

COURT

Minutes

In the Chair:	Dame Frances Cairncross	Date of Meeting: 9 December 2016
Present also:	Ms Lucy Conan Professor Patrick Corbett Mr Diarmuid Cowan Ms Trish Gray Mr Amos Haniff Mr Grant Innes Professor Julian Jones Ms Morag McNeill Mr Andrew Milligan Professor Isabelle Perez	Ms Jane Queenan Professor John Perkins Ms Dorothy Shepherd Mr Tom Stenhouse Ms Jandy Stevenson Mr Tony Strachan Professor Ian Wall Mr Graham Watson Professor Richard Williams
Officer in attendance:	Ms Sue Collier Professor Bob Craik (via Skype) Ms Ann Marie Dalton-Pillay Professor Gill Hogg	Mr Andrew Menzies Dr Gillian Murray Professor Garry Pender Professor John Sawkins
Others in attendance:	Professor Ammar Kaka Ms Ruth Moir (Items Ct3/16/114 and Dubai Transition Plan report) Ms Lorna Kirkwood-Smith (minutes)	

M16/23 WELCOME

The Chair of Court welcomed the following:

- Professor Bob Craik, who joined the meeting via Skype; and
- Ms Ruth Moir, Assistant Principal (International Development), who attended to present the Dubai Transition Plan update report with Professor Ammar Kaka and who was present also for the presentation of the Dubai Campus Annual Report (Paper Ct3/16/114).

M16/24 APOLOGIES

Apologies were received from the following members: Ms Eloise McNeaney, and Ms Rio Watt.

M16/25 MINUTES OF THE PREVIOUS MEETINGS

The Court approved as an accurate record the minutes of the ordinary meeting of the Court held on 7 October 2016, subject to clarification being added to minute M16/18.2 that Ms Morag McNeill was absent from that part of the discussion which dealt with her appointment as Chair of the reconvened Constitutional Review Group.

The Court approved as an accurate record the notes of the Court Strategy Day held on 11 November 2016.

M16/26 DECLARATION OF INTERESTS

The Chair of Court invited declarations of interest. No declarations were received.

M16/27 MATTERS ARISING

The following were raised as matters arising:

- the Secretary of the University reported on the recent release of (Commencement, Transitory, Transitional and Savings Provisions) Regulations in support of enactment of the Higher

Education Governance (Scotland) Act 2016. These accorded with government advice received by the sector in summer 2016. Most sections of the Act will come into force from 30 December 2016 - except that institutions will have until their constitutional documents enable compliance or until 30 December 2020 at the latest to comply with the Act stipulations on the composition of governing bodies and senate bodies stipulations of the Act relating to the governing body Chair appointment will come into force from 30 June 2017. The Secretary of the University reported that the reconvened Constitutional Review Group, chaired by Ms Morag McNeill, would have a first meeting in January 2017 to consider the changes necessary to the University's constitutional documents to enable compliance with the Act;

- the Secretary of the University reported that a selection exercise was under way to appoint an external facilitator to support an Effectiveness Review of the Court in compliance with the requirements of the Scottish Code of Good Higher Education Governance. Three bodies had submitted tenders and these were being considered. Interviews would be held in the early part of 2017 and a report would be made to the Court in due course;
- the Chair of the Finance Committee provided an update report to the Court on the combination of factors in the current year which had contributed to the delay in finalising the draft Annual Report and Financial Statements for 2015/16 for Court approval. The University continued to work closely with the External Auditor to ensure that a final draft is ready in good time for review by the Finance and Audit and Risk Committees at a joint meeting on 20 December 2016. It was planned that the Court should meet in January 2017 (possibly 19 January) to review and approve the Annual Report and Financial Statements. Meanwhile, the agreement of the Scottish Funding Council (SFC) had been secured for an extension to the deadline date for submission. The Court noted that the date of the extra Court meeting would be confirmed as soon as possible. The Principal thanked colleagues who had been working hard to complete the Annual Report and the respective Committee Chairs who were involved in this process for their patience. The Court noted that the University was not alone in seeking an extended deadline from the SFC, as others were also for the first time contending with the impact of new FRS 102 accounting standards on reporting.

