

COURT

Minutes

In the Chair:	Ms Morag McNeill	Date of Meeting: 13 December 2019
Present also:	Dr Richard Armour Ms Tracey Ashworth-Davies Ms Aoife Clarke Mr Graeme Dickson Dr Amos Haniff Mr Steve Heathcote Dr Paul Hopkinson Professor Julian Jones Mr Grant Innes	Dr Amanda Lyness Mr Cameron Millar Mr Roger Murray Professor Máiréad Nic Craith Ms Marta Phillips Ms Jandy Stevenson Mr Mike Tumilty Mr Graham Watson (for part of the meeting)
Officer in attendance:	Ms Sue Collier Ms Ann Marie Dalton-Pillay Professor Gill Hogg Professor Ammar Kaka	Mr Andrew Menzies Dr Gillian Murray Professor Garry Pender
Others in attendance:	Lord Iain Vallance, Chair of the EBS Advisory Board Ms Lorna Kirkwood-Smith (minutes)	

M19/88 WELCOME AND ANNOUNCEMENTS

The Deputy Chair of Court reported that, in the absence of the Chair of Court, she would chair the meeting on 13 December 2019.

The Deputy Chair of Court welcomed the following:

- Lord Iain Vallance, who was attending his first meeting of the Court in his role of Chair of the EBS Advisory Board; and
- Dr Paul Hopkinson was elected by the Senate on 10 December 2019 to join the membership of the Court, taking the place of Dr James Richards who recently resigned from his position on the Court.

The Court endorsed the appointment to the Court of Dr Paul Hopkinson for the period up to 31 July 2021.

The Deputy Chair of Court reported that in a recent Student Union Bye Election Mr Kieran Robson Renner had been elected as President of the Student Union for the period up to 31 May 2020.

M19/89 APOLOGIES

Apologies were received from Dame Frances Cairncross, Professor Patrick Corbett, Professor Fadi Ghaith, Mr Alan Robertson, Ms Dawn Skidmore and Professor Richard Williams.

M19/90 MINUTES OF THE LAST MEETING

The Court approved as an accurate record the minute of the meeting of Court held on 27 September 2019 and the minute of the item conducted by correspondence on 25 November 2019.

The Court noted that further review of the notes of the Court Strategy Day on 1 November 2019 is planned, therefore the notes were withdrawn and would be re-presented to the Court for approval in the coming week.

M19/91 DECLARATION OF INTERESTS

The Deputy Chair of Court invited declarations of interest. No interests were declared.

M19/92 MATTERS ARISING

92.1 Chair of Court Designate

The Chair of Court Designate, Mr Grant Innes, voiced thanks to Mr Graham Watson who also stood in the recent Chair of Court election, and reported highly positively on his personal view of his future position as Chair of the Court and the time, energy and commitment he intended to bring to the role, including fully supporting delivery of Strategy 2025. He reported his intention to meet up with Court members, key members of the executive, Senators and students, and to attend Court committee meetings as an observer in advance of taking up the position in August 2020.

The Deputy Chair of Court reported on the intention to review lessons learned from the University's first Chair of Court election process, and learning also from the experience of other Scottish universities.

92.2 Professor Keith Lumsden

The Secretary of the University tabled a paper which included a copy of the obituary on Professor Keith Lumsden which appeared in The Times following his recent death. The Secretary relayed the University's appreciation of the legacy left by Professor Lumsden through his immense contribution to the development of the Edinburgh Business School.

92.3 Global Chief Finance Officer

The Secretary of the University reported that Mr Andrew Jefferson would take up the position of Global Chief Finance Officer in the New Year and would sit in attendance at future meetings of the Court.

92.4 XXX Reserved section (Ref: Sections 30, 33, FOI(S)A).

92.5 The Secretary of the University advised that the report of the current review on the O'Gorman case led by Morag Ross QC is expected to be complete early in the New Year (the exact date is not yet determined). The report would be shared with the Court as early as possible.

