

**COURT**

**Minutes**

In the Chair:	Mr Iain McLaren	Date of Meeting: 30 September 2013
Present also:	Professor Nicholas Beadle Professor Andrew Cairns Professor Steve Chapman Mr Allan Gray Councillor Ricky Henderson Dr Stephen Houston Professor Julian Jones Professor David Lane Mr Strone Macpherson Ms Shonaig Macpherson	Mr Andrew Milligan Ms Becky O'Hagan Professor Jim Ritchie Mr David Robinson Mr Steve Salvini Mr Tony Strachan Professor Ian Wall Mr Keith Wallace Professor Peter Woodward
Officer in attendance:	Ms Sue Collier Ms Ann Marie Dalton	Mr Andrew Menzies
Others in attendance:	Mr Malcolm Deans Professor Gill Hogg Professor David Hopkins Professor Phil John Professor Robert MacIntosh	Ms Catriona McAllister Mr Richard McGookin Professor John Sawkins Ms Lorna Kirkwood-Smith (minutes)

**64 APOLOGIES**

Apologies were received from Lord Penrose and Dr Jock Clear.

**65 ANNOUNCEMENTS**

The Chair confirmed the recent retiral from membership of the Court of Professor Ken Gill. The Court relayed its thanks and appreciation for Professor Gill's valued contribution over the last few years to the Court and the Audit and Risk Committee.

**66 WELCOME**

The Chair welcomed the following in particular:

- Mr Malcolm Dean, Director of Campus Services, and Ms Catriona McAllister, Head of Sport & Exercise, who were attending for the National Performance Centre for Sport item (minute item 70 below); and
- Professor John Sawkins, Deputy Principal (Learning & Teaching), who was to present the Annual Report to the Scottish Funding Council on Institution-led Quality Review item (minute item (71 below)).

**67 MINUTES OF THE PREVIOUS MEETING**

The Court approved the minutes of the meeting of the Court held on 24 June 2013.

**68 MATTERS ARISING**

**68.1 Athena SWAN**

The Principal updated the Court on recently received confirmation that the University had re-gained its Athena SWAN Bronze Award status. This would remain until 2016. The Principal confirmed that thanks were due especially to Professor Gill Hogg, Ms Sue Collier, Ms Sharan Virdee and Professor Steven McLaughlin for their exceptional work supporting preparation of the University's application.

The Court noted also that the University was in the process of appointing an Athena SWAN Officer to support progression and promotion of Athena SWAN aims across the University. It was noted that the Bronze Award opened up the potential to work towards Silver status at departmental level.

**68.2 Five-Year Financial Plan**

The Vice-Principal confirmed that no unexpected issues had arising in relation to the Five-Year Financial Plan (ref Minute 50 of the previous meeting). A first quarterly re-forecast would take place in November 2013.

**69 BRIEFING FROM THE PRINCIPAL/UE (Paper Ct1/13/48)**

The Court received and discussed a report from the Principal and The University Executive on a range of news topics of current interest and the involvement of the University.

The Principal highlighted items as reported and provided the further updates including:

- Dr Laura Galloway, School of Management and Languages had been elected to the office of Dean for three years from 1 November 2013; and
- a recent meeting of the main Centre for Earth & Marine Technology Board had gone well and the proposed governance structure for the project had been agreed. A launch event was planned in the near future, all details yet to be confirmed.

**70 NATIONAL PERFORMANCE CENTRE FOR SPORT (Paper Ct1/13/37)**

The Court received, discussed and approved a proposal that the National Performance Centre for Sport (NPCS) project should proceed to Design Stages D and E in the period up to February 2014, subject to the condition that the Finance Committee gives its approval on the basis of the updated Business Plan also being received by the Court. The Finance Committee would consider the proposal at its meeting to be held on 8 October 2013. The Court noted that the University Executive had considered and approved the proposal at its meeting on 26 September 2013.

In a presentation supported by the Director of Campus Services and the Head of Sport and Exercise, the Court noted that this phase would also involve concluding negotiations with SportsScotland and other stakeholders (including the City of Edinburgh Council), the planning application, instigating the procurement process for selection of contractors and developing a proposal for governance arrangements.

It was noted that the University's Five-Year Financial Plan approved in June 2013 included an envelope for capital investment, with £2.5 million provisionally set-aside for support of the NPCS in 2016. The total project cost had been agreed at £30 million with a 10% contingency element included. It was noted that any cost over-run would have to be met by the University; however, this was not anticipated and the project specification would only be extended beyond the current total figure if matching additional external funding became available.

It was agreed that the Court, at a meeting to be held in the early part of 2014, should consider proposals for next steps on the basis of an updated business case incorporating the outcomes of Design Stage D and E work, all the relevant negotiations and other work specified to take place

through to February 2014.

The Court requested specifically that clarity be provided around the governance and management support available to support the project. The Court commented on management capacity in relation to the project and was advised of project management and backfill support which formed part of the business case and would enable the Director of Campus Services and the Head of Sport and Exercise to optimise their time on the project. In relation to governance arrangements, the Chair of the Campus Committee emphasised the need for very clear short lines of accountability and communication and commented on the strength thus far of the administration around the project.

In relation to comments about detailed appraisal of income generated by the project, the Principal emphasised the attractiveness of future NPCS facilities to prospective students. While the Business Plan highlighted an improved financial position from the currently subsidised University sports facilities, there will be a continued imperative to make the facilities affordable for student users. It was not realistic therefore to see the student income stream as profit generating.

In relation to a question raised about the impact of future plans on the Student Union building the Acting President of the Student Union was advised by the Director of Campus Services that nothing would happen to the Student Union building without early consultation with student representatives and appropriate planning arrangements should it be determined that Student Union facilities require to be relocated within the Edinburgh Campus.

**71 ANNUAL REPORT TO THE SCOTTISH FUNDING COUNCIL ON INSTITUTION-LED QUALITY REVIEW (Paper Ct1/13/38)**

The Court endorsed the Annual Report and approved the Annual Institutional Statement on Institution-led Quality Review 2012/13 which was presented by the Deputy Principal (Learning & Teaching) for onward presentation to the Scottish Funding Council.

It was noted that, since the Court had considered the Annual Report and Assurance Statement at its meeting in June 2013, both had been considered and approved by the Quality and Standards Committee and the University Executive.

In the absence of the Chair of Court the Deputy Chair of Court signed the Assurance Statement on behalf of the Court.

**72 REPORT FROM THE GOVERNANCE AND NOMINATIONS COMMITTEE: MEETING HELD ON 20 SEPTEMBER 2013 (Paper Ct1/13/39)**

The Court received and discussed a report from the Governance and Nominations Committee relating to the meeting of the Committee held on 20 September 2013.

**72.1 Chair of Court selection process**

The Court noted and approved the recommendations of the Committee in relation to the selection process and timeline for the Chair of Court appointment. The Court endorsed the reported view of the Committee that a degree of flexibility should be built into the process to enable the panel sufficient time following the final interviews to determine its recommendation. The appropriate span of time would be largely driven by factors that cannot be known until the final selection stages.

The Secretary of the University confirmed that long-listing and short-listing panel memberships would comprise members of the Governance and Nominations Committee and other lay members of the Court ensuring a mix of long standing and more recently appointed Court members. Open communications would be maintained with the full Court membership.

## **72.2 Report from the Constitutional Review Group: Draft Court Statement of Primary Responsibilities**

The Court was invited to consider and comment on a draft Court Statement of Primary Responsibilities which had been developed by the Constitutional Review Group and which would form the basis of the planned detailed review of the Charter and Statutes.

The Court broadly endorsed the draft Statement which, it was noted, aligned in detail to the Scottish Code of Good Higher Education Governance. The Secretary of the University invited members to direct any further comments to her in the period following the meeting.

It was noted that the Statement was intended to set out the responsibilities of the Court at a high level, while a suite of new Ordinances would set out the supporting detail.

A member suggested that for clarity a reference to action plans should be included in paragraph 14 d) of the draft.

## **72.3 Report from the Constitutional Review Group: Definition of the University**

The Court was invited to consider and comment on a draft 'Definition of the University' which the Constitutional Review Group and the Governance and Nominations Committee proposed for inclusion in the revised University Charter.

The recommendation was noted that a definition of "all other" should be included in an Ordinance, the definitions (with exceptions by territory being defined) to include references to: associate campuses; approved learning partners; staff of the University; members of the University; and subsidiary companies.

## **72.4 Report from the Constitutional Review Group: items presented for information.**

The Court received and noted the following which were presented as appendixes to the report:

- *'Guidance for Charity Trustees'*: Office of the Scottish Charity Regulator
- Minutes of meetings of the Constitutional Review Group held between July and September 2013.

## **72.5 Governance Effectiveness Review 2011/12: recommendations and action plan**

The Court received and noted an update progress report against recommendations and actions emerging from the Court Governance Effectiveness Review conducted in 2011/12.

In the course of discussion the following observations were made by individual members:

- the proposal for annual Court meetings held at the Dubai Campus, while not gaining agreement at the time, should remain standing as a suggestion; and
- the capacity of the current number of independent lay members of the Court to take on roles and responsibilities in Committees of Court remained stretched unless a means could be found to rebalance the membership to create more independent lay member places on the Court.

## **72.6 Edinburgh Business School**

The Court noted and approved the following recommendations of the Governance and Nominations Committee in relation to membership of the Edinburgh Business School (EBS) Board:

- the appointment for a further year of Professor Andy Walker;
- the appointment of Professor John Sawkins in replacement of Professor Bob Craik;
- the appointment of Professor Nicholas Beadle;
- a communication should be relayed from the Chairman of Court, the Principal and the

Secretary of the University confirming the expectation of an open and transparent process associated with the appointment of a new Chair of the EBS Board. The Court noted that the University would exercise its right to present its view, comment on the process and have final sign-off of the new appointment.

The Court agreed that there should be no automatic requirement for Professor Nicholas Beadle to stand down from his position as member of the Court or the Malaysia Oversight Board, subject to a future assessment to determine whether any conflict of interest has in fact arisen as a result of Professor Beadle's involvement with both the Court and the EBS Board.

#### **72.7 Remuneration Committee Terms of Reference**

On the recommendation of the Governance and Nominations Committee the Court approved revised Terms of Reference for the Remuneration Committee of Court, noting that the Remuneration Committee had reviewed and approved the revisions at its meeting held on 9 September 2013.

#### **72.8 Endowments Committee**

On the recommendation of the Governance and Nominations Committee the Court endorsed the proposal that the Endowments Committee (joint committee of the Finance Committee and the University Executive) should be chaired by an independent lay member of the Court.

The Court noted that Mr Andrew Milligan had been approached in this capacity and was considering the appointment subject to his ability to take on the additional commitment. It was noted that depending on Mr Milligan's decision, the Secretary of the University would seek Court approval for the appointment of Chair to the Committee.

#### **72.9 Court: succession planning**

The Court noted that, following the recent resignation from the Court of Professor Ken Gill, a vacancy had arisen within the independent lay membership of the Court.

This matter was considered in the context of new appointment recommendations emerging from the extraordinary meeting of the Governance and Nominations Committee held on 30 September 2013 (ref Minute item 73 below).

#### **72.10 Committees of the Court: membership and succession planning**

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

On the recommendation of the Governance and Nominations Committee the Court approved the recommendation that Mr Tony Strachan be invited to take over the position of Chair of the Audit and Risk Committee from Mr David Robinson, his Chair position to run for as long as he remains a member of the Court. It was agreed that the change-over, which had been planned with a view to staggering future new Committee Chair appointments, would take place following the end of Mr Robinson's term as Chair on 31 December 2013.

The Court noted that recommendations relating to two lay vacancies on the Committee were to be presented by the Governance and Nominations Committee following a reconvened meeting of the Committee held on 30 September 2013 (ref Minute item 73 below).

##### **Finance Committee**

The Court noted that recommendations relating to two lay vacancies on the Finance Committee were to be presented by the Governance and Nominations Committee following a reconvened meeting of the Committee held on 30 September 2013 (ref Minute item 73 below).

## **Governance and Nominations Committee**

The Court noted that Professor Nicholas Beadle had been unable to take up one of the three new membership places agreed by the Court in June 2013 to augment the Governance and Nominations Committee membership. The Committee made no further recommendation at this point in time.

## **Remuneration Committee**

On the recommendation of the Governance and Nominations Committee the Court approved in principle the appointment of Mr Strone Macpherson to augment the Court membership of the Remuneration Committee, subject to his availability/willingness to accept the invitation. The Secretary of the University confirmed that once Mr Macpherson's position was known approval from the Court would be sought at a later date.

## **Staff Committee**

The Court noted that recommendations relating to two vacancies on the Staff Committee (one Court member and one co-opted lay member) were to be presented by the Governance and Nominations Committee following a reconvened meeting of the Committee held on 30 September 2013 (ref Minute item 73 below).

## **Ordinances and Regulations Committee**

On the recommendation of the Governance and Nominations Committee the Court approved the appointment of Professor Angus Macdonald as Chair of the Ordinances and Regulations Committee for the period of his appointed membership until 31 July 2016.

### **72.11 Observers at meetings of the Court**

The Court noted that discussion on this item at the 20 September 2013 meeting of the Governance and Nominations Committee had been inconclusive due to the limited number of GNC members present. Recommendations were presented following a re-convened meeting of the Committee held on 30 September 2013 (ref Minute 73 below).

### **72.12 Governor reporting from conferences and seminars**

On the recommendation of the Governance and Nominations Committee the Court agreed that there should be a general expectation that, as a matter of course, governors who attend governance related conferences and seminars should share the knowledge they have gained with other Court members.

## **73 REPORT FROM THE GOVERNANCE AND NOMINATIONS COMMITTEE: MEETING HELD ON 30 SEPTEMBER 2013 (Tabled paper)**

**73.1** On the recommendations of the Governance and Nominations Committee the Court approved the following new appointment to the Court with immediate effect:

- Appointment of Ms Tracey Ashworth Davies to the Court for a period of three years until 31 July 2016.

**73.2** On the recommendation of the Governance and Nominations Committee the Court approved the following appointments to Court Committees with immediate effect:

**Audit and Risk Committee:**

The appointment of:

- Ms Susan O'Brien (appointment has been confirmed at two years until 31 July 2015)
- Ms Jandy Stevenson for a period of one year in the first instance until 31 July 2014
- Mr Colin MacLean (appointment has been confirmed at two years until 31 July 2015)

**Finance Committee:**

the appointment of Ms Dorothy Shepherd (appointment has been confirmed at two years until 31 July 2015)

**Staff Committee:**

the appointment of Ms Tracey Ashworth Davies to the Staff Committee for a period of three years until 31 July 2016.

**Ordinances and Regulations Committee:**

the appointment of Ms Coral Hill (appointment has been confirmed at three years until 31 July 2016.)

**73.3 Selection process and "pool" candidates**

The Court noted that the recommended candidates had each undergone the same processes of selection as other candidates.

The Court requested that future membership recommendations relayed by the Governance and Nominations Committee be augmented by summary biography information on candidates.

The Court noted that a number of high quality candidates were being held in a reserve "pool" to be considered for future vacancies as and when these will become available. A meeting with selection panel members remained to be arranged for two candidates. It was noted also that two candidates would be considered in relation to future Dubai governance arrangements. Proposals would be presented at a later date to the Governance and Nominations Committee and the Court in relation to governance arrangements in both Dubai and Malaysia.

It was agreed that there should be an agreed communications/events plan put in place to help ensure that future potential members in the reserve pool maintain interest in and engagement with the University.

**73.4 Observers at meetings of the Court**

The Secretary of the University relayed the agreement of the Governance and Nominations Committee that in the future invited senior officer "observers" at meetings of the Court should be selected for each meeting on the basis of particular items appearing in the Court agenda.

**73.5 Other matters**

The Court agreed that an invitation to the 11 November 2013 Court Away Day should be extended to the new Court and Court Committee members.

**74 ADDITION TO THE LIST OF AUTHORISED SIGNATORIES (Paper Ct1/13/49)**

The Court received and approved a resolution that Mr George W Lancaster, Financial Controller, be added to the list of authorised signatories to the HSBC (formerly Lloyds) Dubai Bank Account.

The mandate would allow the signatory to authorise < £9999.99 or the equivalent in currency, jointly > than £9999.99 or the equivalent in currency, all payments processed through Electronic Banking on behalf of Heriot-Watt University Dubai; and execute all mandate documents including the use of Internet/Electronic Banking Delivery Channels.

## **75 UNIVERSITY COMPLAINTS POLICY AND PROCEDURES (Paper Ct1/13/40)**

The Court received and discussed a revised University's Complaints Policy and Procedures which, in line with a legal requirement on HEIs, had been in place from 30 August 2013. It was noted that the model Complaints Policy and Procedures adopted by HEIs were required to reflect the model provided by the Scottish Public Services Ombudsman (SPSO) and to take into account the recently updated UK-wide QAA Code of Practice on Appeals and Complaints.

It was noted that the new Policy, which had been approved by the University Executive, reflected the SPSO model, with some further details taken from the policy the University had for handling student complaints where this was felt to elucidate upon, while still supporting, the SPSO model. It was noted that key changes in adopting the new Policy and Procedures were a reduction from four stages to two stages in consideration of a complaint; reduction in the time permitted to deal with complaints internally; the requirement to record and report every complaint annually to the SPSO; and the individual responsibilities of members of staff to deal with any complaint raised with them.

Comments and observations made in the course of Court discussion on the new Policy included:

- confirmation that the student body had been involved in the development of the Policy and Procedures;
- the scope of the Policy extended to include international campuses and to the Edinburgh Business School. Complaints made to ALPs would be considered on a case-by-case footing with responsibility for action determined on the basis of the provider of the particular service which is the recipient of a complaint. It was noted that ALPs and ALP students would be made aware of the new Policy and Procedures;
- the definition attached to a "complaint" was very wide with significant implications in terms of the range of issues that would fall within the scope of the Policy. While seemingly unimportant complaints might be resolved quickly and easily at local level, nevertheless these were required to be recorded;
- while it was not expected that the number of complaints received by the University would rise as a result of the Policy, recording of these would improve understanding of the nature and number of these each year.

The Court requested that an update report on student complaints should be presented to the Court at six monthly intervals.