M16/28 OPENING REMARKS FROM THE CHAIR OF COURT

The Chair of Court reported on the previous evening's successful Dinner Meeting at which Professor Susan Deacon from Edinburgh University had led discussion on the 2050 Edinburgh City Vision project. Colleagues present had had an opportunity to learn about the aims of the project and to discuss their thoughts on the future contributions that the University might make to Edinburgh City Vision aims.

The Chair of Court strongly encouraged all Court members to attend the Dinner Meeting discussions if they possibly can as these provided a valuable opportunity for Court discussions that cannot fit easily into the schedule of ordinary business agendas. Attendance at the previous evening's meeting had been too low.

The Chair reported on a Committee of University Chairs meeting that she attended earlier in the autumn period at which the impact of the Brexit vote on international student recruitment was a topic of discussion.

The Chair reported on a recent trip to the USA where she had also taken the opportunity on behalf of Development and Alumni to meet an influential Heriot-Watt alumnus with the potential for development of some useful future engagement with the work of the University. The Chair encouraged members of the Court who were travelling abroad and who might have time to fit other similar visits into their schedule to discuss their travel plans in advance with the Assistant Principal (Development).

M16/29 REPORT FROM THE PRINCIPAL (Paper Ct3/16/111)

The Court noted and discussed a report presented by the Principal who in his oral presentation highlighted key external policy matters of note.

In relation to funding from the SFC for 2017/18, it was reported to the Court that an indicative funding announcement was expected in January 2017 with formal confirmation to follow in March 2017.

In relation to the report on the Teaching Excellence Framework (TEF), the Deputy Principal (Learning & Teaching) confirmed that the Framework related only to UK-based students. The student body was central to the development of institutional TEF submissions. However the timing was unfortunate in the current year in that the period running up to the late January 2017 submission date coincided with the end of semester 1 examination diet and the Christmas break. The Deputy Principal reported that he planned to attend a TEF panel meeting within the coming week at which he would learn more about how institutional submissions will be dealt with. An update report will be provided at the next ordinary meeting of the Court.

A Court member asked a question about any particular areas of vulnerability for the University in relation to the TEF. The Deputy Principal (Learning & Teaching) confirmed that there was a very substantial degree of overlap between TEF metrics and those which had been adopted by the University as its Strategic Key Performance Indicators (KPIs). Therefore, the current focus on the University's KPI performance was also entirely appropriate to the TEF.

XXX Reserved section (Ref: Section 33, FOI(S)A).

On behalf of the Court, the Chair of Court thanked the Deputy Principal (Engagement & Staff Development) and other colleagues for their work in preparing the University's submission for renewal of the University's Bronze Athena SWAN award.

M16/30 REPORT FROM THE STUDENT UNION PRESIDENT (Oral Report)

The President of the Student Union provided an update to the Court on recent and forthcoming activities of the Student Union. These included:

- his recent attendance at a Teaching Excellence Framework (TEF) briefing event organised by HEFCE;
- the growing issue of 'contract cheating' which included paraphrasing software, purchase of dissertations, etc. The Deputy Principal (Learning & Teaching) also emphasised the growing scale of the fraudulent activities both nationally and internationally and the importance to the University of keeping ahead of those issues;
- the Advice Hub has been continued to offer support for students in Dubai on appeals and mitigating circumstances, although the Student Union was not funded for this work;
- the Postgraduate Research Student Working Group in conjunction with the Student Union had reported to the Research Knowledge Exchange Board. The report aimed to enhance the welfare of the University's postgraduate research students;
- the development of a new Learning and Teaching Partnership Agreement with the University, which could prove useful and interesting in scope and provision;
- in the New Year the Student Union would be holding a campaign with help and support from 'Who Cares? Scotland.' on students with experience in the care system;
- the Staff Credit Union was looking to expand its common bond to the student body, possibly providing cheap loans to Postgraduate Research students as a pilot;
- work to resolve snagging issues at the new student residences was expected to be complete in the New Year;
- a Student Union Christmas video including students and staff from across the university would go online shortly;
- attendance at St Giles Cathedral representing Heriot-Watt at the recent St. Andrews Day celebrations;
- the Student Union LGBT group had raised funds from their 'Red Ceilidh,' to be split between LGBT Youth Scotland and Waverley Care;
- international students had run a successful free event for other international students on 5 November, involving a city tour and viewing the fireworks;
- the Vice-President, Wellbeing had attended a conference about sexual assault and consent on campuses. A report will follow in the New Year;
- planning was under way for Diversity Week and there will be a joint campaign with the Sports Union about gender stereotypes in sports and academia; and

- contribution to the 2017-21 equality outcomes for the university working with the University's Equality and Diversity Adviser.