M19/93 COURT ACTION LOG

The Court received and noted the Court Action Log which had been updated as of November 2019.

M19/94 REPORT FROM THE ACTING PRINCIPAL (Paper Ct8/19/65)

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

M19/95 OPENING REMARKS FROM THE DEPUTY CHAIR OF COURT (oral report)

The Deputy Chair of Court highlighted the Climate Change Summit (COP26) that would be hosted by the City of Glasgow in November 2020 and potential opportunities for Heriot-Watt University. The Acting Principal, who is one of the six scientists to join the Scottish Science Advisory Council, reported that the climate change agenda is a top priority and area of opportunity for the Council and that he would report back on its activities at future meetings of the Court.

M19/96 REPORT FROM THE CHAIRS' GROUP (oral report)

The Deputy Chair of Court reported that matters discussed at the last meeting of the Chairs' Group which had taken place some time ago had since moved on. She reported that the Group will focus their forthcoming discussions on REF2021 arrangements with the expectation that discussion on REF preparations will be included in the 7 February 2020 Court agenda.

M19/97 REPORT FROM THE SENATE (oral report)

The Court noted that the Senate meeting had taken place on 12 December 2019, therefore an oral report was provided. The outcomes of the Senate discussion in relation to paper Ct8/19/77 which recommended modifications to Ordinances were reported under that item (minute M19/108, below).

The Acting Principal reported that, while it was not within the remit of the Senate to discuss the recent industrial action, space had been provided in the agenda for Senators to briefly discuss the action

which arose over the pay and pensions dispute. He reminded the Court of the subsidiary issues involved in the dispute, such as casualization, pay gap and workload issues. An opportunity had been taken to share with Senators the University's position and progress made on each matter.

A staff member of the Court reported on and the Court discussed staff concerns raised in the Senate meeting about the lack of a platform for staff to discuss the matters above. This was supported by lay members of the Court who had attended the Senate meeting as observers. It was noted that the formal committee bodies with a remit to discuss these and similar matters were the Combined Joint Negotiation and Consultative Committee (CJNCC) and the Staff Committee of the Court. However, the CJNCC represented a minority of all staff of the University.

The Secretary of the University gave the view that an open meeting for staff is perhaps the best solution to address the concerns raised. The Court noted that such topics remained outside of the terms of reference of the Senate, which is unable in any case to represent Professional Services staff members.

The Acting Principal reported that the Universities Superannuation Scheme (USS) Joint Expert Panel is expected to publish its second report (to establish key principles to underpin the future joint approach of Universities UK and the Universities and Colleges Union to the valuation of the USS fund) imminently. It would be the right time to form an institutional view and the most appropriate response, once the University has had an opportunity to consider that report.

The Chair encouraged the Court and the senior executive to address the request for a forum for staff discussion on the matters raised.

M19/98 UPDATE FROM THE STUDENT UNION (Paper Ct8/19/66)

The Court received and discussed an update report from the Student Union (SU).

The President of the Student Union drew attention in particular to the resignation of the Association President at the Malaysia Campus and associated support issues. The President also highlighted planned changes in the Full Time Officer structure, including the introduction in 2020/21 of a Vice-President (Education) Officer and the launch of the Heriot-Watt/Student Partnership Agreement. The report also drew attention to continuing work at the Scottish Borders Campus and a range of work across the areas of student support, student facilities and student wellbeing.

The Court noted that the Student Union, the Secretary of the University and the COO and Registrar at the Malaysia campus had been in liaison to develop a solution to the current gap in the student leadership.

M19/99 LEAD GOVERNOR SCHEME

The Court discussed update reports on the experiences of the Lead Governor Scheme relating to the Dubai and Malaysia campuses and the School of Social Sciences. The full record of discussions, including discussions relating to other Schools and the Orkney Campus which were held after the ordinary meeting on 13 December 2019 are included in Appendix 1 to these minutes.

M19/100 REPORT FROM THE FINANCE COMMITTEE (Paper Ct8/19/70)

The Court noted and discussed a report from the Finance Committee relating to the meeting of the Committee held on 13 November 2019.