## **76 REPORT ON GOVERNOR VISITS TO THE MALAYSIA AND DUBAI CAMPUSES (Paper Ct1/13/41)**

The Court received and discussed a report of visits to the University's Malaysia and Dubai Campuses which were undertaken in May 2013 by the Chairs of the Audit and Risk Committee and the Malaysia Oversight Board. The report included a range of recommendations and it was noted that, once reviewed, the relevant management responses and any further comments arising from these would be incorporated in a final version of the report for consideration by the Court at its next regular meeting. It was reported that many recommendations had already been agreed and measures were already in hand for timely implementation of a number of these.

In the course of discussion the following comments/observations were made:

- there will be interest among the membership of the Constitutional Review Group to see the management responses as soon as possible as these may be germane to the work of the Group in reviewing the University's constitution;
- the final report with management responses will be presented to the Governance and



- Nominations Committee for consideration; and
- Reserved section. Ref section 31, FOI(S)A).

## **77 STUDENT UNION AND FREEDOM OF SPEECH CODES OF PRACTICE (Paper Ct1/13/42)**

The Court received and discussed draft Student Union and Freedom of Speech Codes of Practice which were presented by the Secretary of the University.

### **77.1 Student Union Code of Practice**

The Court note that the draft Student Union Code of Practice had been prepared in compliance with Article 22 of the Education (Scotland) Act 1994 on the operation of the Student Union.

The Court approved the Student Union Code of Practice, subject to:

- clarification in the Code as to its scope in the context of the University's international composition; and
- the Senate being invited to comment on the Code.

### **77.2 Freedom of Speech Code of Practice**

The Court noted and discussed a draft Freedom of Speech Code of Practice. This had been drafted in cognisance of the long standing common law recognition of the general right to free speech in Scots Law. A variety of pieces of legislation covered other aspects such as the requirement to eliminate discrimination, harassment, victimisation or any other prohibited conduct.

While noting that the Freedom of Speech Code of Practice was designed to be distinct and separate to provisions for academic freedom of speech within the University, the Court requested that the Code be presented to the Senate for comment. The Secretary of the University confirmed that any material comments from the Senate would be reported back to the Court in due course.

## **78 REPORT FROM THE EMERGENCY COMMITTEE OF THE COURT (Paper Ct1/13/43)**

The Court received and noted a report from the Emergency Committee of the Court. This confirmed that, on 12 July 2013, the Emergency Committee had considered and approved a proposal that the University should make a time limited without prejudice offer to Miller Construction UK to settle the account for the Scottish Borders Residences building. **Reserved section: Ref section 31, FOI(S)A).**

## **79 REPORT FROM THE MALAYSIA OVERSIGHT BOARD: MEETINGS HELD ON 13 AND 14 JUNE AND 30 AUGUST 2013 (Paper Ct1/13/44)**

The Court received a report relating to the meetings of the Malaysia Oversight Board which took place on 13 and 24 June and 30 August 2013. All items in the report were presented for information.

The Chair provided the Court with an oral update on matters considered by the Board at its meeting held on 30 September 2013, highlighting:

- a review of the marketing plan and budget, and student numbers was being undertaken. This would be considered at the next meeting of the Oversight Board;
- the Board had received a report from the Principal following a visit to Malaysia to discuss progress on the campus building. Following review of the construction timetable and an increase of manpower deployed to the project there was confidence that the building would be completed within the contingency allowance. It was thought most likely that a 30-50 day delay would occur which was considered to be within an acceptable timescale for the planned

September 2014 intake. The building was expected to be made watertight by 29 October and the University would receive confirmation from Putrajaya Holdings by mid-November of any delay in delivery;

- Putrajaya Holdings had agreed that the University will be able to consider both lease agreement and rental guarantee options in relation to student accommodation. This would be considered further at the next meeting of the Oversight Board;
- staff recruitment plans had gone well in relation to the January 2014 starting date. Recruitment plans will now proceed for spring and autumn 2014 starting dates; and
- the Board had considered a paper which set out the background and process for a review of assumptions underpinning the HWUM business plan. An updated business plan would be considered by the Board in November 2013.

## **80 REPORT FROM THE AUDIT AND RISK COMMITTEE: MEETING HELD ON 19 SEPTEMBER 2013**

The Court received and noted an oral update from the Chair of the Audit and Risk Committee which related to the meeting of the Committee held on 19 September 2013.

The Chair updated the Court on the following:

- a paper considered by the Committee from the External Auditor on key developments in future financial reporting in respect of the Statement of Recommended Practice (SORP). The Director of Finance was producing a paper for consideration by the Committee on the required new reporting formats;
- work being undertaken by the Committee to develop a Risk Assurance Framework and Map. This development was viewed as part of a larger undertaking which, it was envisaged, would be developed in relation to governance areas of responsibility of other Court Committees and the Court;
- review by the Committee of two Internal Audit Reports and lessons learned. One report presented the outcomes of a review of Oracle post implementation (red rated) while the other reported the outcomes of a business continuity table-top simulation exercise (amber rated); and
- receipt by the Committee from the Internal Auditor of an update on the 'Attack and Penetrate' exercise. The full report with management responses would be considered by the Committee at its meeting in October 2013.

## **81 REPORT FROM THE STAFF COMMITTEE: MEETING HELD ON 12 SEPTEMBER 2013 (Paper Ct1/13/46)**

The Court received and noted a report from the Staff Committee relating to the meeting of the Committee held on 12 September 2013.

The Chair drew attention to items as reported, highlighting further:

- the outcomes of the annual review of Talent Management and Leadership which had been presented to the Committee by the Director of HRD. It was proposed to provide the Court with an update at a meeting in the near future;
- the Court would receive an update on the Trade Union ballot of members in relation to the current pay dispute; and
- Internal Audit recommendations relating to the Performance Management Review were being implemented and the Committee would continue to monitor progress in this area.

The Court noted that, following annual review of the Committee Terms of Reference, the Committee had agreed not to recommend to the Court any changes to these. The Court made no comments on the Terms of Reference which were therefore accepted.

The Court received and discussed the Annual Report of the University Health and Safety

Committee 2012/13 which was appended to the Staff Committee report. The Court agreed that it would be helpful to consider trend and comparative data, e.g. in relation to incident statistics. The Court requested that an update report should be provided to the Court in six months' time which includes this further contextual information.

In relation to the report from the Committee on implementation of Auto Enrolment, a member of the Court strongly encouraged the University to encourage younger people to the scheme. The "very young" group was reported to have featured strongly in recorded opt-out numbers.

**82 REPORT FROM THE REMUNERATION COMMITTEE: MEETING HELD ON 9 SEPTEMBER 2013 (Ct1/13/47)**

The Court received and noted a report from the Chair of Court on behalf of the Remuneration Committee which confirmed the outcomes of the meeting of the Committee held on 9 September 2013 to determine the remuneration of the senior staff of the University. It was noted that the Committee on behalf of the Court had considered the recommendations for remuneration for the Senior Management Team, Professorial Staff and Grade 10 Professional Services staff.

The Deputy Chair highlighted the significant reduction in the value of awards made to Academic Staff beneath grade 10 compared with the previous year and asked that he be advised following the meeting of the reason for the reported reduction.

**83 COMMUNICATIONS FROM THE DEPUTY CHAIR OF COURT**

The Chair had no matters to raise other than those covered elsewhere in the agenda.

**84 COMMUNICATION FROM STUDENT REPRESENTATIVES**

The Court noted that, following the recent resignation of the President of the Student Union, Brittany Brown, a new election was planned to take place in the near future.

The Acting President of the Student Union updated the Court on the highly successful recent 'Freshers' Week' events, and confirmed work on the Union's financial planning had continued with the Vice-Principal following the last meeting of the Court.

**85 ANY OTHER BUSINESS**

**85.1 Chairman of Court**

The Court conveyed its best wishes to the Chair of Court. The Secretary of the University confirmed that adequate arrangements were in place to cover the Chair's duties in the immediate period ahead.

**85.2 Honorary Chaplain**

The Court approved the appointment of a new Honorary Roman Catholic Chaplain at the University's Edinburgh Campus:

- Fr Iain Wilson, Prior in the Augustinian Community at St Joseph's, Broomhouse.

It was noted that the appointment was in replacement of Fr Kevin Lowry who had departed from his parish.

**85.3 Court meeting at Scottish Borders Campus**

The Court endorsed the suggestion that one of its meetings in 2013/14 should be held at suitable time at the Scottish Borders Campus.

**86 DATE OF THE NEXT MEETING**

It was noted that the next meeting of the Court (Court Away Day), will take place on Monday 11 November 2013.

Signed .....

Date .....

**COURT**

**Minutes**

In the Chair:	Lord Penrose	Date of Meeting: 11 November 2013
Present also:	Ms Tracey Ashworth-Davies Professor Nicholas Beadle Professor Andrew Cairns Professor Steve Chapman Mr Allan Gray Councillor Ricky Henderson Dr Stephen Houston Professor Julian Jones Mr Strone Macpherson Ms Shonaig Macpherson Mr Iain McLaren	Mr Andrew Milligan Ms Becky O'Hagan Professor Jim Ritchie Mr David Robinson Ms Rowan Russell Mr Steve Salvini Mr Tony Strachan Professor Ian Wall Mr Keith Wallace Professor Peter Woodward
Officer in attendance:	Ms Ann Marie Dalton	Mr Andrew Menzies
Others in attendance:	Ms Lorna Kirkwood-Smith (minutes)	

**87 APOLOGIES**

Apologies were received from Dr Jock Clear and Professor David Lane.

**88 MATTERS ARISING**

There were no reported matters arising.

**89 APPOINTMENT OF HEAD OF SCHOOL**

The Court approved the reappointment as Head of School of The Built Environment of Professor Garry Pender for a period of five years from 1 October 2013.

The recommendation for reappointment was presented to the Court by the Senate Business Committee having been considered in accordance with *Ordinance 26: Head of School*.

**90 PROPOSED COMMISSIONED REVIEW**

The Court received, discussed and endorsed a recommendation that a proposed review be commissioned by the Principal with the aim of considering University performance in a wider context, by establishing parameters and metrics that reflect upon the University's position, its Strategic Plan and the wider environment.

The Court endorsed the proposed contact group to work closely with the Principal through the planning and active phases of the exercise, to include: Mr David Robinson, Mr Tony Strachan, Professor Nicholas Beadle and Professor Peter Woodward.

It was recommended that further consideration be given to the title / description of the proposed exercise which will focus on identifying best practice in measures of success, strategic project management and University processes – against the frames of reference of the UK and Scottish Higher Education sectors. It was noted that the catalyst for the proposal originated from a series of recent University successes and positive developments aligned with delivery of the Strategic Plan. The outputs of the proposed exercise were therefore intended to enhance the University's ability to deliver its agreed strategic objectives, thereby helping to ensure continued success.

The following comments and observations arose in the course of discussion:

- given the highly positive catalyst for the proposal, further consideration should be given to ensuring that the right messages are conveyed. It was noted that terminology such as "review" could give rise to negative inferences by University staff which would be inappropriate to current circumstances or the objectives of the exercise;
- the exercise will include, inter alia, assessment of the effectiveness of information provided to the Court in support of delivery against its responsibilities;
- the aim should be to contain the exercise within the timescale indicated, i.e. reporting in April 2014, to keep it focused on the key areas of importance, and not allow the initially agreed scope to expand without further wider discussion and agreement; and
- the scope of the exercise should extend beyond the short term to the University's expected position in the medium term.

**91 ANY OTHER BUSINESS**

**91.1 Confucius Institute for Business and Communication and Doctoral Training Centres**

The Principal updated the Court on recently announced successes in relation to establishment of a new Confucius Institute for Business and Communication at Heriot-Watt and three new Doctoral Training Centre awards in the areas of photonics, robotics and oil & gas.

The Principal confirmed that there would be no significant financial commitment required in relation to the Confucius Institute. This will be located within existing facilities supported by a grant of up to £100,000 to cover required refurbishment costs, in addition to which Hanban will also provide an initial 3,000 volumes of Chinese books.

**91.2 KPI reporting**

Thanks were conveyed for the excellent quality of the Key Performance Indicator Report prepared by the Planning Office to support Court's review of performance at the November Away Day.

**92 DATE OF THE NEXT MEETING**

It was noted that the next meeting of the Court will take place on Monday 16 December 2013.

Signed .....

Date .....

**COURT**

**Minutes**

In the Chair:	Lord Penrose	Date of Meeting: 16 December 2013
Present also:	Ms Tracey Ashworth-Davies Professor Nicholas Beadle Professor Andrew Cairns Professor Steve Chapman Mr Allan Gray Dr Stephen Houston Professor Julian Jones Professor David Lane Mr Strone Macpherson Ms Shonaig Macpherson	Mr Iain McLaren Mr Andrew Milligan Ms Becky O'Hagan Mr David Robinson Ms Rowan Russell Mr Steve Salvini Professor Ian Wall Mr Keith Wallace Professor Peter Woodward
Officer in attendance:	Ms Sue Collier Ms Ann Marie Dalton	Mr Andrew Menzies
Others in attendance:	Mr Malcolm Deans	Ms Lorna Kirkwood-Smith (minutes)

**93 APOLOGIES**

Apologies were received from Dr Jock Clear, Councillor Ricky Henderson, Professor Jim Ritchie and Mr Tony Strachan,

**94 WELCOME**

The Chairman welcomed the following individuals in particular:

- Ms Tracey Ashworth Davies, who was attending her first full meeting of the Court; and
- Mr Malcolm Deans, Director of Campus Services, who attended to present the Residences 2016 report (Minute item 99 below).

**95 ANNOUNCEMENTS**

**95.1 Chair of Audit and Risk Committee**

On behalf of the Court, the Chairman thanked Mr David Robinson for his excellent and highly valued leadership of the Audit and Risk Committee. In accordance with previously agreed succession planning, Mr Tony Strachan would succeed him as Chair of the Committee after 31 December 2013.

**96 STAFF MEMBER OBITUARIES**

The Court noted with sadness a report of the recent deaths of two staff members of the University:

- Irene Dawson, Domestic Assistant, ( Hugh Nisbet Building and the Chaplaincy), who died on 16 October 2013; and
- Peter Johnson, Project Co-ordinator, Educational Technologist and Author with SCHOLAR, who died on 2 November 2013.

Both were sadly missed by colleagues of the University.

## **97 MINUTES OF THE PREVIOUS MEETINGS**

The Court approved the minutes of the meetings of the Court held on 30 September and 11 November 2013.

## **98 MATTERS ARISING**

### **98.1 Chair of Court appointment**

The Secretary of the University updated the Court on progress being made in relation to the appointment of a Chair of Court in succession to Lord Penrose.

- **Reserved section: Ref Section 30, FOI(S)A.**

The Secretary of the University advised the Court of the likelihood of a Court approval date of around the end of March 2014.

### **98.2 Review of University Charter and Statutes**

The Secretary of the University updated the Court on progress being made and planned next steps in relation to the continuing review of the University's Charter and Statutes by the Constitutional Review Group.

The Court noted that:

- the Group would meet again on 19 December 2013 to consider a first re-draft of the Charter and Statutes;
- on 20 January 2014, the Governance & Nominations Committee will consider the drafts and the Senate will have an opportunity to comment on the agreed drafts at its meeting on 29 January 2014;
- the Court will have an opportunity to review and comment on the drafts and to consider the list of proposed new underpinning Ordinances at its meeting on 3 March 2014; and
- the Group anticipated that the final draft Charter and Statutes will be completed for approval by mid-April 2014.

The Chair of the Constitutional Review Group highlighted the potential impact on plans of Scottish Funding Council advice on its expectations of higher education institutions in relation to the Scottish Code of Good Higher Education Governance and any other proposed good governance arrangements which it considers should be adopted within the sector. The Chair confirmed that it was hoped that such advice would be included within the Council's funding letter for 2014/15 which was expected to be released in the near future.

### **98.3 Observers at meetings of the Court**

The Chairman drew the attention of the Court to a proposal made by the Governance & Nominations Committee (GNC) that University Executive (UE) members and the Senior Dean be invited to join regular Court lunches and to participate in Court Away Days. This group had received invitation to join the Court lunch on 16 December, but with no intimation of future such invitations, pending discussion on the proposal by the Court. It was noted, in accordance with GNC's earlier proposal, that invitations to future Court meetings will be tailored to the agenda, i.e. invited attendees for particular agenda items rather than general observers.

The Court agreed that an invitation should be extended to UE members and the Senior Dean to join Court lunches and Court Away Days.



**99 RESIDENCES 2016 (Paper Ct3/13/52)**

The Court received, discussed and approved a proposal to proceed with the development of a new student residences development (Phase II Residences, 2016) at the University's Edinburgh Campus. The Court noted that the outline business case had been approved by the University Executive and the Finance Committee at their meetings held in November 2013.

The Court received and noted the outline business case for the development, noting that funding for this phase of student residences had been fully provided for within a portfolio of capital investment in the Five-Year Financial Plan approved by the Court in June 2013. It was noted that, since approval of the 2013 Plan, the capital expenditure estimate of £30 million had been lowered substantially, reducing the anticipated borrowing requirements and the consequent costs of servicing that borrowing. The Outline Business Case confirmed an investment approaching £20 million to procure 450 new bed spaces, replacing existing Residences II (comprising 161 spaces), which was due to be demolished in 2015. The net increase in bed spaces accorded with projected student demand. It was noted that the break-even point for positive project cash-flow was expected in year five, two years after the opening of the building.

The Court approved the recommendation that progress be made towards conclusion of a Development Agreement with Watkin Jones, the preferred bidder, by 20 December 2013. The Director of Campus Services drew attention to the nature of the comprehensive OJEU procurement work undertaken and use of external consultants leading to the decision for a developer procured option with outright purchase by the University on completion.

In response to points raised in discussion, the Director of Campus Services confirmed the intention to include a penalty clause in the contract agreement in relation to delayed delivery. In this scenario the University incurred the risk associated with finding alternative accommodation. The Director advised also that, in addition to the risk assessment work carried out on the preferred bidder, a performance guarantee could be requested from a third party.

The Chair of the Audit and Risk Committee advised of his expectation that future business cases will be accompanied by a Risk Analysis and a "lessons learned" report. The Chair of Court concurred with this point acknowledging nonetheless, the merit of, and Court support for, the case presented. University management were encouraged to put the planned project management support in place as quickly as possible.

**100 ANNUAL ACCOUNTS AND FINANCIAL STATEMENTS (Paper Ct3/13/53)**

The Court received and approved Annual Accounts and Financial Statements for the year ended 31 July 2013 and the Management Representation Letter which had been approved previously by the University Executive and the Finance and the Audit and Risk Committees at their meetings held in November 2013.