M16/31 REPORT FROM THE SENATE (Paper Ct3/16/112)

The Court received and noted a report from the Senate relating to its meeting held on 5 October 2016 which was presented by the Principal.

The Secretary of the University drew attention to the report of developments associated with the Effectiveness Review of the Senate, in particular recent approval by the Senate of a new Statement of Primary Responsibilities and schedule of delegated powers. The Senate had also approved Standing Orders to regulate Senate procedures and conduct. Work had extended to reviewing and revising committee terms of reference with the terms of reference of the key committees with responsibility for learning and teaching, research and innovation and quality and standards having been completed for Senate review and approval. The Secretary of the University confirmed that an update report on implementation of the outcomes of the Senate Effectiveness Review will be presented at the next meeting of the Governance & Nominations Committee.

A number of members of Court made the observation that from December 2016, two out of the three positions of Dean would be vacant. This gave rise to concerns about a resource gap in the service provided by Dean role-holders, e.g. in processes associated with the discipline and progress of students. The Court heard that there had been no agreement by the Senate as yet on a revised role description for the Deans. The Secretary of the University reported that an election to vacant Dean positions would be held in the early part of 2017. The Deputy Principal (Learning and Teaching) confirmed also that all the tasks undertaken by the Deans had been documented and that he was taking steps in consultation with relevant Academic Registry colleagues to ensure that these will be appropriately covered over the period before the new elected Deans are in place.

M16/32 ANNUAL REPORT ON UNIVERSITY COMPLAINTS (Paper Ct3/16/113)

The Court received and discussed a summary report of complaints received by the University in the year 2015/16, noting that the Scottish Public Services Ombudsman (SPSO) required that university governing bodies and the SPSO receive an annual report on complaints dealt with under the agreed Complaints Policy in force. The Secretary of the University drew attention to the University's practice of carrying out reviews of areas which are a source of complaints, in addition to resolving individual complaints.

A member of the Court drew attention to the reported average response time for resolving stage two complaints and asked whether this indicated a resource issue. The Secretary of the University responded that, as the reported complaints could relate to any part of the University and, as the responsibility for handling complaints was diffused across the University community, the time factor had not been caused by any particular shortage of staff resource. While the SPSO had not raised the reported time as a matter of concern, this was nevertheless an area in which the University could make improvements.

The Chair of Court stated that she hoped that the next annual report would confirm an improved average response time.

M16/33 ANNUAL REPORT FROM THE DUBAI CAMPUS (Paper Ct3/16/114)

The Court received and discussed an Annual Report for 2015/16 from the Dubai Campus which was presented by the Vice-Principal (Dubai). In his presentation he focused attention in particular on the following:

- the wider economic and social profile of the United Arab Emirates;
- the country's education landscape (secondary and tertiary level);
- Heriot-Watt's position as the largest and most successful international campus in the region, able to attract high quality students and to set high level fees;

- the scale of the campus in terms of staff and student headcount (100 and 4,000 respectively). Many nationalities were represented by the student body, and applications for staff roles invariably came from non-Emiratis;
- the importance to the University of brand messaging and brand positioning in the highly competitive higher education environment;
- positive learning and teaching developments in the year which included the launch of seven new programmes – including, as a completely new offering, the BA in Architecture. Professional body accreditation had also been secured across a range of discipline areas;
- research activity and PhD student numbers remained small scale; however, both were growing and new opportunities were being identified;
- it was important to increase the number of students who choose to transfer from one of the UK campuses to the Dubai Campus for part of their studies. Dubai was relatively more expensive than Malaysia to live in, and therefore it will be important to consider bursary and other support to encourage more students to take up this opportunity.