100.1

XXX Reserved section (Ref sections 30, 33, FOI(S)A).

100.2 Enterprise Resource Platform

The Chair of the Finance Committee drew attention to the approval of the Court Interim Business Committee on the recommendation of the Finance Committee of business case 1 of the procurement of an Enterprise Resource Platform (reported under M19/110.1, below).

100.3 Management Accounts and Financial Summary Dashboard (period 2)

The Court received and noted full group Management Accounts and a Financial Summary Dashboard report for the period to 30 September 2019 (period 2).

M19/101 REPORT FROM THE FINANCE AND AUDIT AND RISK COMMITTEE JOINT MEETING (Paper Ct8/19/67)

The Court received and discussed a report from the annual joint meeting of the Finance Committee and the Audit and Risk Committee held on 13 November 2019 at which the Group Annual Report and Financial Statements document and associated documents were considered.

The Chair of the Finance Committee introduced the report, highlighting the accelerated timeline that would be introduced in 2020 in response to a change made by the Scottish Funding Council which will require submission by institutions of their Annual Reports and Financial Statements one month earlier than previously. The Committee Chair also highlighted significant impacts on the final quarter accounts, i.e. the favourable movement in Malaysia Campus rent costs and also shifting positions on pension liabilities which will need continuing monitoring. He also drew attention to the relatively strong cash position, headroom in relation to borrowing covenants and the University's dependence on tuition fee income from international students.

The Chair of the Audit and Risk Committee drew attention to the governance and risk management statements within the Annual Report and the "going concern" assurance. Likely key issues for the future focused around longer term sustainability, but all the current key risks and uncertainties had been accounted for in the reporting forming a sound basis for the "going concern" assurance.

101.1 Group Annual Report and Financial Statements 2018/19 (Appendix 1 to the report)

The Director of Finance drew attention to the key elements reported in the main constituent parts of the report including financial outcome incorporating, assets, cash reserves, cash-flow and future pension liabilities.

A member of the Court observed that in the 'Notes to the Accounts' in sections 1 and 5, there were two instances of reported consolidated income figures being slightly lower than the reported University income figures, and asked the reason why. The Director of Finance agreed to investigate and to provide information which explains the difference to the member following the meeting.

A further member suggested that the University should consider the format of future reports, in particular the adoption of 'Integrated Reporting'. The Court approved the Annual Report and Financial Statements 2018/19 for onward presentation to the Scottish Funding Council.

101.2 Group Management Representation Letter

The Court received and approved a drafted Group Management Representation Letter for the year ended 31 July 2019 which was dated 13 December 2019 for signature by the Deputy Chair of Court on behalf of the Court. The Chair of the Audit and Risk Committee confirmed that the Letter contents are the same as those within the 2018 letter. The Audit and Risk Committee had invited the University Executive to comment on each element. The resulting assurances were reported separately below.

101.3 University Executive assurances to Court

The University executive assurances presented alongside the Group Management Representation Letter were noted.

M19/102 ANNUAL REPORT FROM THE AUDIT AND RISK COMMITTEE (Paper Ct8/19/68)

102.1 Annual Report

The Court received and noted the Annual Report from the Audit and Risk Committee for the year to 31 July 2019, to be read in conjunction with the report of the University's Internal Auditors (Appendix 2 of the Report) and the 'Audit Highlights Memorandum and Management Report' of the External Auditors

(Appendix 3 of the report). The Court agreed that the Annual Report should be submitted as required to the Scottish Funding Council along with the Annual Accounts and Financial Statements.

The Court noted that the report did not include the usual recommendations to the Court on the reappointment of the University's Auditors as in the current year the University is undertaking a tender process to make a new External Auditor appointment. The Internal Auditor had only recently been appointed for an initial three year term.