The attention of the Court was drawn in particular to the unqualified audit opinion of the External Auditor, as reported. The Chair of the Audit and Risk Committee highlighted significant developments in the presentation and content of the report over those of the previous year which were commended by both the Committee and the External Auditor, and expressed appreciation which should be relayed to the University colleagues who had contributed to the development of the report.

No further comments were received and the Court approved signing of the Accounts and Financial Statements by the Chairman of Court and the Principal and signing of the Management Representation Letter by the Principal on behalf of the Court.

**101 UNIVERSITY STRATEGIC RISK REGISTER (Paper Ct3/13/54)**

The Court received and discussed the University Strategic Risk Register which was presented in

conjunction with Annual Accounts and Financial Statements 2012/13.

It was noted that updates had been made in two areas of assessed risk captured in the HWU Malaysia Risk Register and that this updated information would be circulated to members of the Court.

In response to a question posed by a member of the Court, the Secretary of the University confirmed that a revised format Strategic Risk Register, which was currently under development, would incorporate an overview of performance/risks against the University's KPIs, reflecting the Court discussion on risk at the November 2013 Away Day.

In response to a question posed about the mitigation plan for risk HWD04, academic staff recruitment, the Vice-Principal confirmed that mitigation rested with additional short notice part-time staff. The existing problem was the result of success in student recruitment, exceeding target. In the short term, increasing fees would provide for improved margins and capacity to replace short notice part time staff with open ended contract staff and also to build research activity. The increased staff numbers would serve to improve the student:staff ratio, however, taking academic staff time spent on research activity - only currently taking place at Scottish Campuses, the student staff ratios between Dubai and Scottish Campuses were not too dissimilar. It was noted that the mitigation actions against this risk post-dated the Risk Register, which was up to date as at August 2013, and would be captured in the subsequent update to the Register.

The Court queried the 2010 review date on listed HWD risks which appeared to be a typographical error.

A member of the Court highlighted, in relation to Approved Learning Partner (ALP) risks, that it would be helpful for the Court to receive a more comprehensive report on ALP activities every year or two. In this regard, the Principal confirmed that a presentation on ALPs by the Deputy Principal (External Relations) could be included in the programme for the May 2014 Court Away Day.

In relation to Risk AR02 Student Union, the Court noted more recent positive developments with near finalisation of agreement on a revised formulaic block grant arrangement aligned to growth in student numbers. Nevertheless, while the scale of student service provision would grow, trading income was not expected to grow at the same rate as student numbers. Care would need to be taken by the Union to ensure that a sustainable balance is maintained between incoming resources and future service costs. The Secretary confirmed that there was no unmanaged or unmanageable business continuity risk associated with Student Union operations.

In relation to risks PL01 and 02, concerning student recruitment, the Vice-Principal confirmed that neither of these remained a risk, the first having crystallised (and having prompted a review of the recruitment strategy), while the second had been removed as a risk as the University had succeeded in filling the additionally funded wider access places. Nevertheless, this area of recruitment would require continuing significant attention and effort.

## **102 REPORT ON GOVERNOR VISITS TO MALAYSIA AND DUBAI CAMPUSES (Paper Ct3/13/55)**

The Court received and discussed a report from the Chairs of the Audit and Risk Committee and the Malaysia Oversight Board on the outcomes of visits to the University's Malaysia and Dubai Campuses which were undertaken in May 2013. The report incorporated agreed management responses and the current status of associated actions and implementation dates. It was noted that all recommendations within the report had been accepted by University management.

The Court noted that the Malaysia Oversight Board and the Audit and Risk Committee had considered the full report at their meetings held in November 2013. The Chair of the Malaysia Oversight Board confirmed also that the Board would continue to have oversight of implementation of the recommendations.

In response to a question raised by a Court member, the Chair of the Malaysia Oversight Board

confirmed that management responsibility and accountability for the Malaysia Campus business plan rested on a shared basis with the Deputy Principal (External Relations) and the Vice Principal (Malaysia). Governance oversight rested with the Court with reporting by the responsible officers via the Malaysia Oversight Board.

The Chairman of Court thanked both Chairs for the greatly worthwhile overseas campus visits and the resulting report and highlighted the wider importance of strengthening the range and quality of information available to the Court members, in particular newer members of the Court.

**103 Reserved minute (Ref Section 30, FOI(S)A).**

**104 HEALTH AND SAFETY POLICY STATEMENT AND POLICY (Paper Ct3/13/57)**

The Court received and approved a revised Health & Safety Policy Statement and Policy which was presented following the agreed first annual review since approval of the Statement and substantially revised Policy by the Court in October 2012.

The attention of the Court was drawn to the scope of the Policy which incorporated Malaysia and Dubai Campus operations. It was noted that, while Health and Safety legislation in Malaysia is similar to the UK, the same is not true in the United Arab Emirates; however, the University had set down clear advice covering Health & Safety responsibilities at the Dubai Campus. The Secretary reported also that around 95 % of staff had completed the mandatory on-line training.

It was recommended by a member of the Court that consideration be given to making explicit in the lists of senior officer accountabilities those of the relevant officers in the University's overseas campuses.

In response to a point raised by a member of the Court, the Secretary highlighted work ongoing make policies available on the intranet to members of the Court.

**105 COMMUNICATIONS FROM THE CHAIRMAN OF COURT**

The Chairman updated the Court on his participation in the successful overseas graduation trip which included visits to Dubai, Hong Kong, Singapore and Malaysia in the company of senior management and academic colleagues and the Chancellor of the University.

**106 COMMUNICATIONS FROM THE PRINCIPAL / UE (Paper Ct3/13/58)**

The Court received and discussed a report from the Principal and The University Executive on a range of news topics of current interest and the involvement of the University.

In response to questions raised about the summary report of Research Grants and Contracts: Proposals and Awards the Principal and the Vice-Principal confirmed their view that the level of Proposal submissions would pick up again through the rest of the year. The recent downturn was assumed to be temporary and, as seen previously in the period immediately following REF submission period associated with diversion of staff time to REF.

The Principal highlighted other items of news:

**106.1 Autumn Statement 2013**

The Principal updated the Court on the announcement contained in the Government's Autumn Statement 2013 of the intention to increase the number of publicly funded student places in England by 30,000 in 2014/15 through partial removal of the cap, and in the following year to remove the cap (creating an estimated 60,000 more places each year). The Principal highlighted the new level of dynamism that this change would create in the RUK market and the prospect that the University will

have to work harder than before in the face of growth in the competitive RUK market to maintain its recent track record of RUK recruitment success. In terms of fees income, this group accounted for a significant proportion of the University's income. The Court noted also the potential for a growing funding gap between English and Scottish higher education. At the time of reporting there had been no public response to the announcement by the Scottish Government.

A member of the Court suggested that the changing dynamics of UK Higher Education should form part of the programme of strategic discussion at the May 2014 Court Away Day.

#### **106.2 Oil and Gas Innovation Centre**

The Principal updated the Court on a bid from the University as the lead institution in partnership with others in relation to a proposed Oil and Gas Innovation Centre, one of five further Scottish Innovation Centres planned to be funded by the Scottish Funding Council (SFC).

The Principal advised the Court that it was expected that the proposed Centre would be successful in securing SFC funding in which case press coverage could quickly follow. The Principal emphasised also that there were no significant commitments or resource issues for the University associated with the Oil and Gas Innovation Centre bid. The proposed approximate £10 million budget would be paid for the partnership and for project funding through Heriot-Watt University as the administrative lead.

#### **106.3 Proposed strategic evaluation**

The Principal updated the Court on developments led by the contact group which the Court had agreed at its meeting in November 2013 should work with the Principal to develop the remit of the planned evaluation of capacity to continue to deliver against the University's Strategic Plan.

The Principal highlighted that the University's Strategy had been shown to be delivering success and would not be revisited in the context of the evaluation. However, the University was undergoing a rapid programme of change and it was appropriate to take stock and, in a range of ways, assess capacity to continue to deliver the Strategic Plan. The Principal confirmed that draft terms of reference for the evaluation would be developed for consultation with the contact group, and that the Court will be kept updated with progress through the exercise.

In response to questions raised by Court members, the Principal confirmed the intention to agree with the contact group a comfortable but reasonably swift timescale for the exercise. It was hoped that the application of a fresh and objective view would identify any potential overstretch of resources, provide the Court with assurance of capacity to deliver against objectives and to identify different approaches from a purely objective viewpoint. The Vice-Principal also highlighted that it will be important for the Court in the future to spend a greater proportion of its time considering, over a long horizon, mainstream core activities where the bulk of the University's risk lies, and the balance between key strategic imperatives. The evaluation exercise ought to point the way to achieving this.

It was suggested by a member of the Court that technical / IT capacity ought to be considered as well as human resource capacity.

It was re-iterated in discussion that the term 'review' in describing the planned exercise had particular connotations which were inappropriate to the circumstances and this terminology ought to be avoided.

#### **106.4 Reserved minute: Ref Section 30, FOI(S)A.**

#### **106.5 Review of the Institute of Petroleum Engineering**

The Principal updated the Court on progress following a review of the Institute of Petroleum Engineering which had been undertaken in autumn 2013. The Principal confirmed that

recommendations emerging from the Review were the subject of consultation with staff with whom an open meeting would be held on 19 December 2013. The Principal confirmed that he anticipated a positive outcome to the review a key aim of which was to better position the Institute to realise future opportunities for growth and development, for example in the area of earth geoscience.

#### 106.6 Heriot-Watt University / Scottish Funding Council Outcome Agreement 2014/15

The Principal advised the Court that work on a final draft of the HWU/SFC Outcome Agreement document negotiated with the Council for 2014/15 was nearing completion.

The Principal sought and gained approval of the Court for the document to be circulated to Court members in the early part of the New Year for comments and Court approval by correspondence.

#### 106.7 Head of the School of Mathematical & Computer Sciences

The Principal reported to the Court that Professor Philippe De Wilde, Head of the School of Mathematical & Computer Sciences had accepted a position as Pro Vice Chancellor Research at the University of Kent. Recruitment with the support of a Head Hunter would begin early in the New Year to appoint his successor.

### 107 COMMUNICATIONS FROM STUDENT REPRESENTATIVES

The Court received an oral update from the President of the Student Union who highlighted:

- the full staff and Officer team now in place at the Student Union;
- the appointment of Rowan Russell as Vice-President of the Union;
- following a busy first semester, work had begun on a new Student Union Strategic Plan which would be taken forward in the New Year; and
- preparations underway for the Union's Charities Week towards the end of January where proceeds will be raised to support mental health and womens' shelter charities.

### 108 COMMUNICATIONS FROM THE SENATE (Paper Ct3/13/67)

The Court received and noted a report from the Senate which related to the meetings of the Senate held on 9 October and 4 December 2013.

#### 108.1 Academic titles

The Court approved recommendations of the Senate for a range of changes to academic titles as set out below:

Role Profile	Current Title	Proposed Title
Research and Teaching	Professor Reader Senior Lecturer Lecturer	No change Associate Professor Associate Professor Assistant Professor
Teaching Dominant	Professorial Fellow <sup>1</sup> Senior Teaching Fellow <sup>1</sup> Teaching Fellow <sup>1</sup> Teaching Assistant	Professor Associate Professor Assistant Professor No change
Research dominant	Professorial Fellow <sup>1</sup> Senior Research Fellow Research Fellow Research Associate Research Assistant	No change <sup>2</sup> No change No change No change No change

<sup>1</sup>Distinctive role descriptor to be retained.

<sup>2</sup>In a case where an individual has a prestigious externally awarded fellowship of professorial status then they may wish to use that title; otherwise, Professor is the preferred title.

---

The use of the personal title of Professor will be restricted to full Professors.

The Court approved the following associated recommendations:

- for personal purposes a former title should only be used in addition to the new title (e.g. Associate Professor and Reader, but not Reader on its own);
- the HR record and public listings should show the new title. HR records will show the basis for the appointment;
- the former title may be used by existing staff but not by new staff or by staff promoted to that grade in the future; and
- to reflect the new academic titles, the University's honorary titles (e.g. Honorary Professor, Honorary Lecturer) should be modified. The new titles should apply to those conferred following the approval of the new academic titles. Current honorary appointees should retain the existing title for the remainder of their appointment. Changes to these titles will require modifications to be made to Ordinance 23: Honorary Titles.

**108.2 Other items**

The Court noted other items in the report which were presented for information.

**109 REPORT FROM THE FINANCE COMMITTEE: MEETINGS HELD ON 8 OCTOBER AND 19 NOVEMBER 2013 (Paper Ct3/13/59)**

The Court received a report, presented by the Chair of the Finance Committee, which related to the meetings of the Committee held on 8 October and 19 November 2013.

The Committee Chair, drew the attention of the Court to the reported outcomes of the Committee's deliberations in relation to the Panmure House and the expectation of the Committee that forthcoming additional information to be presented to the Committee will include a narration encompassing the full history of the project and the agreed objectives etc, in order that the case presented for investment can be evaluated on a more thorough basis. The Chairman of Court confirmed also that this fuller information would be made available subsequently to the Court as and when Court consideration and approval of the business case for Panmure House investment is presented.

**110 ANNUAL REPORT OF THE FINANCE COMMITTEE (Paper Ct3/13/60)**

The Court received and noted the Annual Report for 2013 of the Finance Committee which was presented by the Chair of the Committee.

No comments were made in relation to the report which included key highlights included in the Financial Statements for the year ending 31 July 2013 and a report of the business conducted by the Finance Committee during 2013.

**111 CLYDESDALE BANK DEVELOPMENT FUNDING (Paper Ct3/13/61)**

The Court received and noted recommendations, presented by the Director of Finance, for proposed amendments to the Clydesdale Bank Funding agreement established in 2011 and execution of the Amendment Agreement as detailed in the paper. The Court was invited to confirm approval of the proposed associated Court resolution minute for signature by the Chairman of Court. It was noted that the proposed amendments followed a period of re-negotiation of the originally agreed Funding Facility with the Bank which had been overseen by the Finance Committee.

The Court approved the proposed associated Court resolution minute, subject to further clarification from the Director of Finance in relation to points iii and iv of the resolution minute in which actions were attributed directly to the Chairman of Court. It was proposed that, if it is possible to agree so with the Bank, the proposed Chairman of Court references ought to be replaced with a proposed suitable alternative, i.e. an officer of the University. The Chair confirmed his view that it was not appropriate for the Chair of Court to be directly involved in negotiation or execution of the Agreement.

*(Addendum: the subsequent amendment confirms that, under ii), "the University is to execute, deliver and perform its obligations under the Amendment Agreement; and under iii) "the Secretary to the University be authorised individually to execute the Amendment Agreement and any other relevant documents required to be executed on behalf of the University as required by Clydesdale Bank plc;"*)

**112 REPORT FROM THE STAFF COMMITTEE: MEETING HELD ON 13 NOVEMBER 2013 (Ct3/13/62)**

The Court received and discussed a report from the Staff Committee, presented by its Chair, which related to the meeting of the Committee held on 13 November 2013.

The Committee Chair drew attention in particular to the positive development represented by the Total Reward Strategy, highlighting an excellent range of benefits available to staff. The attention of Court was also drawn to good progress being made on the iHR IT project and the recent news of the University's success in securing Athena SWAN Bronze status.

In response to questions raised in relation to Athena SWAN the Director of Governance & Legal Services confirmed that the top priority will be to manage and monitor the plan to support retention of Bronze status with a secondary priority to consider the required development towards achievement of future Silver status at School or institutional level.

**113 REPORT FROM THE MALAYSIA OVERSIGHT BOARD: MEETINGS HELD ON 30 SEPTEMBER, 4 NOVEMBER AND 16 DECEMBER 2013 (Paper Ct3/13/63)**

The Court received and discussed a report from the Malaysia Oversight Board, presented by the Chair of the Board, which related to meetings held on 30 September and 4 November 2013. The Chair provided a further oral update which related to the meeting of the Board held on 16 December 2013.

The Chair highlighted the following matters which had been considered by the Board on 16 December, or were the topic of questions raised by Court members:

- progress being made in an update revision of the Malaysia project business case which would be considered by the Board at its first meeting in the New Year;
- a review of the programme portfolio had been completed and a Foundation Programme in Science had been approved by the Malaysia Qualifications Agency in time for an April 2014 student intake;
- the Foundation and other programmes for launch in 2014 would be promoted through an extensive range of recruitment fairs and a supporting marketing drive;
- growth in confidence in relation to recruitment of academic staff. The recent process of appointments had consumed a lot of the time of the Vice-Principal (Malaysia), however, in the light of further appointments to be made, the recruitment processes were being reviewed to ensure these are optimal;
- a report from Turner & Townsend confirming a delay in completion of the main campus building. This had an anticipated delivery date of the end of June 2014, the latest date by which completion will be required to enable the building to be operational in time for the September 2014 student intake. The Oversight Board will be actively considering required contingency plans against the risk of any further delays;

- the recent appointment of Susie McCosh to provide project management support including student accommodation options appraisal;
- short and medium- to longer-terms student accommodation options were under active consideration. Accommodation costs were required to be incorporated into the revised business plan and budget. The Board will have a clearer view of the financial exposure associated with the available options and will consider those in the light of a firmer view of projected student numbers;
- in positioning itself to be an attractive option to prospective students, the University should give further consideration to appropriate high calibre higher education institutions in Malaysia against which it ought to benchmark;
- succession planning for the Vice-Principal (Malaysia) role would be considered at the relevant time in the context of the normal executive team succession planning reviews; and
- research laboratory space was being incorporated in the main campus build in accordance with the strategic aim of building research capacity at the Malaysia Campus.

**114 REPORT FROM THE AUDIT AND RISK COMMITTEE: MEETINGS HELD ON 19 SEPTEMBER AND 8 OCTOBER 2013 (Paper Ct3/13/64)**

The Court received and discussed a report from the Audit and Risk Committee, presented by its Chair, which related to the meetings of the Committee held on 19 September, 8 October and 28 November 2013.

The Chair of Court relayed thanks and appreciation to Mr David Robinson for his valuable contribution made in leading the work of the Audit and Risk Committee. It was noted that for reasons of succession planning, he would stand down as Chair of the Committee at the end of December 2013 while continuing to remain a member of the Committee.