In response to a question about rates of staff turn-over, the Vice-Principal (Dubai) reported that it was relatively common for working individuals to remain in Dubai for a period of 2 to 3 years and there were many different family reasons why employment periods might be comparatively short. Heriot-Watt's situation was not unusual when viewed in the wider context.

M16/34 DUBAI CAMPUS (TRANSITION) PROJECT: UPDATE REPORT (Oral report)

The Court received an update report from the Assistant Principal (International Development) on the Dubai Campus (Transition) Project. **XXX Reserved section ref Section 33, FOI(S)A.**

M16/35 REPORT FROM THE EMERGENCY COMMITTEE OF THE COURT (Paper Ct3/16/115)

The Court received and noted a report from the Emergency Committee of the Court which related to an item of business which the Committee approved on behalf of the Court on 31 October 2016.

XXX Reserved section (Ref: Section 33, FOI(S)A).

M16/36 REPORT FROM THE JOINT MEETINGS OF THE COURT EMERGENCY AND THE FINANCE COMMITTEES (Paper Ct3/16/116)

The Court received and discussed a report from the Emergency Committee of the Court and the Finance Committee relating to the meetings held on 1 and 28 November 2016 which was presented by the Chair of the Finance Committee. The report related to the work undertaken by both Committees which had been charged with scrutinising and progressing on behalf of the Court a Private Placement Bond as a means for raising the necessary funds to finance the University's Capital Investments Plan. The Committees had agreed that it was appropriate to enter into a Note Purchase Agreement on 14 December 2016.

The Chair of the Finance Committee emphasised the huge amount of work which had been undertaken by the Director of Finance and the Finance Office over the course of a year to reach the current point. This necessary and important work had been one factor which had contributed to the delay in the production of the Annual Report and Financial Statements.

The Chair of the Finance Committee reported that the Note Purchase Agreement, a copy of which had been supplied to Court members in advance of its 9 December 2016 meeting, reflected the fact that the loan rates had been priced at the best possible time. The Chair emphasised also that the new Agreement would enable repayment of existing debt within a new flexible structure and that the £60 million of additional loan will be ring-fenced for capital development investments. At its next meeting the Finance Committee would consider the University's Five-Year Financial Plan with this condition in mind and would consider any necessary structured cost savings in existing business.

The Committee Chair also drew attention to the importance of 'Disclosure', Section 5.3 of the NPA and certification that all disclosure documentation taken as a whole is complete and accurate. Both the Finance and the Court Emergency Committee were content, following detailed consideration at

the meeting on 28 November, that the University should feel entirely comfortable in accepting this clause in the documentation.

The Committee Chair summarised the decision of both Committees on 1 November 2016 to proceed to conclude the terms of the Note Purchase Agreement within the limits approved by both Committees. On 28 November 2016, there followed a joint meeting of the Committees at which members were fully briefed with relevant professional and legal advice. Both Committees had gained comfort from the advice received as well as confirmation that the Agreement accorded with similar Agreements entered into by other universities. They therefore had no hesitation in making the recommendation that the Court should approve the signing of the Note Purchase Agreement (NPA) within the agreed terms on 14 December 2016 and that the authorised signatory should have discretion to agree any further minor and non-material changes to the NPA without further reference to the Court.

The Principal confirmed that the loan agreement would be communicated by way of the introductory section in the report provided by the Principal. Once the funds had been received a news item would appear in the staff newsletter. The Court agreed that all colleagues should treat the matter in confidence until then.

The Chair of Court reminded Court members that the new funds were to be used only for the purpose of investing in new capital projects to generate additional income. Members of Court had a duty to their successors to ensure that the future yields from those investments will be sufficient to cover the cost of all the relevant loan repayments over the coming years and to generate an appropriate level of return to the University.

There follows a minute of Court approval relevant to the new loan agreement (Appendix A to the minutes) as agreed with the University's solicitor, CMS.