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

102.2 Annual report from the Internal Auditor 2018/19

The Court received and noted an annual report for 2018/19 from the University's Internal Auditor which included confirmation from PwC that the firm is satisfied that sufficient internal audit work has been undertaken to allow an opinion to be given as to the adequacy and effectiveness of governance, risk management and control, and economy, efficiency and effectiveness arrangements (value for money).

102.3 Audit Highlights Memorandum and Management Letter

The Court received and noted the annual Audit Highlights Memorandum and Management Letter explaining the results of the audit of the University's consolidated financial statements and subsidiaries (the 'Group') for the year ended 31 July 2019. The Court noted that 'subject to Court approval of the financial statements, the External Auditor expected to be in a position to provide an 'unmodified audit opinion'. KPMG also expected to issue an unmodified opinion in respect of the subsidiary companies.

M19/103 UNIVERSITY STRATEGIC AND OPERATIONAL RISK REGISTERS AND RISK APPETITE STATEMENT (Paper Ct8/19/69)

The Court received and noted a suite of risk reports which had been considered by the Audit and Risk Committee following review and update by the Risk and Project Management Strategy Group and the University Executive. The Audit and Risk Committee invited the Court to endorse the Strategic Risk Register and Overview Report and note and comment on the other reports presented.

103.1 Strategic Risk Overview Report

The Court received and endorsed the University Strategic Risk Overview Report dated November 2019. The report included a full list of strategic risks within the Strategic Risk Register in summary form, proposed risks added to the Register following the October 2019 meeting of the Risk and Project Management Strategy Group, significantly amended risks and other 'Severe' net rated risks.

103.2 Escalated Operational Risks Overview

The Court received and noted an Escalated Operational Risks Overview report which incorporated Schools, Professional Services, Subsidiary Companies and the Dubai Campus, updated as at October 2019.

103.3 Strategic Projects

The Court received and noted a report incorporating a Strategic Projects and Proposals Dashboard, an Information Services Capital Projects and Planning Report, and 2019-20 Capital Programme.

103.4 Operational Risk Registers

The Court received and noted a report incorporating Professional Services Risk Registers updated as at October 2019.

103.5 Risk Appetite Statement

The Court received the Risk Appetite Statement which had been refreshed in the light of Strategy 2025, as a key part of the University's decision making framework. The Chair of the Audit and Risk Committee reported that the updated Risk Appetite Statement is not significantly different in its balance from the agreed Statement which preceded Strategy 2025.

Court members discussed why 'compliance' had been assessed as 'averse' on the Risk Appetite Scale rather than 'avoid' (zero tolerance), noting the explanatory statement against the assessment which delineated between those matters where the appetite was zero (compliance with legislation, ethics, anti-fraud etc) and those risks which might threaten accreditation in relation to jurisdictions in which the University operates, to which the University has an 'averse' position.

It was recommended that further consideration be given to revising the point 2 on the 10 point Risk Appetite scale downwards to 1 or zero.

The Court noted a point raised by a member that there were aspects of Strategy 2025 which were distinctly ambitious and where the University might need to position itself towards the more 'hungry' end of the Appetite scale; however this is not reflected in the current Risk Appetite Statement.

The Secretary of the University reported that the Online Strategy would be captured within the Appetite Statement.

It was agreed that the Court should have an opportunity through a workshop in coming months to consider Risk Appetite in detail.

M19/104 REPORT FROM THE AUDIT AND RISK COMMITTEE (Paper Ct8/19/71)

The Court received and noted a report from the Audit and Risk Committee which related to the meeting of the Committee held on 13 November 2019. The Committee recommended approval of the Procurement Strategy and Sustainable Procurement Policy. All other items in the report were presented for information.

104.1 Procurement Strategy

The Court approved the draft Procurement Strategy, which had been reviewed and revised to align with Strategy 2025.

104.2 Sustainable Procurement Policy

The Court discussed and approved, subject to the comments recorded below, the draft Sustainable Procurement Policy, which aims to demonstrate the University's commitment to embed sustainability into procurement practices and to ensure that those involved in the procurement of works, goods and services manage their activities in a way that minimises adverse environmental, ethical, economic or social impact.