**114.1 Annual Accounts and Financial Statements 2012/13**

The Court was invited by the Committee to consider and approve the Annual Accounts and Financial Statements for the year ended 31 July 2013. This item was dealt with under minute item 100 above.

**114.2 Public Interest Disclosures**

The Court received and noted an annual report on Public Interest Disclosures. The report, which confirmed that no public interest disclosures had been received in the year, was made in compliance with the requirements of the University's Public Interest Disclosure (Whistleblowing) Policy.

**114.3 Internal and External Audit Services: extension of contracts**

The Court noted and approved a recommendation from the Audit and Risk Committee that the appointments of the Internal and External Auditors be extended to the five years maximum provided for in each contract, i.e:

- extension of the contract with the External Auditor, KPMG LLP, to July 2015; and
- extension of the contract with the Internal Auditor, Ernst & Young, to July 2016

The Court noted that these extensions would provide for continuity of both services, ensuring also that the expiry of contracts remains phased. The Committee had confirmed in its report that it was satisfied with the adequacy and scope of the External and Internal Audit functions.

**115 ANNUAL REPORT OF THE AUDIT AND RISK COMMITTEE (Paper Ct3/13/65)**



The Court received and noted the Annual Report 2012/13 of the Audit and Risk Committee which was presented by the Chair of the Committee. The Court had been invited to read the report in conjunction with the annual report of the University's Internal Auditors and the Audit Highlights Memorandum and Management Report which were appended. It was noted that, following presentation of the Annual Report to the Court, it will be submitted alongside the Annual Accounts and Financial Statements as part of the statutory set of returns to the Scottish Funding Council.

The Chair of the Committee drew attention in particular to:

- the reported view of the Committee in relation to the production timetable of the Annual Accounts and Financial Statements. In the view of the Committee the current extended timetable was inconsistent with best practice with no suitable amount of time set aside for contingency in the event of unforeseen circumstances. The Committee recommended that University management undertake a review of the causes of production delays in the current year and investigate the feasibility of accelerating the production timetable for the 2013/14 Accounts by at least one month;
- an increase in the year of the number of highest graded recommendations, to one in three recommendations from one in six in the previous year;
- Internal Audit reviews undertaken in the year and follow up plans, as reported; and
- the assurance mapping exercise undertaken in the year and plans during 2013/14 to address gaps identified in the context of forthcoming annual review of the Committee's Terms of Reference.

In relation to shortening of the timetable for the production of the Annual Accounts and Financial Statements, the Court noted that further discussion would be needed with the Director of Finance and scheduled meeting dates of the Court and the relevant Court committees would be reviewed to ensure alignment with the revised timetable.

In relation to outstanding internal audit recommendations, the Chair highlighted that, while there had been significant recent progress, there had been evidence over the past few years of insufficient capacity to achieve timely closure of all recommendations. Processes appeared not to have kept pace with demands. This was highlighted as matter which should be covered by the planned strategic evaluation.

In response to a point raised by a member of the Court, the Secretary of the University agreed to consider scheduling of an Internal Audit of Edinburgh Business School. It was noted that it had been a couple of years since the last audit review of the School, although there were audit linkages with the School in terms of key themes such as overseas provision and academic partnerships.

**116 ANY OTHER BUSINESS**

No other items of business were proposed.

**117 DATE OF THE NEXT MEETING**

It was noted that the next meeting of the Court will take place on **Monday 3 March 2014**.

Signed .....

Date .....

**COURT**

**Minutes**

In the Chair:	Lord Penrose	Date of Meeting: 3 March 2014
Present also:	Ms Tracey Ashworth-Davies Professor Nicholas Beadle Professor Andrew Cairns Professor Steve Chapman Mr Allan Gray Councillor Ricky Henderson Dr Stephen Houston Professor Julian Jones Professor David Lane	Mr Strone Macpherson Ms Shonaig Macpherson Mr Andrew Milligan Mr David Robinson Mr Steve Salvini Tony Strachan Professor Ian Wall Mr Keith Wallace Professor Peter Woodward
Officer in attendance:	Ms Ann Marie Dalton Ms Sue Collier	Mr Andrew Menzies
Others in attendance:	Ms Liz Dean-Stevens Professor Gill Hogg	Professor Alan Miller Ms Lorna Kirkwood-Smith (minutes)

**1 APOLOGIES**

Apologies were received from Ms Rowan Berry, Dr Jock Clear, Mr Iain McLaren and Ms Becky O'Hagan.

**2 WELCOME**

The Chairman welcomed the following individuals in particular:

- Professor Gill Hogg, Deputy Principal (External Relations), who attended to present item 6;
- Professor Alan Miller, Deputy Principal (Research & KT), who attended to present item 12.1; and
- Ms Liz Dean-Stevens, Director of Development & Alumni, who attended to present item 12.2.

**3 STAFF MEMBER OBITUARIES**

The Court noted with sadness a report of the recent deaths of two staff members who were sadly missed colleagues of the University:

- Lesley Linsey, Director of Administration in the School of Textiles and Design, who died on 16 December 2013; and
- Sheila Young, Student Support Officer in the School of Engineering & Physical Sciences, who died on 30 December 2013.

**4 MINUTES OF THE MEETING HELD ON 16 DECEMBER 2013 AND MATTERS DEALT WITH BY CORRESPONDENCE ON 27 JANUARY AND 7 FEBRUARY 2014**

The Court approved the minutes of the meetings of the Court held 16 December 2013 and those relating to items of business conducted by correspondence on 27 January and 7 February 2014. The Court noted the corrective addition in the master set of minutes of Tracey Ashworth Davies to the record of those present at the December 2013 meeting.

## **5 MATTERS ARISING**

### **5.1 Chair of Court appointment**

The Court received and noted an oral update from the Secretary of the University on progress in relation to the selection process for the appointment of Chair of Court designate. The Court noted that formal interviews would take place on 1 April 2014 with the intention that special meetings of the Governance and Nominations Committee and the Court will be scheduled later in the same week to receive and consider the recommendation of the appointment panel. Following the meeting of the Chair of Court Selection Panel on 3 March, at which the proposed membership of the Appointment Panel was discussed, the Secretary of the University will proceed to firm up the necessary arrangements in preparation for the 1 April interviews.

### **5.2 Review of the Charter and Statutes**

The Court received and noted an oral update from the Secretary of the University on the current status of work being undertaken by the Constitutional Review Group to revise the University's Charter and Statutes. The Court noted that the advice of the University's solicitor had recently been sought on a revised set of documents, and that it was anticipated that consultation on the revisions would take place with the Governance and Nominations Committee and the Senate in March 2014 with Court approval sought at a special meeting to be held in April 2014. It was noted that the April meeting of the Court would consider also the business case for progression of the National Performance Centre for Sport project.

### **5.3 Reserved item: ref Section 30, FOI(S)A.**

### **5.4 Senior Dean and Deans: observer status at the Court**

The Court noted and discussed a request, presented by Prof Jim Ritchie on behalf of other Deans, for observer status at meetings of Court to be reintroduced for this particular group. The Court noted the reasoning behind the request which centred on lack of engagement or visibility of the Deans with any other strategically focused forum.

Various opinions on the request were voiced, with no consensus reached. The Court nevertheless agreed that the matter should be approached as a communications issue. It was noted that, while currently Professor Ritchie shares both roles of Court member and Dean, this was coincidental and there ought not to be an expectation that he will act as a conduit for communications between the Court and the other Deans.

It was agreed that current channels of communication between the Court and the Deans and all other staff groups should be documented for further consideration as to their adequacy and scope for development. It was agreed that this advice paper should be considered, in the first instance by the Governance and Nominations Committee and, thereafter, by the Court.

## **6 REPORT FROM THE MALAYSIA OVERSIGHT BOARD; MEETINGS HELD ON 16 DECEMBER 2013 AND 6 FEBRUARY 2014 (Paper Ct4/14/04)**

The Court received and discussed a report from the Malaysia Oversight Board on the meetings held on 16 December 2013 and 6 February 2014. The Court received and noted the following supplementary reports:

- Finance Report on the Review of the Five Year Plan 2013/14 – 2017/18; and
- HWUM Financial Model Assumptions update.

The Court was invited by the Board to consider and endorse the outcome of the review of the HWUM Business plan which had taken place between September and December 2013. The review

outcomes and updates to the HWUM financial model had been reported to the Project Board and to the University Executive at their meetings held in January 2014 and had been considered also by the Finance and Audit & Risk Committees. The Court noted that the review process has focused on fees and scholarships, marketing and student recruitment and the impact of student accommodation on the business plan (not included to date), with an overall aim of ensuring that HWUM has the best possible portfolio, price positioning and necessary resources to continue the roll out of the HWUM business.

The Chair of the Oversight Board updated the Court on developments since the February meeting of the Board which had been discussed at the meeting of the Board held on 3 March 2014, highlighting in particular:

- work continuing to secure arrangements for student accommodation over the short term (18 months or so), and further discussions required with Putrajaya Holdings to determine the likelihood of a sustainable agreement which would cater for student accommodation needs in the medium to longer term;
- an encouraging report on student recruitment which confirmed that targets had been achieved in relation to the April 2014 intake to Foundation courses; and
- positive progress made against the recommendations which emerged from the report of the trip made to the Malaysia and Dubai campuses by the Chairs of the Oversight Board and the Audit and Risk Committee.

The Deputy Principal (External Relations), in a supporting presentation, drew the attention of the Court to key aspects of the updated business plan:

- while assumptions underpinning the budget had been updated, the 'budget envelope' associated with the previously approved V32d of the Plan remained unchanged;
- a fixed and variable costs model had been established;
- increased engagement with and support for the plan across the University community;
- increased relevance and tailoring of the portfolio plan in the light of experience (with review of assumptions in component areas of student numbers, fees/scholarships, non-pay and staff costs). This had included, amongst other things, refocusing of assumptions on the student market with a rebalancing between postgraduate and undergraduate student numbers. Postgraduate level recruitment had not been as strong as anticipated in autumn 2013; and
- budget changes in areas of non-pay, depreciation and interest payments.

The Court noted that next steps would include: sensitivity testing on student numbers; a pay and reward review; portfolio review (2016/17 onwards); continuation of discussions to secure student accommodation; years six to ten of the Plan updated; and integration of the HWUM plan into the University's overall five year planning cycle.

In the course of discussion the Court noted:

- variable factors which had impacted on the timescale for accreditation of programmes. In a few instances, pressure had been put on the timetable due to the University's decisions to bring programmes forward in the schedule, while in others, the process of accreditation had become protracted as more than one external body was involved. A delay on the accreditation of engineering programmes was on the way to being resolved;
- issues to be managed around the timing of the required Certificate of Compliance and Completion of the main campus building. It was expected to take four to six weeks between practical completion of the building and issue of the Certificate. A snagging contingency should be incorporated in this timescale;
- academic staff recruitment was generally being achieved at budgeted levels and intelligence was being gathered to gain a better understanding of the market place for academic recruitment; and
- student recruitment drives were being supported through enhancement of the budget to support a variety of recruitment fair and events.

The Court endorsed the outcomes of the review of the HWUM Five Year Plan 2013/14 – 2017/18 and the revised underpinning financial model assumptions. The Chair acknowledged and thanked

the Chair of the Board, the Deputy Principal (External Relations) and their respective colleagues for the tremendous work involved in successful completion of the review and update of the Business Plan.

## **7 COURT AWAY DAY NOVEMBER 2013: ACTION REPORT (Paper Ct4/14/02)**

The Court received and noted a paper, presented by the Secretary of the University, which presented the outcomes of Court discussions held at its November Away Day. The report incorporated a record associated actions and existing work-streams by way of response to the key discussion outputs.

The Court noted that further discussion on development of the University's Risk Appetite Statement would be scheduled in the agenda of the Audit and Risk Committee at its meeting in April 2014.

## **8 REPORT FROM THE FINANCE COMMITTEE: MEETING HELD ON 11 FEBRUARY 2014 (Paper Ct4/14/03)**

The Court received and noted a report from the Finance Committee relating to the meeting of the Committee held on 11 February 2014. In the absence of the Chair of the Committee, the report was presented by the Chairman of Court.

All items in the report were presented for information; however, the attention of the Court was drawn in particular to the Committee's report on its consideration of the Heriot-Watt University Malaysia business plan including updated financial plan assumptions. This section of the report was relevant to Court's consideration of this item of business (recorded in Minute item 6, above).

The Court noted all other items in the report which were presented for information.

## **9 REPORT FROM THE GOVERNANCE AND NOMINATIONS COMMITTEE (Paper Ct4/14/06)**

The Court received and noted a report from the Governance and Nominations Committee (GNC) which related to the meeting of the Committee held on 20 January 2014 and an item of business dealt with by the Committee by correspondence on 21 February 2014.

### **9.1 Proposed Lead Governor Scheme**

The Court noted and discussed a recommendation by the GNC for the adoption in principle of a 'Lead Governor' scheme. The Committee reported on its intention to consider matching of individual Court members to functional areas of the University at its subsequent meeting, should the Court confirm its support for adoption of the scheme.

The Court noted the broad concept of the proposed scheme: to enable governor's to acquire deeper understanding of the University's activities, to contribute a fresh perspective and expertise of their own and to share knowledge gained to the wider benefit of the Court membership. It was noted that, while such schemes had been tried with little success in some institutions, there were an equal number with successful experiences that could be drawn upon.

Court members expressed mixed range of views on the proposal:

- potential to impinge on the "collective" ethos of the Court and to introduce areas of "dominating" interest;
- a similar personal experience in another institution demonstrated that a light touch approach involving a few visits by the governor each year with an opportunity for two way engagement with staff (and not as a governing body spokesperson) had worked well;
- the 'Lead Governor' title might be misinterpreted and should reconsidered;
- there were risks associated with being perceived as a "champion" or perceived to be stepping

over the governance / management boundary: rather, opportunities should be promoted through the scheme to enhance communications and engagement between governors and staff;

- there would need to be guards against any emerging practice which compromised the required level of objectivity of individuals governors, and against focus on narrow, operational rather than strategic level issues;
- the scheme offered the potential for positive learning experiences but the boundaries around the role would need to be agreed; and
- School visits, as were currently scheduled on Court days, were too short and broadly focused to be an effective substitute for the type of scheme proposed.

The Court agreed that further consideration should be given by the GNC in exploring how the scheme might be introduced on a trial basis with an agreed review point to consider effectiveness and benefits gained.

## **9.2 Court Committee appointments**

The Court noted and approved the following appointments recommended by the GNC:

- Ms Lorrie Secrest – to be invited to join the Staff Committee for a period of two years up to the end of February 2016;
- Ms Lucy Conan – to be invited to join the Staff Committee for a period of two years up to the end of February 2016; and
- Mrs Rio Watt to be invited to join the Audit and Risk Committee for a period of two years up to the end of February 2016.

The Court noted that the above individuals had been identified in the 2013 governor recruitment round as 'pool' candidates to be revisited as and when future vacancies might be identified.

## **10 REPORT FROM THE AUDIT AND RISK COMMITTEE: MEETING HELD ON 6 FEBRUARY 2014 (Paper Ct4/14/07)**

The Court received and noted a report from the Audit and Risk Committee which related to the meeting of the Committee held on 6 February 2014.

### **10.1 Ethical Business: Bribery Prevention Policy**

The Court received, discussed and approved a revised Ethical Business: Bribery Prevention Policy which was recommended by the Committee for Court consideration and approval.

It was noted that the Policy had been reviewed by the University Executive and the Audit and Risk Committee in the context of its biennial review since its introduction in 2011, and that recommendations made by the Audit and Risk Committee had been adopted in the revised Policy. Alongside a range of relatively minor updates to the Policy, the revised version included a new section clarifying the possible penalties that might be levied against the University and against individuals found to be in violation of the Bribery Act.

The Court noted:

- in response to a question by a member, that no Public Interest Disclosures had been made in relation to any suspected bribery or related unethical behaviour since the introduction of the Policy;
- legal aspects of the University's international activities would be the focus of a workshop session provided to the University Executive by Dundas & Wilson at its Away Day on 24 April 2014; and
- the intention to include Approved Learning Partner activities in the next cycle (2014/15) of Internal Audit planning.

## 11 COMMUNICATIONS FROM THE CHAIRMAN OF COURT

There were no communications from the Chairman of Court other than those captured elsewhere in the agenda.

## 12 BRIEFING TO THE COURT FROM THE PRINCIPAL/UE

The Court received and discussed a report from the Principal and The University Executive on a range of news topics of current interest and involvement of the University.

### 12.1 REF 2014

As part of the briefing, the Court received and discussed a presentation provided by the Deputy Principal (Research & KT) which updated the Court on the University's Research Excellence Framework (REF2014) submission in November 2013. The Deputy Principal advised on:

- the contribution made by REF to the dual funding system for research, its financial value, and its value in terms of leverage for other funding. The outcomes of REF were also a key metric in university league tables, especially international tables. It was noted that there was a working assumption of the total SFC budget allocation to fund the REF2014 outcome being flat or close to flat. The funding formula for allocation of Research Excellence Grant remained to be determined;
- key REF submissions facts and figures surrounding the submission in 12 Units of Assessment, including volume of 'Outputs', 'Impact Case Studies' and supporting documentation. It was noted that 80% of eligible Heriot-Watt staff had been submitted; and
- further work to be undertaken in the lead up to the REF 2014 results announcement in December 2014.

The Court noted in the discussion which followed that work had already been initiated on early preparations for the next REF, anticipated to take place in 2020. The University's research strategy and its 2020 REF ambitions were mutually supporting and processes and infrastructure will be in place to support the relevant data / evidence gathering through the years leading up to REF 2020.

The Court noted the general view of the executive that the REF system of assessment had had a net positive influence / impact on research at Heriot-Watt.

### 12.2 2011-2021 Fundraising Campaign

As part of the briefing, the Court received and discussed a presentation, given by the Director of Development & Alumni Relations, which set out plans for the 2011-21 Fundraising Campaign. The three-stranded campaign set fundraising targets of £10 million each in the areas of 'Global Platform for Research Leaders', 'Global Scholarships Programme' and 'The Learning & Teaching Experience'.

It was noted that the first and final years of the public phase of the Campaign: 2016 and 2021, coincided with key anniversary dates of the University: 50<sup>th</sup> anniversary of the granting of the Royal Charter and the bicentenary of the Institution.

The Court noted the value of funds already raised with 60% of income targeted to be raised throughout a silent phase from 2014 to 2016 which would be launched in September 2014.