There follows a minute of Court approval relevant to repayment of the loan to Barclays Bank, as agreed with Barclays Bank (Appendix B):

(Addendum: shortly following the meeting of Court on 9 December the Chair of Court signed the following documentation:

- *Signature Page to the Note Purchase Agreement;*
- *Senior Note Series A (confirming payments due by 14 December 2031);*
- *Senior Note Series B (confirming payments due by 14 December 2036);*
- *Senior Note Series C (confirming payments due by 14 December 2041);*
- *Senior Note Series D (confirming payments due by 14 December 2046);*
- *Note Purchase Agreement;*
- *Wiring Instructions (for the transfer of the aggregate amount of £112,000,000 14 December 2016) (countersigned by the Secretary of the University);*
- *Closing Agenda (countersigned by the Secretary of the University);*
- *Officer's Certificate to Morrison & Foerster (UK) LLP); and*
- *Incumbency Certificate of the issuer (countersigned by the Secretary of the University).*

M16/37 REPORT FROM THE FINANCE COMMITTEE (Paper Ct3/16/117)

The Court received and discussed a report from the Finance Committee relating to the meeting of the Committee held on 24 November 2016.

XXX Reserved section (Ref Section 30, FOI(S)A.)

In response to a point raised by a member about reporting of heritage assets, the Director of Finance said that he would follow up on the observation made. It was not intended to suggest that heritage artefacts had no value; rather it was impossible to arrive at a value which could be expressed in accounting terms.

M16/38 REPORT FROM THE AUDIT AND RISK COMMITTEE (Paper Ct3/16/118)

The Court received and discussed a report from the Audit and Risk Committee relating to the meeting of the Committee held on 24 November 2016. The Committee Chair who presented the report drew attention to key items of business discussed by the Committee as reported.

XXX Reserved section (Ref Section 30, FOI(S)A.)

M16/39 REPORT FROM THE STAFF COMMITTEE (Paper Ct3/16/121)

The Court received and noted a report from the Staff Committee relating to the meeting of the Committee held on 7 November 2016.

The Committee Chair, who presented the report, drew attention in particular to the Health and Safety related items being presented for the Court to note and to approve. These demonstrated the strength of the University's commitment to health and safety. The Committee Chair relayed thanks on behalf of the Committee to the Director of Safety and Security Services and his team for their hard work in support of the University's health and safety aims.

39.1 University Health and Safety Committee Annual Report

The Court received and noted the Annual Report for the year ended 31 July 2016 from the University Health and Safety Committee. The report, which provided an overview of the effectiveness of the University health and safety framework for the year reported, had been received and considered by the Staff Committee.

39.2 Health and Safety Policy Statement

The Court received and approved the University's Health and Safety Policy Statement (dated 13 September 2016), which had been reviewed and updated in the context of the agreed annual programme of review and re-approval and considered by the Staff Committee.

M16/40 REPORT FROM THE GLOBAL STUDENT LIAISON COMMITTEE (Paper Ct3/16/122)

The Court received and noted a report from the Global Student Liaison Committee relating to the meeting of the Committee on 9 November 2016. In the absence of the Committee Chair, the report was presented by the Deputy Chair of Court who drew attention to key items of business discussed by the Committee, as reported.

In response to a question about the Annual Student Survey referred to in the report, the Deputy Chair of Court confirmed the survey questions matched those of the National Student Survey and the Survey was augmented by additional questions.

M16/41 REPORT FROM THE ORDINANCES AND REGULATIONS COMMITTEE (Paper Ct3/16/125)

The Court received and discussed a report which was presented by the Secretary of the University on behalf of the Ordinances and Regulations Committee. The report included recommendations for modifications to existing Ordinances.

41.1 Ordinance E2: Student Union

The Court noted and approved recommended modifications to *Ordinance E2: Student Union*, noting that the changes had been proposed to reflect the change in status of the Student Union from an Unincorporated Association to an Incorporated Company Limited by Guarantee.

41.2 Ordinance B5: Court Business

The Court noted approved recommended modifications to *Ordinance B5: Court Business*, noting that the changes had been proposed to reflect the wording in the Standing Orders of the Court, made in pursuance of Article 7 of the Charter and *Statute 4: The Court*.

M16/42 ANY OTHER BUSINESS

42.1 Court rolling programme of business (Paper Ct3/16/123)

The Court received and noted a summary report, as at June 2016, of the Court's rolling programme of business for 2015/16 through until the end of the current calendar year. Members' proposals for additions and changes from members to this live document would be welcomed at any time.