It was commented that the University's aim to share its sustainable procurement/ ethical values in the context of its work with partners should be brought out more strongly in the Policy. In this regard there should be explicit reference to the Modern Slavery Act 2015.

The Global Director of Governance & Legal Services reported that the Strategy and the Policy were the key parts of a wider suite of documents which were considered by the Audit and Risk Committee. She reported that once relevant updates were made to the document the whole suite would be made available to Court members.

M19/105 REPORT FROM THE STAFF COMMITTEE (Paper Ct8/19/72)

The Court noted a report from the Staff Committee which related to the meeting of the Committee held on 14 October 2019. The Committee recommended Court approval of the annually reviewed Health & Safety Policy and Safety Policy Statement. All other matters were reported for information.

A Court member drew attention to the reported arrangements in relation to work to renew the University's Institutional-level Athena SWAN Bronze Award in 2020. It was noted with disappointment that a few Schools had failed to and would retry to secure renewal of their Bronze awards. The Deputy Principal (Staff Development & Engagement) reported that preparations for the Institution-level award renewal are proceeding well. She highlighted a range of factors which together had impacted negatively on School submissions, including staff continuity and shortfalls in training and expertise. Those matters had been addressed leading to significantly more confidence of success in the next round of applications.

105.1 Annual Report from the Health and Safety Committee

The Court received and noted the annual report from the University Health & Safety Committee for the year ending 31 July 2019.

105.2 Health and Safety Policy and Policy Statement

The Court approved the University Health and Safety Policy and Policy Statement which had been reviewed in the context of the regular cycle of annual review. It was noted that no changes had been found necessary to make to the Policy which remains dated 2018.

A member of the Court asked that further thought be given to making further improvements to the presentation of the Policy and the Policy Statement. This followed up on an earlier request for the documentation to be presented in a more engaging and inspirational manner.

M19/106 REPORT FROM THE CHAIR OF THE EBS ADVISORY BOARD (Oral report)

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

M19/107 REPORT FROM THE GOVERNANCE AND NOMINATIONS COMMITTEE (Paper Ct8/19/73)

107.1 Alumni member of the Court

The Court approved the recommendations of the Committee as regards the skill set that should be sought in the alumni member category of Court membership from 2020. The Court agreed that the skills sought in the new appointment should centre on Financial and Business Strategy, Management and Analysis, with experience in Risk Management. Experience within a sector with links to higher education could be included a desirable rather than an essential criteria.

107.2 Lead Governor Scheme

The Committee had invited the Court to consider whether co-opted lay members of the committees of Court should be considered alongside Court members in the Lead Governor Scheme for Professional Services.

The Court noted that while the proposal is good in principle, there were practical issues to consider. Buddying arrangements might be required as Court committee members are somewhat distant from the Court and further consideration will be needed on how matters should be reported in to the Court. The Secretary of the University agreed that the GNC would be invited to consider those practical details at its next meeting.

107.3 Standing Orders: Court and Court Committees

The Court approved recommended revisions to the Standing Orders for Court and Court Committees which had been considered by the Committee in accordance with the regular annual programme of review and update.

107.4 Governance and Nominations Committee membership

The Court approved the recommendation of the Committee that an additional co-opted lay member place should be created within the GNC and that Professor Angus Macdonald should be invited to join the Committee for a period of three years from his date of retirement in 2020.

107.5 Committee Terms of Reference and Annual Assurance Reports

The Court approved revised terms of reference for the following Court committees which had been reviewed in accordance with the agreed regular annual process. Staff Committee, Remuneration Committee, Audit and Risk Committee, Finance Committee and Global Student Liaison Committee. It was noted that membership information provided in the Terms of Reference would be updated where necessary to include very recent appointments.

The Court also received and noted Annual Assurance Reports received from the above committees.