In response to a question raised, the Director of Development & Alumni Relations confirmed that a significant amount of work had been undertaken and would continue in order to improve the quality of information held on the large alumni population. The Director highlighted the challenge of maintaining accurate data, particularly contact addresses on a continuing basis. The Director confirmed also that Malaysia and Dubai Campuses were part of the focus of the Fundraising

Campaign and work was being undertaken to develop scholarship programmes at both campuses.

### 12.3 **SFC Indicative announcement of main grants for Teaching, Research and KE**

The Principal presented a tabled paper to the Court which summarised the Scottish Funding Council's indicative announcement of allocations to universities in 2014/15 of main grants for Teaching, Research and Knowledge Exchange.

The Principal highlighted the University's strong performance in teaching grant with an indicative 4.9% increase compared with the sector average of 2.4%. This was reported to be due to the award of further additional funded places for widening access (including transferred quota from unfilled places elsewhere) added to the already favourable trajectory established with last year's award of additional places. The overall outcome for the University in terms of main grants was expected to be a >£1 million favourable variation against the University's prudent planning assumptions for 2014/15 in the Five Year Financial Plan.

### 12.4 **Strategic Projects Register**

The Secretary of the University provided the Court with an update of the recently developed Strategic Project Register. The Register, which was subject to continual review and update, summarised the current status of all of the key strategic projects being undertaken in the University as part of the University's evolving approach to best practice project management. The methodology for assisting oversight and review which the Register represented had recently been approved by the University Executive. It would be considered by the Risk and Project Management Strategy Group, the University Executive and the Audit and Risk Committee at each meeting.

The Secretary proposed to present the Strategic Project Register to the Court annually.

### 12.5 **High Speed Rail**

The Court received an update on the High Speed Rail project from the Principal and Professor Peter Woodward who is a leader in the field of high speed rail and leads the Centre for Excellence in High Speed Rail at Heriot-Watt.

The Court noted recent hosting by the Centre for Excellence for High Speed Rail of the Transport Minister, and also plans being explored for development of a high speed rail linking Scotland to south of the border. The University would be a key body in the developing high speed rail agenda.

### 12.6 **Industrial Action**

The Principal updated the Court on the current status of the HE trade unions 2013 pay dispute and industrial action and action short of strike which had, up until now included one day and two-hour strikes. It had been confirmed that the dispute would escalate to a marking boycott following the end of April should no settlement be reached by then. The Principal confirmed his hope that agreement will be reached, avoiding this outcome. The Principal confirmed that the Universities and Colleges Employers Association (UCEA) had taken steps to seek early discussions on the pay negotiations for 2014/15 and to conclude these quickly with a view to drawing the previous year's dispute to a close.

### 12.7 **Other items presented for information**

The Principal highlighted in particular the following items reported in the briefing:

- the business case for the National Performance Centre for Sport will be presented at a specially convened meeting of the Court in April 2014. The Principal acknowledged the excellent contribution to the project of the Head of Sport and Exercise;
- a news update from the Edinburgh Business School will be included in the Principal's/UE briefing to the Court as a regular item; and
- a proposal for the joining of the Institute of Petroleum Engineering and the School of the Built



Environment to create a new School which will be better able to capitalise on strategic opportunities will be considered by the UE and the Senate in April and May 2014 with a view to the proposal being presented to the Court for approval at its next meeting.

### **13 COMMUNICATIONS FROM THE SENATE (Paper Ct4/14/09)**

The Court received and noted a report from the Senate which related to the meetings of the Senate held on 4 December 2013.

#### **13.1 Terms of Reference of Ordinances and Regulations Committee and rescinding of Regulation 28: Ordinances and Regulations Committee**

The Court received, noted and approved a recommendation from the Senate for revised Terms of Reference for the Ordinances and Regulations Committee.

It was noted that the Committee, as currently constituted in accordance with Regulation 28, did not meet the requirements for *Statute XII: The Court or Regulation 20: Standing Joint Committees of the Court and the Senate* in the following respects: there was no requirement for the Committee to contain at least four members who are members of the Court or the Senate; there was no requirement for the quorum to include three members of the Court or the Senate, or one member of the Court and one member of the Senate.

The proposed revised terms of reference were compliant with the requirements for joint committees, particularly in respect of the composition and the quorum of the Committee.

The Court approved the recommendation that Regulation 28 should be rescinded with immediate effect.

#### **13.2 Senate minutes**

A few Court members commented that many of the Senate minute items were not prepared at a level of detail for these to be informative for the Court. (Addendum: arrangements have been put in place to ensure fuller reporting by the Senate to the Court in the future).

The Principal reminded Court members of the open invitation for Court members to arrange to sit as observers at meetings of the Senate.

### **14 FIVE YEAR FINANCIAL PLAN: DEVELOPMENT UPDATE**

The Court received and noted an update presentation from the Vice-Principal on key features of the developing 2014 Five Year Financial Plan.

The following features were highlighted in particular:

- the Plan will be consistent with strategic targets to achieve by 2017/18:- 7% surplus and 8% p.a. growth (total and research), and Professional Services expenditure contained within the limit of 25.5% of academic income (it was noted, in practice the proportion continued to remain at around 27% and within acceptable boundaries of error);
- the 2014/15 surplus to be  $\geq$  to that in 2013/14;
- the Global Platform initiative should be sustained at +20 p.a. with James Watt Studentships sustained at 50 starts p.a. Research income projections will be contingent on Global Platform appointments;
- the Plan will be based on the 2013 Five-Year Plan, modified to take account of improvements to the Scottish Funding Council grant funding, Global Platform appointments made since the 2013 Plan, James Watt Scholarships, capacity for infrastructure developments (growing demand), and a variety of further combined changes which will impact on the Plan;
- SFC income improvements will be shared between School expenditure infrastructure and investment to support 'initiative' funding and on the basis of a 70% apportionment of additional funding to Schools and 30% to central investments. Around 3-4% of the SFC grant would be

- allocated to infrastructure investment;
- the plan included the assumption of a 3% uplift in Research Excellence Grant funding;
- infrastructure investment, excluding already committed large infrastructure projects, will be included to the amount of approximately £30 million. A key change was the one year delay on the Residences (2016) project with costs approximately £10 million less than previously estimated;
- no major restructuring costs anticipated for the next three years; and
- the Plan will include increased tuition fee contingency allowance in 2014/5. This was a response in the main to uncapping of places in England.

The Court noted further work to do to develop the budget outline for Edinburgh Business School and Hospitality Services. Interest payment levels were currently included in the draft Plan as estimates.

The Vice-Principal highlighted that the next twelve months will be important in terms of review to determine that HWUM surplus levels are achievable or if more investment is required. It was noted that the third year of the Plan (2016/17) was pivotal in terms of income generation and essential contribution. Visibility of the first few years of the HWUM Plan was good with visibility tailing off towards the latter end. Planning was still being progressed in relation to year five of the Plan.

A member of the Court highlighted the importance of maintaining a high level of visibility of the HWUM Plan through continued reporting of HWUM separately from the University Five Year Plan.

**15 REPORT FROM THE STAFF COMMITTEE: MEETING HELD ON 5 FEBRUARY 2014 (Paper Ct4/14/10)**

The Court received and noted a report from the Staff Committee which related to the meeting held by the Committee on 5 February 2014. All items in the report were presented for information.

The Chair of the Committee drew attention in particular to the appended Annual Report (2013) of the Committee which included highlights the key achievements in the year. The report emphasised the pace and degree of change over the past year: a picture which was expected to continue over the next year and beyond.

Congratulations to the Human Resources Development service were expressed in relation to their being awarded the 2013 THE Leadership and Management Outstanding Human Resources Team.

**16 REPORT FROM THE EMERGENCY COMMITTEE OF THE COURT (Paper Ct4/14/11)**

**Reserved business: Ref Section 30, FOI(S)A.**

**17 DATE OF THE NEXT MEETING**

It was noted that the next meeting of the Court will take place on **19 May 2014 (Court Away Day)**.

Signed .....

Date .....

**COURT**

**Minutes**

In the Chair:	Lord Penrose	Date of Meeting: 23 April 2014
Present also:	Professor Nicholas Beadle Professor Andrew Cairns Dr Jock Clear Professor Steve Chapman Mr Allan Gray Dr Stephen Houston Mr Strone Macpherson	Mr Andrew Milligan Ms Becky O'Hagan Mr David Robinson Mr Steve Salvini Professor Ian Wall Mr Keith Wallace Professor Peter Woodward
Officer in attendance:	Ms Sue Collier Ms Ann Marie Dalton	Mr Andy Downie Mr Andrew Menzies
Others in attendance:	Ms Catriona McAllister Mr Malcolm Deans Ms Lorna Kirkwood-Smith (minutes)	Mr Graeme Currie Mr Tom Pennington

**18 APOLOGIES**

Apologies were received from Ms Tracey Ashworth-Davies, Professor Julian Jones, Professor David Lane, Ms Rowan Berry, Mr Iain McLaren and Ms Shonaig Macpherson.

**19 WELCOME**

The Chairman welcomed the following individuals who were attending to support presentation of the Business Case for the National Performance Centre for Sport:

- Mr Malcolm Deans, Director of Campus Services
- Ms Catriona McAllister, Head of Sport and Exercise
- Mr Graeme Currie, Project Manager
- Mr Tom Pennington, The Sports Consultancy

**20 MATTERS ARISING**

**20.1 Chair of Court appointment**

The Secretary of the University provided an oral update to the Court on continuing work in relation to the appointment of a new Chair of Court. This followed the decision taken by the Chair of Court Recruitment Panel, not to make a recommendation following interviews held on 1 April 2014.

The Secretary advised that the Selection Panel will be re-convened and that, in consultation with the Governance & Nominations Committee, which will meet on 8 May 2014, a plan will be developed for continuation of the selection process. The extended timetable will be based on the expectation of an appointment being made by the end of the current calendar year. The Secretary advised that the Court will receive a further report at its meeting in May 2014.

**20.2 Reserved business (Ref section 30: FOI(S)A).**

**20.3 Membership of the Confederation of Business and Industry (CBI) Scotland**

The Court noted and discussed recent events, as reported in the press, which related to decisions

taken by other Scottish universities in the light of CBI Scotland's decision to take a stance on the Scottish referendum.

The Court agreed unanimously that the University, in seeking to preserve its strictly neutral position in relation to the question of Scottish independence, should withdraw from membership of CBI. The option should remain open in the future to revisit the matter of the University's membership of the organisation.

## **21 NATIONAL PERFORMANCE CENTRE FOR SPORT (Paper Ct5/14/12)**

Councillor Ricky Henderson declared a conflict of interest relating to his membership of sporting bodies. The Chair of Court noted the declaration and advised of his view that the declared interest should not impact on the Court wider Court discussion; however, awareness of the interest should be maintained through the course of the discussion. Councillor Henderson remained present but did not participate in the discussion.

The Court received and discussed the business case for progression of the National Performance Centre for Sport project, which was presented by the Director of Campus Services and the Head of Sport & Exercise with supporting documentation. The Project manager and a representative from The Sports Consultancy, responsible for advising on the development of the business case, also attended to support presentation of this item. The Court received and noted a power-point presentation supplementary to the business case and supporting papers.

The Court noted advice provided on the methodology applied in the feasibility and business planning work undertaken in relation to the project which incorporated review of the current sports facility performance, pricing etc, detailed modelling on the facility mix for the NPC, agreement on programming and pricing with the client team, running of revenue model, and review of outputs against a benchmark database of more than 300 leisure facilities across the UK. Inputs had been refined by way of input from University staff and the consultant team and design changes reviewed and refined in partnership with operational staff. The business case had also been scrutinised by sportscotland and the Scottish Government during the bid stage.

The Court noted further advice, provided by way of the accompanying presentation on: the latent demand analysis conducted; membership calculations and assumptions on external demand; income and expenditure projections; the basis of the sensitivity analysis undertaken; areas identified within the plan for mitigation; conditions of award and features of 'Event of Default'; enabling strategies; the constitutional set up of and governance arrangements associated with Heriot-Watt Services Ltd – the Special Purpose Vehicle; rates and VAT aspects of the project; and strategic risks in three key areas of construction cost, the business case and business rates.

The Court noted further advice provided by the Director of Finance, via an email on 23 April 2014, which had been provided in response to a request from the Finance Committee for supplementary information, as recorded in the accompanying report from the Committee.

The Court noted:

- considerable development of the project throughout the preferred bidder stage and through design stage D. Extensive consultation had been carried out with key stakeholders and the consequent changes to the design incorporated. Extensive consultation had been undertaken with the six sports bodies who will have service level agreements with the Centre;
- the project sat within the overall budget of £29.750 million which included a risk allowance of around 10% of construction;
- draft conditions of award for the Government funding of £25 million had been developed and were for a period of 25 years. The conditions required the University to provide a guarantee up to a maximum amount of grant, to be reduced at a rate of £0.6 million per annum in line with depreciation book value of the asset, and included an appropriate safeguard in the case that tender prices exceed the budget and cannot be brought back into line;
- the NPC will be owned and operated by Heriot-Watt Services Ltd, a wholly owned subsidiary of Heriot-Watt which will be entitled to recover the input VAT relating to construction;

- advice received from ratings advisers was that the NPCS should be a rateable part of Heriot-Watt and, importantly, would benefit from 80% charitable rates relief. Consultation had been undertaken with the Lothian Joint Evaluation Board (LJEB) and guidance provided on the evidence that the LJEB will require to assess the NPCS as part of the Heriot-watt. The commissioned rating advisers were reported to have been satisfied that the University could meet these requirements;
- a report that the business case had been reviewed in detail with all areas of income and expenditure analysed and assumptions checked, including income against each sport; and
- highlighted strategic risks associated with construction costs, business case and business rates.

The Director of Campus Services highlighted the estimated £5 million to £10 million investment costs in the University's sporting facilities that would otherwise be needed in order to maintain a competitive position. A valuable opportunity had therefore arisen through the NPCS initiative. While much of the focus had, until now, been on the student experience there would be considerable spin-off benefits associated with the Centre to be considered for the future.

The Project manager highlighted changes made in the course of developing stage D designs while remaining within agreed budget limits and highlighted also the timetable from the next stage of invitation to tender to shortlisted contractors through to practical completion in June 2016 and official opening in August 2016.

The Chair of Court invited any questions or comments from members on the design aspects of the project.

The Court discussed the following in relation to the design, with discussion focusing also on use of the facilities:

- aspects of the Centre's physical design;
- delineation of use of the facilities across the various users, noting workable arrangements in relation to the facilities and usage plans;
- based on experience elsewhere, the project group remained as confident as they could be on the assumptions applied to projected local community use of the facilities, and considered that the business case figures were conservatively set;
- while pricing was pitched at a competitive level the Centre would, nevertheless, offer access for both community and professional level use;
- the existing facilities would remain fully operational until the transfer point to the new facilities and it would be possible to keep disruption to existing services to a minimum. A covered walkway would link the existing building with the new Centre. The site of the centre would be largely self-contained and work will be undertaken with the contractor as a matter of priority to manage movements so as to minimise disruption to traffic flow. Planning and cost constraints meant that developing a separate entrance to the NPCS site will not be a practical option;
- car parking was being considered in the wider context of the Estate Master Plan;
- space needs had been fully considered over the medium term (10 years), with capacity to accommodate 25% growth across all categories of usage. It was possible currently to identify adjacent space to accommodate growth, should such a need arise in future;
- security aspects around the increased numbers of community members on the campus. The Principal confirmed the view that this was to be welcomed and he was keen to encourage more visitors to the campus. The matter of security was one which was kept under continual review as a matter of course and there shall be many areas of the University where security will need to be controlled, as currently;
- **Reserved section: Ref: section 33, FOI(S)A;** and
- the President of the Student Union confirmed that the student body had been engaged throughout the NPCS project thus far and was happy with the proposals.

The Court discussed the following in relation to the Business Plan:

- prospects for attracting prospective students. The Principal emphasised that, while it was

- difficult to quantify the positive impact of the NPCCS, in his view this will be significant. The Centre, once completed, was expected to be attractive also to prospective incoming researchers in the area of sport;
- the draft conditions of award agreement set out between sportscotland and Heriot Watt Services Ltd supported by Heriot-Watt University;
  - default events. All areas of potential default were fundamental in nature and within the control of the University. The Court noted, however, the provision in the Conditions Agreement of a nine calendar month period for resolution of any issues leading to default. The guarantee provided for in the Conditions Agreement would kick in only upon default;
  - protection to the project provided by way of the two stage design and build procurement route, transferring cost risks to the contractor on agreement of the contract sum, and the conditions of award provision that would protect the University should tender price exceed budget envelope and the project cannot be delivered within budget. Nothing had been identified that carried the risk of significant impact on costs, and robust systems of evaluation and control measures had been applied to project changes in terms of costs and all other impacts. The level of contingency was considered by the project team to be reasonable in the circumstances;
  - realistic allowances had been made in the business plan for major replacement (such as pitch replacement) and general maintenance;
  - development of contract agreements with sports bodies were at an advanced stage with completion by the end of the current calendar year set as a target;
  - the business case confirmed an annual subsidy required from the University in line with the current operation with cash-flow projections over much of the period of the plan better than currently. The Court noted advice on impact on cash-flow which was provided by the Director of Finance by way of email on 23 April 2014;
  - there would be no negative impact on the University's covenants. The attention of the Court was drawn to email correspondence of 23 April from the Director of Finance which confirmed a largely positive impact on covenants because of the additional asset value without any need to fund from debt. Further, the guarantees being offered by the University are a contingent liability and therefore have no impact on any of the University's covenants;
  - confidence of the University, based on reliable past experience, that Scottish Government funds currently pledged to support the NPCCS will be forthcoming in full;
  - future prospects for sponsorship deals; and
  - the business case has been reviewed with all areas of income and expenditure being analysed and assumptions checked. Importantly, the income coming from each of the sports has been checked against the programme of use.

Other topics which were discussed included:

- staffing for the new Centre. Discussions remained to be undertaken with the Combined Joint Negotiating & Consultative Committee. The Court noted a report that it was likely that staff will be transferred over the new company. The NPCCS was expected to create a significant number of new jobs;
- a marketing consultant will be commissioned to assist with development of the pricing strategy to optimise returns, balanced against competitive pricing, while also ensuring that prices for student users are constrained;
- signs that local community stakeholders were generally very supportive of the project. Traffic issues, particularly contractor traffic, would need to be managed to minimise any negative impact. The Director of Campus Services agreed to keep the Court updated on this aspect of the project.

