

The Student Union President emphasised that the capacity of the Student Union building was the most serious issue faced by the Union, and that the Union was seeking substantially more in capital funds than those available to resolve the issue.

The report also relayed challenges in relation to international campuses, in particular the Dubai Campus where more needed to be done to provide support for student representatives. The Principal thanked the Student Union President for the support that the Union had provided at the Dubai and Malaysia campuses; there would be opportunities, via the Global Student

Liaison Committee, for suggestions for enhancements to support across all campuses to be discussed.

The Student Union was praised by Court members for its achievements in growing student engagement, including in the area of volunteering activity and support for telethon activities which generated funds which could be used to support students and built connectivity with the University's alumni body.

The Chair, on behalf of the Court, thanked the President and the Vice-President (Wellbeing) for their presentation of the excellent Student Union annual report.

**M17/83 ANY OTHER BUSINESS**

**83.1 Structure of Court meetings**

The Chair of Court reported that consultation would take place with the Deputy Chair of Court on thoughts as to the future structure of Court meetings.

**M17/84 DATE OF NEXT MEETING**

The next meeting of the Court will take place on Monday 26 June 2017 at the Scottish Borders Campus.

Date:.....

Signature:.....