107.6 Appointment to the Infrastructure Committee

The Court approved the recommendation from the Committee in a tabled paper the appointment of Mr David Lister to the Infrastructure Committee as a co-opted lay member from a period of three years with immediate effect.

M19/108 MODIFICATIONS TO ORDINANCES (Paper Ct8/19/77)

The Court noted proposed revisions to Ordinances which relate to appointment to the position of Vice-Principal and future membership of the Court in the categories of staff trade union member and alumni member.

108.1 Ordinance J1: Appointment of the Vice-Principal

The Court approved modifications to *Ordinance J1: Appointment of the Vice-Principal* which had been approved by the Ordinances and Regulations Committee and the Senate, subject to further proposed changes (which were shown in a paper tabled at the Court meeting):

- a new paragraph to be added stating “The successful candidate shall be appointed as a permanent professor of the University.”; and
- deletion within paragraph 3 of the clause “Staff who are either members of the Senate or”.

108.2 Ordinance F2: Appointment of Academic Staff and of Professional Services Staff and of the Librarian

The Court approved modifications to *Ordinance F2: Appointment of Academic Staff and of Professional Services Staff and of the Librarian*, which had been approved by the Ordinances and Regulations Committee and the Senate.

The Court noted that the revisions to Ordinances J1 and F2 served to combine two processes by unifying the compositions of the committees required to appoint a Vice-Principal and to appoint to a professorship, and will underpin arrangements being taken forward to appoint a new Vice-Principal in 2020. Ordinance F2 would return to the Court after a more comprehensive review of the Ordinance in the early part of 2020.

108.3 Ordinance E3: Graduates’ Association

The Court approved modifications to *Ordinance E3: Graduates’ Association* which had been recommended by the Ordinances and Regulations Committee and approved by the Watt Club Council.

108.4 Ordinance B13: Appointment of Staff Trade Union Members to the Court

The Court approved modifications to *Ordinance B13: Appointment of Staff Trade Union Members to the Court* which had been recommended by the Ordinances and Regulations Committee, subject to their being no further material amendments. The Global Director of Governance and Legal Services reported that consultation had not concluded with the Universities and Colleges Union. The remaining issue under continuing discussion involved the description of the status of the Educational Institute of Scotland as a recognised Trade Union of the University. She reported that, while there might be changes made to the wording, the effect of the provisions of the Ordinance as presented to the Court will not change.

M19/109 ANY OTHER BUSINESS

109.1 Court rolling programme of business (Paper Ct8/19/74)

The Court noted a report of the planned rolling programme of Court forward business, as at December 2019. Court members were invited to direct any comments or suggestions on the plan to the Secretary of the University or the minute clerk.

M19/110 REPORTS FOR RECEIPT AND INFORMATION

110.1 Report from the Interim Business Committee of Court (Paper Ct8/19/75)

The Court received and noted a report from the Interim Business Committee which related to the following items of business undertaken by the Committee on behalf of the Court since the last ordinary meeting of the Court in September 2019:

- on 25 September 2019, the Committee approved the appointment of Mr Graeme Dickson to the Chair of Court Selection Committee;
- on 10 October, 2019 the Committee endorsed the appointment of Kieran Robson Renner to the Court in his capacity of Acting President of the Student Union, and his appointment to all committees of the Court in which the President of the Student Union holds membership. The Committee also approved the appointment of Professor Patrick Corbett to the Chair of Court Selection Committee with immediate effect; and
- on 25 November 2019, the Committee approved the recommendation that the University should sign Software Licensing Terms which will form a five year commitment to utilise Oracle Cloud platforms for Heriot-Watt's Finance and HR processes. The Committee agreed to delegate authority to the Secretary of the University to sign the relevant agreements.

110.2 Report from the Global Student Liaison Committee (Paper Ct8/19/76)

The Court received and noted a report from the Global Student Liaison Committee, which related to the meeting of the Committee held on 30 September 2019.

M19/111 DATE OF THE NEXT MEETING

111.1 It was noted that the next scheduled meeting will take place on Friday 7 February 2020.

Date

Signature