The Director of Campus services noted a suggestion that consideration be given to insurance of the asset as an item separate from the University group insurance. The Director advised that, while this might be less suitable for building cover than to third-party cover, the suggestion would be given some further consideration. The Chair of Court asked that the Audit and Risk Committee review a further development of the Risk Register for the project. The Secretary of the University advised that thereafter, the Audit and Risk Committee, will be enabled to review the risk register as part of the University's normal risk management reporting to the Committee and to the Court.

It was agreed that the Risk Register for the project should be revised to reflect assessment of the full range of risks including adequate coverage of fundamental areas, such as funding, construction insurance and reputation / branding.

The Chair of the Campus Committee suggested that it will be useful in the coming period to receive a report on the future strategic development of the Centre as a focus for research and other areas of strategic development aimed at maximising the value that might be gained from investment in the Centre.

The Court received and noted a report from the Finance Committee relating to the meeting of the Committee held on 9 April 2014. This confirmed the Committee's agreement to recommend the NPCS project to the Court for approval. The Chair of the Campus Committee confirmed also that the Campus Committee felt comfortable in recommending the NPCS project to the Finance Committee for its onward recommendation to the Court on the basis that it was a good project, well run and one in which the balance of benefit / risk ran significantly in the University's favour. The University's contribution to the NPCS project was included in the Five-Year-Financial Plan approved in June 2013..

The Court approved the National Performance Centre for Sport business case, as presented with supporting information, thus authorising the project to proceed from its current stage.

Signed .....

Date .....

**COURT****Minutes**

In the Chair:	Lord Penrose	Date of Meeting: 19 May 2014
Present also:	Ms Tracey Ashworth-Davies Professor Nicholas Beadle Professor Steve Chapman Mr Allan Gray Dr Stephen Houston Professor Julian Jones Ms Shonaig Macpherson	Mr Iain McLaren Mr Andrew Milligan Professor Jim Ritchie Mr Steve Salvini Professor Ian Wall Mr Keith Wallace Professor Peter Woodward
Officer in attendance:	Ms Ann Marie Dalton	Mr Andrew Menzies
Others in attendance:	Mr Jonathan Andrews	Ms Lorna Kirkwood-Smith (minutes)

**22 APOLOGIES**

Apologies were received from: Ms Rowan Berry, Professor Andrew Cairns, Dr Jock Clear, Ms Sue Collier, Councillor Ricky Henderson, Professor David Lane, Mr Strone Macpherson, Ms Becky O'Hagan, Mr David Robinson and Mr Tony Strachan.

**23 WELCOME**

The Chairman welcomed Jonathan Andrews, Scottish Borders Campus Student Union President, who had been invited to attend the meeting in the absence of both student representative members of the Court, and who would present the Annual Report 2013/14 of the Student Union.

**24 OBITUARIES (Paper Ct6/14/21)**

The Court noted, with sadness, reports of the recent deaths of the following:

- Christine Gartland, Domestic Assistant in Estate and Building Services, who and had worked at the University since June 2010. She will be greatly missed by University colleagues.
- Professor Ian Cowie, Professor Emeritus (Polymer Research. Professor Cowie was Foundation Professor of Chemistry of Materials in the School of Engineering and Physical Sciences from 1988 until his retirement in 1998. He was awarded an Honorary Degree of Doctor of Science from the University in recognition of his distinguished academic career in the chemistry of materials and his personal contribution to the cause of disabled people. He was also a Fellow of the Royal Society of Chemistry and a Fellow of the Royal Society of Edinburgh.
- Dr Bernat Klein, textile designer and artist, and a Heriot-Watt honorary graduate, who died aged 91 and who was awarded an Honorary Degree of the University in 2003. The Court noted the University's long connection with Bernat Klein, who had been owner of the High Mill building, now home to the University's School of Textiles and Design. The University had continued to work with him up to his 91<sup>st</sup> year and holds a collection of his textiles.

In response to a question from a member of the Court about the possibility of the University arranging something to mark the life and achievements of Bernat Klein, the Principal confirmed that contact had been made, seeking the view of the family on this. The University would consider the options in the light of the response received from his family.

**25 MINUTES OF THE MEETING OF COURT HELD ON 3 MARCH 2014**

The Court approved the minutes of the meeting held on 3 March 2014. It was noted that the



minutes of the meeting held on 23 April 2014 would be presented for approval at the June meeting of the Court.

**26 MATTERS ARISING**

**26.1 Senior Dean / Dean observer status at the Court (Ref: item 5.1, 3 March 2014 meeting)**

The Secretary of the University confirmed that a paper would be provided at the next meeting. However, provision had been made in the draft revised Charter and Statutes for a Dean member of the Court.

**26.2 Lead governor Scheme (Ref: item 9.1, 3 March 2014 meeting)**

The Secretary of the University confirmed that a draft plan set out on a trial basis would be presented at the next meeting of the Governance and Nominations Committee.

**26.3 Senate reports to the Court (Ref: item 13.2, 3 March 2014 meeting)**

The Secretary of the University confirmed that, following discussion at the last meeting of the Court, the approach to reporting from the Senate has been revised and the Court will receive fuller minutes from the May 2014 meeting.

**27 SPECIAL RESOLUTION: STATUTE XII: THE COURT (Paper Ct6/14/14)**

The Chair of the Court withdrew from the meeting room during consideration of this item of business and the Chair of the Finance Committee took over as Chair for this part of the meeting.

The Court noted and approved unanimously, by way of a Special Resolution, a recommendation, supported by the Senate, for a temporary change to *Statute XII: The Court*. The Special Resolution was being made in terms of Charter article 21 (3) and the Senate had been consulted at its meeting held on 14 May 2014.

It was agreed that, as soon as possible following the 23 June meeting of the Court, the proposed revised Statute should be relayed to the Privy Council for approval before the end of the current term of office of the Chair of Court, the revision to read:

*“9 (1) The Court shall elect from among such of its members as are not Members of Staff or students of the University a Chair of the Court who shall hold office for three years commencing on the first day of August in the year of election and shall be eligible for re-election for a further period of three years and for a further period of up to one year thereafter in respect of the Chair of Court holding office as at the date of the adoption of these Statutes only:*

*Provided that a person shall not hold office as Chair of the Court for more than six consecutive years, or seven consecutive years in respect of the Chair of Court holding office as at the date of the adoption of these Statutes only in addition to any period for which he or she may have been elected in terms of clause (3) of this paragraph.*

*(2) In the absence of the Chair of the Court the Court shall appoint from among its members a chair for a particular meeting.”*

The Court noted that the change to the Statute, if approved by the Privy Council, would enable Lord Penrose to serve as Chair of the Court for up to one further year. The Court confirmed its support for the extension to Lord Penrose's term and noted that, during the period towards the end of the current calendar year, work will continue in relation to the selection and appointment of his successor.

## **28 REPORT FROM THE GOVERNANCE AND NOMINATIONS COMMITTEE (Paper Ct6/14/15)**

The Court received and noted a report, presented by the Secretary of the University on behalf of the Governance and Nominations Committee (GNC), which related to meetings of the committee held on 13 March, 24 April and 8 May 2014.

### **28.1 Chair of Court: role and time commitment**

The Court received, noted and discussed recommendations, presented by the Secretary of the University on behalf of the GNC, which proposed:

- a revised role description and estimated time commitment relating to the role of the Chair of Court. The Court approved the proposals pro tem;
- a role description and estimated time commitment relating to the role of Deputy Chair of Court. It was noted that the guidance would form the basis of advice to prospective candidates in the continuing process towards the appointment of a new Chair of Court. The Court approved the proposals pro tem; and
- a process for the selection of a Deputy Chair of Court drawn from the independent lay membership of the Court. The Court approved the proposals.

The Court noted that, in accordance with a request from the Appointment Panel, the report set out how the role of the Chair of Court had been reshaped to reduce the total required time commitment from the estimated 55/60 days per annum to 35 days per annum through the delegation of duties and responsibilities to a Deputy Chair within a more formal arrangement than currently exists.

The Court noted and echoed the view reported by the GNC about the need for flexibility in arrangements which will be led by the individuals involved in the three-way relationship, and the importance to the new arrangements of the quality of relationships between the individuals involved.

The Secretary of the University confirmed, by way of an update to advice provided in the report, that it was planned to proceed with the appointment of a Deputy Chair as soon as possible, in accordance with the process set out in the report.

It was recommended by a member of the Court that international travel should be included in the role descriptions of both the Chair and the Deputy Chair role holders. It was further recommended that arrangements should be made now and in the future to ensure that start and leaving dates of the Chair and the Deputy Chair role holders are kept out of alignment to ensure an element of continuity.

### **28.2 Appointments to the Finance and Remuneration Committees**

The Court approved the following appointments on the recommendation of the GNC:

- the appointment of Mr Gerard Cassels to the Finance Committee for a period of two years until 31 July 2016; and
- the appointment of Ms Tracey Ashworth-Davies to the Remuneration Committee for a period of two years until 31 July 2016.

### **28.3 Governor visits to overseas campuses**

The Court noted and approved recommendations, presented by the GNC, relating to governor visits to overseas campuses. It was agreed in relation to formal planned visits that the following should apply:

- the new Chair of the Court, as part of the orientation in the first year of their role, along with the Chair of the Campus Committee, should be invited to visit the Dubai and Malaysia Campuses.
- the case for all governor visits, with the exception of the Chair of Court orientation visit, should be presented to the GNC for consideration and approval. In each case the governance purpose, aims and specified outcomes of each visit should be clearly set out for evaluation in

terms of value for money in its contribution to the work and responsibilities of the Court and in acquiring the sought after assurances. Visits should, amongst other things, contribute to the Court's engagement with stakeholders including engagement with staff members.

- at the beginning of each new academic session, the GNC should consider potential governor visits in the forthcoming year aligned to strategic business developments. This will include visits to the University's overseas campuses but may also include any substantive visit to any one of the other campuses outside of Edinburgh. It was agreed that overseas campus visits need not always include two site (Dubai and Malaysia) visits.

The Court noted that, from time to time, the opportunity for informal campus visits may arise, in particular where a member of the Court will be undertaking a visit to the area for a different purpose and there is an opportunity for a call-in visit. It was agreed that, in such cases, contact should be made with the Secretary of the University in advance as there may be an opportunity for the Court member to undertake a particular task during the visit.

#### **28.4 Start time of meetings of the Court**

The Court approved the recommendation of the GNC that a morning start time for meetings of the Court should be implemented from session 2014/15. It was noted that this proposal arose from the recommendation in the report from the 2013 Governors' visit to Malaysia and Dubai Campuses that The Vice-Principals in Malaysia and Dubai should, as a matter of course, attend Court meetings, whether in person or via Skype. A change in the scheduled start time would support participation of those colleagues given geographical time differences.

#### **28.5 Arrangements for approval of corporate policies: update to the 'constitutional definitions' document**

The Court approved changes proposed by the GNC to the Constitutional Framework Definitions document which was approved previously by the Court in December 2012. The changes were aimed at providing a clearer definition of the types of policy that ought to be approved at the level of the Court; and to support a higher level of awareness by the Court and its Committees of all of the University's corporate policies. The following section was agreed for insertion in the document:

*"Corporate policies shall be approved by the University Executive and the Court, via the relevant Committee of the Court, where these are fundamental policies which:*

- *correlate to the responsibilities of the Court set out in its Statement of Primary Responsibilities, and supporting Ordinances*
- *support University compliance with external legislation, regulations, codes etc (e.g. Equality & Diversity Policy, Data Protection Policy, Health & Safety Policy, Bribery Prevention Policy ...)*
- *support delivery of the University's mission and strategic objectives through management of performance (e.g. (HR) Performance Management Policy, Risk Management Policy, Treasury Policy, REF Policy/Code of Practice ...)*
- *support the University in its duty to safeguard its assets and to demonstrate accountability in its stewardship and proper use of public funds (e.g. University Financial Regulations, Fraud Prevention and Response Plan, Travel Expenses Policy, Sustainable Procurement Policy, Information Security Policy Framework, Intellectual Property Policy...)*
- *support the University in its duty to serve the public interest, to behave ethically, and to meet broadly the needs and expectations of its stakeholders (e.g. Complaints Policy, Public Interest Disclosure (Whistleblowing) Policy, University values' statement, Code of Research Conduct ...)* "

Further revisions to the documentation confirmed that other supporting corporate policies shall be approved by the relevant Board or Committee of the University Executive and shall be reported on for information to the University Executive, the relevant Committees of Court and the Court with opportunities provided for comments and questions. All members of the University Executive shall be considered key internal stakeholders for the purposes of conducting the consultation process by which corporate policies are developed prior to Board or Committee approval.

The Court agreed with the view of the GNC that provision of the web-location of new policies for the

information of Court / Court Committee members shall be sufficient rather than copying out the documentation. The Secretary of the University further advised that there will be a facility for governors to view draft policies on the intranet. It was agreed that a further revision to the 'Definitions' documentation should clarify the different arrangements.

## **28.6 Malaysia Oversight Board Terms of Reference and membership**

The Court discussed and approved the recommendations of the GNC that the Malaysia Oversight Board be disestablished at the end of the current calendar year. This accorded with the aim of the Oversight Board to oversee the project to the point where Heriot-Watt University Malaysia (HWUM) is established in its new accommodation and has successfully seen through its first September intake of new student recruits and with the original intention that the life of the Oversight Board would be limited to the HWUM project phase.

The Court noted the report of the Board that significant improvements had been made in the University's project management support and that, additionally, in relation to student accommodation in Malaysia, it would be sensible for oversight of this element to fall to the Campus Committee which included the required expertise within its membership.

The Court approved this approach, noting advice from the Chair of the Campus Committee that phase two developments of the Campus would also require governance oversight and there will be a requirement for a period of intensive care in the earlier parts of the post-project phase of the Campus. A member of the Court made the suggestion that approaches might be made to a few external bodies that have a similar international footprint for advice based on their experience. The Vice-Principal highlighted the need to shift management controls and governance oversight from the current geographically focused arrangements to a more sophisticated, distributed and coherent cross-cutting structure which is reflective of the unified University strategy.

The Secretary of the University advised the Court that a report detailing plans for the process of transition of HWUM from project phase to operational business phase would be presented for consideration at a forthcoming meeting of the Oversight Board and, subsequently, the Court.

The Court noted and discussed wider issues requiring further consideration which related to campus superstructure and relationships around and between campuses. The Secretary of the University reminded the Court that, in future, annual reports would be provided to the Court from both the Malaysia and the Dubai Campuses.

The Court noted the report that the HWUM Board did not include a member of the Court and that further development of the membership would also be required to a) introduce a Malaysian representative; and b) reduce the executive membership of the Board. The Court noted that the composition of the HWUM Board will be considered at a future meeting of the GNC.

## **28.7 Court Committee annual reports**

The Court approved the recommendation of the GNC proposing discontinuation of the current form of annual reporting from Court Committees and replacement of these, post final approval of the revised Charter and Statutes, with a new form of reporting. It was noted that the Audit and Risk Committee would continue to provide an annual report alongside the Annual Accounts and Financial Statements in compliance with the requirements of the Scottish Funding Council.

It was noted that questions had been raised recently by some Court members about the value of current reporting in general, given that comprehensive reports are provided to the Court following each Committee meeting throughout the year. The annual reports were typically a re-statement of previously reported business.

The Court agreed with the principle that value could be gained through annual reporting from Court committees set in the context of achievement against committee remits and objectives (as set out in the Terms of Reference. Reporting would include matters such as the framework of assurance established, delegated authority etc. This form of reporting would also serve to identify gaps, thereby helping to inform the process of annual review and update of Committee Terms of Reference.

## **28.8 Sharing of Court information with co-opted lay members of Court Committees**

The Court approved the recommendation of the GNC that a common approach should be adopted in relation to sharing Court business information with the broader co-opted lay membership of Court Committees. The Court noted variance in practice and in the individual views of the Chairs across the Committees of Court.

The Court agreed that co-opted lay members of Court Committees should be provided solely with copies of Court minutes, on the basis that these ought to provide a sufficient level of detail, providing the required background information to help inform Court Committee discussions and decision-making,

## **28.9 Residences Oversight Board**

The Court approved the recommendation of the GNC that oversight of the Residences 2016 project be assumed by the Campus Committee. This accorded with a proposal made by the Campus Committee at its meeting in January 2014. Additional meetings of the Committee had been scheduled in the year in accordance with the increased responsibilities.

## **28.10 Other items presented for information**

The Court noted other items reported by the GNC for information, including reports covering the following topics:

- Report from the Constitutional Review Group;
- Scottish Code of Good Higher Education Governance, compliance checklist and issues considered by the GNC;
- 'Lead Governor' scheme;
- Senior Executive succession planning;
- Chair of Court appointment update;
- Court and Court Committee membership and succession planning;
- Review of Charter and Statutes; and
- Court membership rotation

The Chairman of Court highlighted in particular the discussion of the GNC on the rotation of the Court membership and the suggestion that efforts should be made to achieve a better balance in the cycle of membership end points and renewals. It was proposed that, of the five independent lay members who are eligible to have their memberships renewed from 1 August 2014, two of the five will ideally agree to opt for renewal for a further period of two rather than three years. It was noted, in the context of future memberships, that the proposed changes to the Charter and Statutes will increase the current maximum term of membership from six to nine years.

Professor Nicholas Beadle advised that he would be minded to seek renewal for a period of two years from 1 August 2014.

## **29 REPORT FROM THE SENATE: 26 MARCH 2014 MEETING (Paper Ct6/14/16a)**

The Court received a report from the Senate which related to an item of business dealt with by the Senate at its meeting held on 26 March 2014.

### **29.1 Proposed modifications to *Ordinance 23: Honorary Titles* and the rescinding of *Ordinance 25: Title of Fellow***

The Court approved recommendations presented by the Senate for modification to *Ordinance 23: Honorary Titles* and the rescinding of *Ordinance 25: Title of Fellow*.

The Court noted the report that the title of Research Fellow was now only available through recruitment and promotion processes (rather than being conferred in accordance with *Ordinance 25*) and the title of Industrial Fellow had become obsolete. It was noted that, for consistency, the title of Honorary Fellow had been transferred to be included with the other honorary titles currently

in Ordinance 23. These proposed changes meant that Ordinance 25 was no longer required.