42.2 Forthcoming events

The Court noted a report of forthcoming University events of potential interest to Court members which was presented by the Secretary of the University. The Principal added that a forthcoming Vice-Chancellor's Distinguished Lecture would be held at the Malaysia Campus on 10 January 2017 (Sir Terry Morgan Chairman of Crossrail, 'The Challenges and Opportunities of Building Crossrail under a Global City – London')

M16/43 DATE OF THE NEXT MEETING

The next ordinary meeting of the Court will take place on 3 March 2017. There will be an extra meeting of the Court on 19 January 2017 to consider the Annual Accounts and Financial Statements 2015/16 and related reports.

APPENDIX A

The Chair of Court was in the Chair.

The following documents (the “**Documents**”) were provided to the Meeting and considered carefully by the Court:

- (i) a note purchase agreement between the University and each of the purchasers listed in Schedule A thereto in respect of the Notes (as defined below) (the “**Note Purchase Agreement**”);
 - (ii) 2.97% Senior Notes, Series A, due on 14 December 2031;
 - (iii) 3.22% Senior Notes, Series B, due on 14 December 2036;
 - (iv) 3.31% Senior Notes, Series C, due on 14 December 2041; and
 - (v) 3.31% Senior Notes, Series D, due on 14 December 2046
- ((ii) to (v) collectively, the “**Notes**”)

It was unanimously agreed in relation to the proposed issue and sale of senior loan notes by the University pursuant to the Note Purchase Agreement to be entered into by the University (the “**Issue**”)

that,

- (i) the terms of, and transactions contemplated by the Documents together with any related documents, be approved on the terms and conditions stated therein provided always that any further minor or non-material changes may be agreed by the authorised signatory without further reference to the Court.
- (ii) the University is to execute, deliver and perform its obligations under the Documents and any related documents (to which it is a party);
- (iii) each of the Secretary of the University and the Director of Finance be authorised to negotiate and agree any remaining terms and conditions which remain outstanding at his or her sole discretion in relation to the Documents and any related documents;
- (iv) the Chair of Court of the University whom failing the Deputy Chair of Court be and is authorised individually to execute the Documents and any other relevant documents required to be executed on behalf of the University in relation to the Issue; and
- (v) the Secretary of the University whom failing the Director of Governance & Legal Services be and is authorised, on behalf of the University, to sign and/ or despatch all documents and notices to be signed and/ or despatched by it under or in connection with the Documents.

APPENDIX B

The Chair of Court was in the Chair.

The following documents (the "Documents") were provided to and considered carefully by the Court:

- (i) a minute of the Emergency Committee of the Court of the University dated 1 November 2016 (the "Emergency Minute") provided on 9 December 2016; and
- (ii) a proposal for consideration by the Emergency Committee of the Court of the University dated 29 October 2016 (the "Proposal") provided on 29 October 2016 with a minute report of the decision provided on 9 December 2016.

Pursuant to the issue and sale of senior loan notes by the University under a Note Purchase Agreement to be entered into by the University on or around 14 December 2016 the ("Notes"), the Court had considered a number of financing proposals on offer to it in respect of its current financing arrangements consisting of a term and revolving credit facility in the drawn amount of £26 million with Barclays (the "Loan"). The Court had considered the costs of the financing options with Barclays and the sale proceeds the University would receive in respect of the Notes and had determined to repay the Loan in full following receipt of the sale proceeds of the Notes, in the knowledge that there would be associated breakage costs as a result of early repayment (as set out in detail in an Overview Report from Barclays Bank plc, dated 7 November 2016, which provided indicative costs associated with breaking fixed rate loans).

The Court agreed:
that,

- (i) the University proceed to repay the Loan and will incur any associated costs;
- (ii) the repayment of the Loan and incurrence of associated costs is in the best interests of the University;
- (iii) the Chair of Court of the University, Dame Frances Cairncross (whom failing the Deputy Chair of Court, Mr Tony Strachan) be and is authorised individually to execute any documents required to be executed on behalf of the University in relation to the repayment of the Loan; and
- (iv) each of the Secretary of the University, Ms Ann Marie Dalton-Pillay and the Director of Finance, Mr Andrew Menzies (acting on his or her own) be authorised to negotiate and agree the final fixed rate break costs associated with the repayment of the Loan and any related documents.

Signed

Date