It was noted that the new academic titles of Assistant Professor and Associate Professor, which were recently approved by the Court on the recommendation of the Senate, replace the equivalent honorary titles currently contained in Ordinance 23.

The Court noted plans to transfer Ordinance 23 to a Regulation, to reflect the role of the Senate in approving the relevant honorary titles. Such a transfer could take place once the revised Charter and Statutes, which contained modifications to permit this, had been approved by the Privy Council.

### **30 REPORT FROM THE SENATE: 14 MAY 2014 MEETING (Paper Ct6/14/16b)**

The Court received a report from the Senate which related to items of business dealt with by the Senate at its meeting held on 14 May 2014.

#### **30.1 Special Resolution in Respect of Statute XII: Proposed Temporary Extension to the Appointment of the Chair of the Court**

This part of the report was considered alongside report number Ct6/14/14 above.

#### **30.2 Reappointment of the Vice-Principal (Dubai)**

The Court approved a recommendation by the Senate that the appointment of Professor Ammar Kaka, Vice-Principal (Dubai), be extended for a further five years from 1 August 2015 until 31 July 2020.

#### **30.3 New School of Earth Science, Energy and the Built Environment (working title)**

The Court approved a recommendation by the Senate for the creation of new School of Earth Science, Energy and the Built Environment (working title). It was noted that the School will be formed from the disestablishment of the School of the Built Environment and the Institute of Petroleum Engineering and will bring together all of the activities of the School and the Institute with the exception of the International Centre for Island Technology (ICIT). The Court noted the recommendation that ICIT be moved to the School of Life Sciences.

The Principal highlighted key opportunities associated with the new School which would include, inter alia, growth of opportunities in the area of the geosciences. The Vice-Principal highlighted broad support for the proposal among staff, and operational planning and implementation that would take place over the coming year or more to achieve a successful transition to the combined new School. The proposals would also bring significant benefits to links with industry and there was confidence in the indicated broad industry support for the proposal.

In response to a question about new opportunities for students, it was confirmed that the new School would bring an opportunity to develop undergraduate provision in the area of geosciences which was not currently possible within the Institute of Petroleum Engineering. The new School would also provide opportunities to widen the focus of the current Institute bring in new areas such as geo-exploration at one end and decommissioning at the other, and the reorganisation would also optimise future opportunities to be gained through, for example, the Sir Charles Lyell Centre, the Oil and Gas Innovation Centre and the Shell funding investments.

### **31 COMMUNICATIONS FROM THE CHAIRMAN OF COURT**

The Chairman of Court updated members on a current consultation with the sector by the Scottish Funding Council to update the 2006 Financial Memorandum (FM) agreed with funded Scottish higher education institutions. Universities Scotland had made suggested changes to the draft revised Financial Memorandum which contained nothing that should cause any concern to the sector or to University.

## **32 COMMUNICATIONS FROM THE PRINCIPAL/UE (Paper Ct4/14/17)**

The Court received and discussed a report from the Principal and The University Executive on a range of news topics of current interest and involvement of the University.

The Principal drew attention in particular to:

- resolution of the pay dispute with the UCU. In a ballot of members, 84% of those who voted (a little over 50%) accepted the employers' final offer. In addition to the 2% on all pay spines, the lowest point on the spine would be increased by a further amount to reach living wage level.
- prospects for the development of a railways Centre at Heriot-Watt University. The potential was noted of a decision point for progression and funding arising in July 2014 which would require the approval of the Court. The Principal advised that discussions were set on the footing of no requirement for a contribution of capital investment from the University; however, a contribution would be made to the Centre by means of a small group of high quality academic appointments made through the Global Platform programme. In the meantime, University management were considering further the likely terms of agreement that the University would wish to enter into.

In relation to the review of Research & Enterprise Services, the Chair of the Staff Committee requested that the Court receives a presentation on the outcomes of further work, following the appointment of a new Director, to implement the changes.

## **33 COMMUNICATIONS FROM STUDENT MEMBERS**

### **33.1 Annual Report of the Student Union 2013/14 (Ct6/14/18)**

The Court received and discussed an Annual Report for 2013/14 which was presented on behalf of the Student Union by the Scottish Borders Campus (SBC) President in the absence of the Student Union President.

The Chair commended the report which highlighted an impressive range of Student Union activities throughout the year as well as highlighting challenges faced in the year and potential areas of opportunity.

In response to a question the SBC President highlighted significant continuing efforts by the Union to build effective liaison between the Scottish and overseas campuses. A Student Union representative trip to the Dubai Campus would be followed up soon with a trip to the new Malaysia Campus with a view to strengthening roles and ensuring the representative framework between campuses operates as effectively as possible. While a Student President had been appointed at the Dubai Campus, a similar appointment had not yet been made at the Malaysia Campus.

In relation to student engagement the SBC President confirmed that active consideration was being given to social media and other online communications.

An invitation was made to the SBC President to consider now and in the future whether there was anything more that the Court could help the Student Union.

## **34 REPORT FROM THE AUDIT AND RISK COMMITTEE: MEETING HELD ON 3 APRIL 2014 (Ct6/14/19)**

The Court received and noted a report from the Audit and Risk Committee which related to the meeting of the Committee held on 3 April 2014. All items were reported to the Court for information.

In the absence of the Chair of the Committee the report was presented by Mr Keith Wallace, who highlighted in particular work in progress to update the Public Interest Disclosure (Whistleblowing) Policy; and draft Risk Policy and Appetite Statement. Both will be presented to the Court for approval in due course. Mr Wallace also highlighted the view that the Oracle Financial System, the Edinburgh Business School and Approved Learning Partner (ALP) business should be included in

the forward planned internal audit programme.

**35 REPORT FROM THE MALAYSIA OVERSIGHT BOARD MEETINGS HELD ON 3 MARCH AND 28 APRIL 2014 (Paper Ct6/14/20)**

The Court received and noted a report from the Malaysia Oversight Board which related to the meetings of the Board held on 3 March and 28 April 2014. All items were reported to the Court for information.

The Chair of the Board highlighted good progress being made in particular in relation to the building project and a strong student intake to the Foundation Programme – in April 2014, and anticipated in July 2014. The review of contingency plan options reported by the Board had been focused on protecting as far as possible the student experience and the interest of students.

The Chair highlighted that Court approval would be required in June 2014 in relation to the necessary injection of funding for Heriot-Watt University Malaysia in accord with the Five Year Plan. The report of the Board described work undertaken to identify the optimum funding option. The Chair of Court confirmed his expectation that comprehensive information will be available to the Court to support decision-making in this regard. The Vice-Principal highlighted that the two main aspects under consideration were the impact on the Five-Year Plan at HWU Group level and the mechanism by which funds are transferred, associated with which various alternatives were being considered.

In response to a question from the Chair of Court, the Chair of the Board confirmed that the Board expected to receive updated information on the programme for completion of the building including dealing with snagging issues at its meeting in June 2014.

**36 ANY OTHER BUSINESS**

**36.1 Mr Keith Wallace**

Mr Keith Wallace advised that as he would be unable to attend the meeting of the Court on 23 June 2014, the May meeting would be his last attending in the capacity of alumni association appointed member to the Court.

The Chairman, voiced acknowledgement and thanks on behalf of the Court for the valuable contribution made by Mr Wallace over the last three years to the work of the Court and to the Audit and Risk Committee.

**37 DATE OF THE NEXT MEETING**

It was noted that the next meeting of the Court will take place on 23 June 2014.

Signed .....

Date .....



**COURT**

**Minutes**

In the Chair:	Lord Penrose	Date of Meeting: 23 June 2014
Present also:	Ms Tracey Ashworth-Davies (for items 43, 44, 50, 56, 57 and 59) Professor Nicholas Beadle Professor Steve Chapman Mr Allan Gray Dr Stephen Houston Professor Julian Jones Ms Shonaig Macpherson Mr Strone Macpherson	Mr Iain McLaren (for items 43, 44, 50, 56, 57 and 59) Mr Andrew Milligan Mr David Robinson Mr Steve Salvini Mr Tony Strachan Professor Ian Wall Professor Peter Woodward
Officer in attendance:	Ms Ann Marie Dalton Mr Andrew Menzies	Ms Sue Collier
Others in attendance:	Miss Miranda Matoshi Professor Phillip John Professor John Sawkins (for item 49)	Miss Jessie Nelmes Ms Lorna Kirkwood-Smith (minutes)

**38 APOLOGIES**

Apologies were received from Professor Andrew Cairns, Dr Jock Clear, Councillor Ricky Henderson, Professor David Lane, Professor Jim Ritchie and Mr Keith Wallace.

**39 WELCOME**

The Chairman welcomed the following:

- Ms Jessie Nelmes, Student Union President from 1 June 2014
- Ms Miranda Matoshi, Student Union Vice-President from 1 June 2014
- Professor John Sawkins, Deputy Principal (Learning & Teaching) who had been invited to present paper Ct7/14/30 on the agenda
- Professor Phillip John, University Dean, who was present in an observer capacity.

**40 OTHER ANNOUNCEMENTS**

**40.1** The Chairman made reference to the recent announcement of the departure in March 2015 of Professor Steve Chapman, Principal & Vice-Chancellor. The Chairman highlighted the expectation that the period between now and then will be continue in the style of business as usual.

**40.2** The Chairman advised the Court that the June 2014 meeting will be the last in the remaining membership terms of the following:

- Professor David Lane;
- Professor Andrew Cairns;
- Mr Steve Salvini; and
- Mr Keith Wallace

The Chairman acknowledged and thanked those members on behalf of the Court for their valued contribution to the work of the Court throughout their terms of membership.

**41 MINUTES OF THE MEETINGS OF COURT HELD ON 23 APRIL 2014 AND 19 MAY 2014**

The Court approved the minutes of the meetings held on 23 April and 19 May 2014 with the insertion in Minute 27: Charter and Statutes of confirmation that the approval of Court by way of Special Resolution was agreed unanimously.

**42 MATTERS ARISING**

**42.1 Special Resolution in respect of Statute XII: The Court (Paper Ct7/14/36)**

The Court noted and unanimously approved minor revisions to the proposed wording of the revised *Statute XII: The Court*, in accordance with suggestions made by the Privy Council in recent correspondence. This followed submission of the proposed draft revision of sections 9 (1) & (2) of the Statute to the Privy Council, following unanimous approval by the Court, by way of Special Resolution, at the meeting of the Court held on 19 May 2014.

It was noted that the suggested changes were minor in nature with no material effect on the intended meaning or purpose of the previously approved draft; nevertheless, the Senate would be consulted on the proposed minor changes by correspondence.

The proposed final wording for adoption on the advice of the Privy Council and for formal approval by the Privy Council shall therefore be:

9 (1) The Court shall elect from among such of its members as are not Members of Staff or students of the University a Chair of the Court who shall hold office for three years commencing on the first day of August in the year of election and shall be eligible for re-election for a further period of three years and, in respect of the Chair of Court holding office as at 31 July 2014 only, for a further period of up to one year thereafter.

Provided that a person shall not hold office as Chair of the Court for more than six consecutive years in addition to any period for which he or she may have been elected in terms of clause (3) of this paragraph, or, in respect of the Chair of Court holding office as at 31 July 2014 only, for more than seven consecutive years.

(2) In the absence of the Chair of the Court, the Court shall appoint from among its members a chair for a particular meeting.

The Court further agreed that the Secretary of the University should provide the Privy Council with the required assurance that the fuller review of the Charter and Statutes will be completed, and that the revised Charter and Statutes will be in place in sufficient time to allow a new Chair to be co-opted and in place to take the Chair by 1 August 2015.

**42.2 Court communications with Deans and other members of the University community**

The Court received, noted and endorsed a paper presented by the Secretary of the University which described current and planned future arrangements in relation to communications and engagement with the University Deans and other members of the University community. This followed earlier discussion at the meeting of the Court in March 2014.

The Court endorsed the proposal that the Governance & Nominations Committee should consider and propose a communication and engagement plan for the further consideration and approval of the Court in autumn 2014.

**43 FIVE YEAR FINANCIAL PLAN 2014/15 – 2018/19 AND FINANCIAL COMMENTARY (Paper Ct7/14/25)**

The Court received, discussed and approved a draft Five-Year Financial Plan 2014/15 – 2018/19 which was presented by the Director of Finance.

The Court noted:

- the draft Plan was consistent with the University's published key strategic objectives, encompassing, in the final year of the Plan, income generation of >£235 m in the year, >£40 m p.a. research income, a >7% surplus and professional services expenditure contained within the limit of 25.5% of academic income;
- incorporation within the Plan of a strong investment programme which included over £70 million of capital expenditure associated with previously committed major infrastructure projects, almost £10 million of Scottish Funding Council funded capital maintenance and research capital funding; £13 million of locally funded capital projects and a further £55 million established as a marker, in the last two years of the Plan to provide resources for the outcomes of the continuing space utilisation/ Estates Master Plan;
- key areas of uncertainty were dependency of strong growth of income and surplus in the later years of the Plan on delivery against the HWU Malaysia business plan, and the outcome of the REF 2014 and consequent Research Excellence Grant allocation;
- in the light of uncertainties, the Plan contained significant discretionary elements in potential capital investments which would not be undertaken unless the planned growth was achieved, as well as specific contingency against shortfall in the HWU Malaysia business plan. Other notable areas covered by a contingency element and lending resilience to the Plan included contingency against failure to achieve planned tuition fee and research income and provision to cover potential increases in pension contributions payable; and
- the University's borrowing capacity over the life of the Plan, and the terms of the University's Bank Covenants.

In response to a question raised by a Court member about the basis of the Plan in terms of assessed risk, the Vice-Principal confirmed that the Plan could best be described as a challenging central (medium) case, that being judged as the most likely "medium" case occurring in four or five years in every ten. The degree of resilience built into the Plan was such that expenditure could be reduced quickly should key identified risks become a reality.

It was recommended by a Court member that the senior executives should explore the potential requirement to re-negotiate loan agreements with the bank at an early stage and not leave this until a far less predictable external financial environment around 2016. It was noted in relation to peak requirements in 2015/16 however, that the level of contingency built into the Plan provided an element of flexibility and cushioning.

It was suggested by a Court member that in next year's iteration of the Five-Year Plan it would be helpful to receive more detailed information on the operational income and expenditure of the Edinburgh Business School as well as a summary of key decision-making supporting prioritisation of expenditure within the Five Year Plan for the University's Professional Services.

#### **44 REPORT FROM THE FINANCE COMMITTEE (Paper Ct7/14/25)**

The Court received and noted a report from the Finance Committee which related to the meeting of the Committee held on 11 June 2014.

##### **44.1 Five-Year Financial Plan 2013 – 2018**

The Court noted the recommendation of the Committee that the Five Year Financial Plan 2014/15 – 2018/19 be approved by the Court. The approval of the Court is recorded in minute 43 above.

##### **44.2 Funding Structure for Heriot-Watt University Malaysia (HWUM)**

The Court noted and approved the recommendation of the Committee for a funding structure for the financing of HWUM. It was noted that the funding requirements were set out in the updated HWUM business plan previously approved by the University Executive and the Court. The plan indicated a

peak borrowing requirement rising from £8.09 million in financial year 2013/14, to £11.28 million in 2014/15 to £11.82 million in 2015/16. On the basis of the current business plan projection, HWUM will require further funds during the balance of the current financial year and in the succeeding two years to finance operations, including the investment in the new campus building fit-out and to meet ongoing working capital requirements as business operations develop and expand.

It was noted that a key driver for the proposed structure was to ensure that arrangements remained flexible, with costs minimised so that arrangements can be made to remit funds back to the Heriot-Watt University as required, in addition to existing mechanisms for the transfer of funds. Four options had been considered in detail. The Committee noted that earlier consideration had been given to the provision of funding through the purchase of additional Ordinary Shares; however, the recommendation of the Finance Committee, approved by the Court, was that, at least in terms of the first tranche of funding in financial year 2013/14, this should be provided in the form of a commercial loan, the rationale for which was that terms could be defined such as to allow return of the capital amount as well as receiving regular interest payments. It was proposed that consideration of the amount and mix of funding in tranches two and three (2014/15 and 2015/16) could be delayed until the next financial year when the initial set up period has passed and the HWUM business plan has been updated to reflect the initial performance of the business.

#### **44.3 Group Financial Summary Dashboard**

The Court received and noted the first of a 'Group Financial Summary Dashboard' report which will be presented regularly at each meeting of the Finance Committee and the Court.

It was requested that future reports are presented in A3 format, but otherwise Court members voiced their support for the report as a very welcome new development in the reporting of financial performance.

#### **44.4 Other items reported for information**

The Court noted other items which were included in the report for information.

In response to a question relating to the approval of the Finance Committee to accept a Barclay's Bank offer of an extension to the debt facility for a further five years, due to the availability period of the revolving credit facility coming to an end early in July 2014 it was confirmed that no change had been made to the security arrangements associated with the facility.

### **45 REPORT FROM THE AUDIT AND RISK COMMITTEE (Paper Ct7/14/26)**

The Court received and noted a report from the Audit and Risk Committee which related to the meeting of the Committee held on 5 June 2014. All items were reported to the Court for information.

#### **Ref Section 30, FOI(S)A.**

#### **45.1 Data Protection Policy**

The Court received and approved for implementation a revised Data Protection Policy which was recommended by the Audit and Risk Committee for approval. It was noted that the Policy had been revised to take account of significant developments in the University's international, legal and risk environment, and had been approved by the University Executive at its meeting held in April 2014.

It was noted also that a number of policies and supporting procedures had been developed or revised as part of the University's wider programme of developments in information governance and security to meet operational, legal and audit requirements. The Director of Governance & Legal Services agreed to provide Court members with further information on the information governance and security framework and advised that this programme of work was being overseen by the Information Governance and Security Group of the Secretary's Board. The Director confirmed also that a policy was being developed for the Malaysia Campus in compliance with Malaysian Data

Protection legislation; there was confidence that both policies would operate effectively together.

In response to a point raised by a Court member, the Director confirmed that the University had a policy which specifically covered information security incident reporting and management as part of the information governance and security framework; however, a key focus in the framework would continue to be on prevention of breaches including building information security measures into all of the University's key projects.

In response to a point raised by a member about the need to support University-wide education at all levels, the Secretary of the University confirmed the practice in place of providing simple summary guidelines in accompaniment to full information security policies.

#### **46 COURT MEETING DATES AND TIMES (Paper Ct7/14/27)**

The Court noted and approved proposed meeting dates for 2015/16 and approved the proposed revised start time of 10.00 am for Court meetings from the first meeting in session 2014/15.

The agreed dates were therefore confirmed as:

##### **Session 2014/15**

- Monday 13 October 2014
- Monday 10 November 2014 (Away Day)
- Monday 15 December 2014
- Monday 9 March 2015
- Monday 11 May 2015 (Away Day)
- Monday 29 June 2015

##### **Session 2015/16**

- Monday 12 October 2015
- Monday 16 November 2015 (Away Day)
- Monday 14 December 2015
- Monday 7 March 2016
- Monday 16 May 2016 (Away Day)
- Monday 27 June 2016

#### **47 REPORT FROM THE SENATE: MEETING HELD ON 14 May 2014 (Paper Ct7/14/29)**

The Court received a report from the Senate which related to the meeting of the Senate held on 14 May 2014.

##### **47.1 Student Union: review of the Constitution and Ordinance 3**

The Court received and noted the recommendation of the Senate that a proposed revised HWU Student Union Constitution be approved.

The Court noted the intention that revisions to *Ordinance 3: Student Union* would be presented to the Court for approval at a future date following review by the Ordinances & Regulations Committee. This followed recommendations by the Ordinance and Regulations Committee as part of a review of the Ordinances and Regulations conducted in 2013. It had also been recommended that *Regulation 21: Student Union* should be rescinded as it duplicated the Student Union Constitution.

The Court approved the revised HWU Student Union Constitution (as recorded also under minute 48 below) and rescinding of *Regulation 21: Student Union*.

## **47.2 Review of Ordinance 43: Approved Supervisors**

The Court approved the recommendation of the Senate for revisions to *Ordinance 43: Approved Supervisors* and the transfer of the provisions of the Ordinance to a Regulation (proposed as Regulation 54: Approved Supervisors). It was noted that this change reflected the responsibility of the Senate for appointing Approved Supervisors. Key among other changes, which arose from proposals from the Ordinances & Regulations Committee, were removal of the distinction between on-campus and off-campus supervisors, and transfer of the procedural aspects contained in the Ordinance into stand-alone procedures approved by the Postgraduate Studies Committee.

## **47.3 Item reported for information**

The Court noted another item reported on review of student discipline procedures which was included in the Senate report for information.

## **48 HERIOT-WATT STUDENT UNION CONSTITUTION (Paper Ct7/14/29)**

The Court received and approved a revised Constitution of Heriot-Watt University Student Union (2014 – 2019), which was presented by the Secretary of the University on behalf of the University Executive, noting the recent approval of the revised document by the Senate and the University Executive following review and recommendations made by the Secretary's Board. It was noted also that the revised Constitution had been approved at a recent Annual General Meeting of the Student Union Council.

In response to a point raised on consistency across constitutional documentation, the Secretary of the University advised that, while approval is sought on the revised University Charter and Statutes, a review will be undertaken of other constitutional documents to check for consistency across their contents with the new Charter and Statutes.

## **49 ANNUAL REPORT TO THE SFC ON INSTITUTIONAL-LED QUALITY REVIEW (Paper Ct7/14/30)**

The Court received and discussed a draft annual report to the Scottish Funding Council (SFC) on Institutional-Led Quality Review 2013/14 which was presented by the Deputy Principal (Learning & Teaching). It was noted that the Court would be required, in due course, to endorse the final report and also submit a statement of assurance, signed by the Chairman of Court. The report would be submitted to the SFC by the due deadline of 30 September 2014; however, Court's endorsement and statement of assurance would follow at the next meeting of Court held on 13 October 2014.

The following recommendations for minor enhancements to the report were made by members:

- additional explanatory wording in the second paragraph of section 2.1 to clarify steps taken in the scheduling of meetings to facilitate compliance;
- with the exception of Internal Audit reviews, it would be helpful to include a report of how internal recommendations emerging from reviews are actioned and monitored towards completion; and
- there would be scope within the report to give higher emphasis to enhancement activities.

In response to a recommendation by a Court member, the Deputy Principal (Learning & Teaching) advised that he would seek feedback from the SFC on the University Institutional-led Quality Review report.

A member of the Court recommended that student progression and retention should be reviewed and discussed by the Court at a future Away Day.

The Chairman of Court highlighted the potential value in one of the proposed 'lead governor' positions being aligned to learning and teaching.

## **50 REPORT FROM THE GOVERNANCE AND NOMINATIONS COMMITTEE (Paper Ct7/14/22)**

The Court received and discussed a report from the Governance and Nominations Committee which related to a meeting of the Committee held on 23 June 2014.

### **50.1 Deputy Chair of Court appointment**

The Court approved the recommendation of the Committee that the Mr Tony Strachan be appointed to the role of Deputy Chair of Court with immediate effect, his appointment to run concurrently with his membership of the Court until 31 July 2017. The Court received and noted a copy of Mr Strachan's supporting statement in relation to the appointment.

It was noted that the process for nomination and selection and the requirements of the role were as had been agreed by the Court at its meeting on 19 May 2014. Following a call for nominations for the role, a single nomination had been received. Support for Mr Strachan's nomination had been submitted by three Court members. Following a formal interview process and unanimous support for the appointment of the selection panel, the Committee had agreed on the recommendation to be made to the Court to appoint Mr Strachan to the role.

The Court was reminded that the Deputy Chair of Court role will include responsibilities, as set out in the Scottish Code of Good Higher Education Governance, associated with an 'intermediary' role within the membership of the Court.

(Mr Tony Strachan withdrew from the meeting room during discussion on this item).

### **50.2 Appointment of Acting Principal and Vice-Chancellor**

The Court approved the recommendation of the Committee, in terms of Article 6(i) of the Charter, that, during the interregnum between the departure of Professor Steve Chapman in March 2015 and the start date of his appointed successor, Professor Julian Jones, Vice-Principal, should be appointed as Acting Principal and Vice-Chancellor.

The Court noted the report from the Committee that an appointment panel would be established over the summer period with the early task of appointing recruitment consultants to support the search process for a new Principal & Vice-Chancellor.

(Professor Julian Jones, Vice-Principal, withdrew from the meeting room during discussion on this item.)

### **50.3 Court appointments from 1 August 2014**

The Court received and approved recommendations presented by the Committee for the following re-appointments to the Court from 1 August 2014 (addendum: Mr Nicholas Beadle advised subsequently of his decision not to serve for a further term of membership of the Court):

- Professor Nicholas Beadle, for a period of two years until 31 July 2016;
- Mr Strone Macpherson, for a period of two years until 31 July 2016\*;
- Mr Tony Strachan, for a period of three years until 31 July 2017\*;
- Mr Andrew Milligan, for a period of three years until 31 July 2017\*;
- Professor Ian Wall, for a period of three years until 31 July 2017\*;

\*as reported to the Court orally at the meeting.

It was noted that the above pattern of differing renewals should facilitate better balance in future rotation within the membership of the Court, in accordance with advice provided to the Court at its meeting in May 2014 by the Chairman.

#### **50.4 Audit and Risk Committee: chair and quoracy arrangements**

The Court noted the recommendation of the Committee that, should Mr Tony Strachan be appointed to the role of Deputy Chair of Court, he should demit office as Chair of the Audit and Risk Committee following the first meeting of the Court (and the first meeting of the Audit and Risk Committee) in the new session 2014/15. In the light of the decision recorded in minute 50.1 above, the Court approved the Committee's recommendation.

The Court agreed to invite the Secretary of the University to take forward the relevant discussions with a view to proposing a Chair of the Audit and Risk Committee to succeed Mr Strachan which should be presented at the October 2014 meeting of the Court.

The Court approved the recommendation that Court's dispensation on quoracy relating to the Audit and Risk Committee which was approved in June 2013, be extended further into session 2014/15 for as long as is necessary to gain final external approval for the revised Charter and Statutes.

#### **50.5 Ordinances and Regulations Committee**

The Court approved the recommendation of the Committee that Professor Peter Woodward be reappointed as a Court appointed member of the Ordinances and Regulations Committee from 1 August 2014, his appointment to run concurrently with his membership of the Court.

#### **50.6 Other items presented for information**

The Secretary of the University reminded the Court of the recruitment pool which was created following the Court committee member recruitment campaign in 2013. This would continue to provide a source from which recommendations would be drawn to fill future vacancies and the Secretary of the University would seek the participation of Court members in recruitment selection panel interviews over the course of the summer.

#### **51 REPORT FROM THE STAFF COMMITTEE (Paper Ct7/14/31)**

The Court received and noted a report from the Staff Committee which related to the meeting of the Committee held on 21 May 2014. All items were reported to the Court for information. The Chair of the Committee drew the attention of the Court to the main topics that were included in the report.

In response to a question from a Court member on assurance that the University will remain on target to embed Athena SWAN principles and to meet associated targets, the Chair of the Committee highlighted the Committee's support for the inclusion of Athena SWAN objectives in Heads of School PDR objectives, and continual reporting and monitoring of Athena SWAN progress at each Staff Committee meeting. The Chair also highlighted the quality of the appointment made to lead Athena SWAN developments across the University in the recently appointed Athena SWAN Project Officer.

The Chair of the Audit and Risk Committee highlighted the recent attendance of a participant of the Aurora Programme as an observer at a recent meeting of the Audit and Risk Committee. This was the type of request that he was happy to accommodate.

#### **52 REPORT FROM THE MALAYSIA OVERSIGHT BOARD (ORAL REPORT)**

The Chair of the Malaysia Oversight Board provided the Court with an oral update on matters considered by the Board at its meeting held on 16 June 2014. The Chair highlighted the following in particular:

- handover of the main campus building was expected on 1 August 2014, with building snagging issues to be dealt with over the course of July 2014. The building fit-out schedule was underway and remained on budget;



- in relation to contingency arrangements, during the period to 1 September 2014, additional teaching space had been secured within the Putrajaya International Conference Centre to accommodate the July 2014 Foundation Programme student intake. Existing students would remain within the 2C2 building to minimise disruption; teaching would therefore be split across two sites for a short time;
- the appointment of a Health & Safety Officer for HWUM;
- positive recent developments in relation to recruitment to the Foundation Programme and take up of MARA (Majlis Amanah Rakyat) Scholarships;
- a comparatively late phase of intense student application and recruitment activity following release of school exam results compared with the UK system. Malaysia does not operate a clearing system in the way that would be recognised in the UK;
- the Board had requested a sensitivity analysis from University management around the assumptions for student numbers and tuition fee income in anticipation that the Malaysia Ministry of Education might introduce a formal policy of fees capping for Malaysian students at private institutions (potentially from next academic year), and delays and difficulties being experienced in programme approvals. The Court noted that delays could have a material impact on autumn 2014 recruitment; however, active dialogue was being maintained with the relevant Ministry officials. Members of the senior management team were encouraged in this work with the aim of exerting influence at the highest levels; and
- Putrajaya Holdings PjH had been advised of the University's desire not to take up the offer of student accommodation offered via the planned 5C7 build. It had been noted that PjH intended to continue with the development themselves.

### **53 COMMUNICATIONS FROM THE CHAIRMAN OF COURT**

The Chairman of Court updated the Court on the ongoing governance related dialogue between the sector and the Scottish Government.

### **54 COMMUNICATIONS FROM THE PRINCIPAL / UE (Paper Ct7/14/24)**

The Court received and noted a report from the Principal and The University Executive on a range of news topics of current interest and involvement of the University. The Principal highlighted items of news as reported. The Court accepted the report.

### **55 COMMUNICATIONS FROM STUDENT REPRESENTATIVES**

The Court received and noted a brief oral update from the President of the Student Union who confirmed:

- the financial memorandum with the University had been agreed and signed off;
- a five year financial plan for the Student Union had been approved; and
- a key focus of the Student Union for the coming year will be on student engagement and relationships across campuses.

The Chairman of Court extended an invitation to the student representative members of the Court to let the Secretary of the University or the Chairman know should they require any additional advice or help to support them in their governance role.

### **56 PRINCIPAL'S MANAGEMENT REVIEW**

The Court received, noted and discussed a presentation delivered by Alister Wilson of Ranmore which summarised the outcomes of the Principal's management review. It was noted that the full report, complete with management responses, would be prepared over the summer. The presenter highlighted the overall view that things were going well for the University; the review was therefore undertaken in the style of a series of "MOT" check questions with RAG indicators developed for

each of the key areas included in the report.

The attention of the Court was drawn to: the scope of the review; the questions addressed; the processes involved in the review and sources of evidence; issues for the Executive and the Court to address separately and others to be addressed jointly; key messages emerging; and recommendations, on which Court discussion was invited. Recommendations were grouped under the main themes of: structure; horizon-scanning and scenario planning; understanding the role and purpose of Court; improving communications; and engaging with the University and building on knowledge and experience.

The Principal highlighted that the exercise had been worthwhile and much had been learned through the process of the review. Some of the output recommendations covered matters that were already being progressed.

A few members highlighted the expectation that the review would focus on management capacity and resilience to deliver against the strategic plan and to manage compounding risk. In response it was indicated by another member who had formed part of the Principal's contact group that such considerations had been included in the review. Where these issues were absent from the reported key messages and recommendations of the review, this was because no significant risks or issues had been identified in those aspects.

In response to a point raised by a member, it was confirmed that limitations on time had prevented widening the scope of the review to include more on international governance arrangements. Besides international aspects, other aspects highlighted as excluded from the review were mentioned: IT capabilities; cultural drivers impacting on research; and student learning.

The Court noted and discussed some of the key recommendations of the review which were accorded general support, for example, in relation to horizon scanning activities (which coupled with risk appetite should be used more extensively to help inform decision-making), extended Court member induction processes, and improvements in the effectiveness of reports submitted to the Court.

In relation to horizon scanning, as an example of an activity which will require additional time, members discussed the need for changes in practice with more efficient use of Court time. The opportunity to extend the delegated authority from the Court to its committees was noted as one option which could be considered. It was observed that most of the recommendations emerging from the review were essentially matters of engagement and communication. In this regard, once the Court has had an opportunity to receive and discuss the final report complete with management responses, further action on the review can be considered.

## **57 CHARTER AND STATUTES: SPECIAL RESOLUTION AND COURT STATEMENT OF PRIMARY RESPONSIBILITIES (Paper Ct7/14/33)**

### **57.1 Charter and Statutes**

The Court unanimously approved, by way of a Special Resolution in terms of Article 21(3) of the Charter, major revisions to the University Charter and Statutes as presented by the Chair of the Constitutional Review Group and the Secretary of the University on behalf of the Constitutional Review Group (CRG).

The Chair of the CRG highlighted key aspects of the process of review and revision of the Charter and Statutes and supporting rationale, as set out in the report, and also took the opportunity to thank all colleagues who contributed, via the Constitutional Review Group, to the review of the Charter and Statutes.

The Court noted that consultation on revised drafts had been undertaken with the Senate culminating in a specially convened meeting of the Senate held on 11 June 2014. During the period of consultation with the Senate a range of issues had been raised for further consideration and

recommended change. The Senate had confirmed its approval of the revised Charter and Statutes at the 11 June meeting on the understanding that only material changes would require resubmission to the Senate.

The Court received an accompanying report which highlighted those areas of change that had subsequently been incorporated in the draft revised Charter and Statutes. It was noted also that, during the period of this consultation, comments had been received from the Vice-Principal (Malaysia) which resulted in further review of some parts of the charter and Statutes, most notably around the definition applied to the University in various parts of the Charter. Further legal advice had been sought and additional changes resulting from consultation with the University solicitor were also highlighted for the attention of the Court. It was reported that members of the Constitutional Review Group had been consulted on and were content with those final alterations to the draft.

In response to a question raised by the Chairman of Court, the Chair of the CRG confirmed the broad support of the Senate for the proposed revisions to the Charter and Statutes. The Senate had been assured that it was not intended through the revised Charter and Statutes to alter the powers of the Senate; rather, delegation of these powers by the Court had been made explicit and there remained appropriate assurances for the Senate in terms of the potential for future changes.

In response to a question raised about the process for managing comments and suggestions from the external bodies involved in consultation and approval (OSCR, the Scottish Government and the Privy Council), the Chair of the CRG confirmed that anything that might lead to a material change would be subject to further internal consultation and ultimately re-approval by the Court. It was hoped that no substantive comments would be forthcoming, given that the conduct of the review had been thorough and the resulting amended Charter and Statutes accorded with the Scottish Code of Good Higher Education Governance. It was estimated that the process of external consultation and approval would take approximately six months.

Thanks and appreciation were extended to Dr Shonaig Macpherson for her excellent leadership of the CRG which undertook the review.

## **57.2 Court Statement of Primary Responsibilities**

The Court noted and approved for implementation a draft revised Court Statement of Primary Responsibilities. It was noted that a re-drafted Statement had been endorsed by the Court in September 2014 following an invitation by the Governance & Nominations Committee for Court comment. The revised Statement had been developed on the recommendation of the Constitutional Review Group as a basis on which the detailed review of the Charter and Statutes should be progressed. Minor amendments had been made to the Statement since Court had confirmed its endorsement.

## **58 APPOINTMENTS TO THE COURT (Paper Ct7/14/33)**

The Court received and noted a paper, presented by the Secretary of the University, which reported on the outcomes of recent elections to membership of the Court in the categories of staff and Senate appointed members:

It was noted that, in terms of Statute XII, the following staff elected individuals had been appointed to the membership of the Court from 1 August 2014 until 31 July 2017:

- Pamela Calabrese, Quality Enhancement Officer, Academic Registry; and
- Jane Queenan, Teaching Fellow, School of Management and Languages

It was noted that, in terms of Statute XII, the following Senate elected individuals had been appointed to the membership of the Court from 1 August 2014 until 31 July 2017:

- Professor Phillip John; and
- Professor Peter Woodward (re-elected)

The Court noted that the outcome of the Watt Club election of a member to the Court would be known in early July 2014.

**59 ANY OTHER BUSINESS**

**59.1 Principal and Vice-Chancellor appointment**

**Ref section 30, FOI(S)A.**

The Secretary of the University agreed to update Court members in the near future on the proposed timeline for the relevant search and selection processes associated with the appointment of a new Principal and Vice-Chancellor.

**59.2 Reserved business (Ref section 30: FOI(S)A).**

**60 DATE OF NEXT MEETING**

It was noted that the next meeting of the Court will take place on 13 October 2014 at the Scottish Borders Campus.

Signed .....

Date .....