

COURT

Minutes

In the Chair:	Dame Frances Cairncross	Date of Meeting: 25 June 2018
Present also:	Ms Tracey Ashworth-Davies Ms Lucy Conan Professor Patrick Corbett Mr Craig Duffy Dr Fadi Ghaith (by Skype) Dr Amos Haniff Mr Grant Innes Professor Julian Jones Dr Amanda Lyness Mr Cameron Millar	Mr Andrew Milligan Mr Roger Murray Professor John Perkins Ms Marta Phillips Mr Rahul Singh Mr Tom Stenhouse Ms Jandy Stevenson Professor Ian Wall Mr Graham Watson Professor Richard Williams
Officer in attendance:	Professor Mushtak Al-Atabi (by skype) Ms Sue Collier Ms Ann Marie Dalton-Pillay Professor Gill Hogg	Mr Andrew Menzies Dr Gillian Murray Professor Garry Pender Professor John Sawkins
Others in attendance:	Ms Lorna Kirkwood-Smith (minutes)	

M18/37 WELCOME AND ANNOUNCEMENTS

The Chair welcomed the following to the meeting:

- Mr Mark Butler of the Good Governance Institute, who attended as an observer, as part of GGI's information gathering, and also provided an update report on the this work (ref M18/57 below);
- Mr Rahul Singh, President of the Student Union, and Mr Craig Duffy, Vice-President (Wellbeing), who were attending their first meeting of the Court since taking up their sabbatical office bearer positions and membership.

On behalf of the Court, the Chair conveyed thanks and appreciation to Ms Lucy Conan, who was attending her last meeting of Court, for her valued contributions to the Court, the Staff Committee and the Audit and Risk Committee.

The Chair reported that:

- Mr Tom Stenhouse (elected in the staff member category), Professor Patrick Corbett and Dr Amos Haniff (both Senate members elected by the Senate) were reaching the end of their terms of membership. However, each is eligible to stand in elections being held in summer 2018 with the potential for re-election;
- had she been present, this would have been the last meeting of the Court attended by Dr Gillian Menzies (elected in the staff member category);
- There would be an opportunity at the Court lunch on 25 June for the Court to congratulate Professor Bob Craik and Professor Phillip John, who were both announced in the 2018 Queen's Birthday Honours List as recipients of OBEs for their services to education.

M18/38 APOLOGIES

Apologies had been received from the following members: Ms Morag McNeill, Dr Gillian Menzies, and Mr Tony Strachan.

M18/39 MINUTES OF THE MEETING OF THE COURT HELD ON 18 MAY 2018

The Court approved as an accurate record the minutes of the meeting of Court held on 18 May 2018, subject to a check being undertaken to confirm the accuracy of the second bullet point under M31.8 relating to the extension to contract reported. (*Addendum: the following additions and amendments were included in place of bullet point two: "• a Court member raised a concern that a potential*

outcome of the "options appraisal" may run counter to the proposed extension of the current contract to 2025; • in relation to the fall-back option of a two year extension to the current contract in the Heads of Terms it was reported by members of the DNEAG that this length of time will be essential to enable the University to consider properly its future options, while maintaining business continuity;")

M18/40 DECLARATION OF INTERESTS

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

M18/41 MATTERS ARISING

The following were reported as matters arising:

- the Secretary of the University thanked those Court members who have responded in relation to the Governor Liability Insurance annual submission (22 June deadline). Court members who had not yet made a response, including a "nil" response, were invited to do so as soon as possible;
- the Secretary of the University thanked Court members who have been participants in the Strategy 2025 Workshops and individual discussions with Ranmore. Court members were encouraged to continue to engage with the 'Shape Our Strategy' blog and survey site;
- the Secretary of the University reported on two recent key staff appointments made in the University. These included Lucy Everest, Executive Director Global Marketing and Matthew Sukumaran, COO of the Dubai Campus;
- the Deputy Chair of Court, via a note provided to the Chair, confirmed that a summary report had been prepared on the feedback provided by Court members on the performance of the Chair. Once the Chair had had an opportunity to see the outcomes of the appraisal, the report would be circulated to Court members; and
- the Principal thanked Court members who had attended one or more summer graduation ceremonies. Further ceremonies were yet to take place in Baku, Dubai and Malaysia.

M18/42 OPENING REMARKS FROM THE CHAIR OF COURT

The Chair of Court thanked all Court members who attended one or more of the University's summer graduation ceremonies and also encouraged members to attend other ceremonies or services outside of the University which invite University representation. The Chair reported that a reminder note about such forthcoming events would be provided by the Secretariat.

The Chair reported the intention to establish a small short life group which would meet during the summer to review the presentation of papers to the Court. The group should include in its membership Ms Morag McNeill, Ms Marta Phillips and a few other members of the Court.

The Chair reported that she had held annual personal contribution review meetings with almost all members of the Court and she thanked those members who she had spoken with thus far.

M18/43 UPDATE FROM THE PRINCIPAL (Paper Ct6/18/90)

The Court noted and discussed a report, presented by the Principal, who summarised key matters of interest. **XXX Reserved section (Ref: sections 30, 33, FOI(S)A.**

A member of the Court commended, as an exemplar of good stakeholder engagement, the successful event on 5 June 2018 where Heriot-Watt hosted its first High School Leadership Awards presentation ceremony at the Edinburgh campus.

Court members shared individual views on the outline report on academic restructuring which was appended to the Principal's report. A wide mix of views was aired on both the content and the timing of the outline report; however, the Court acknowledged that the full report would be developed over the summer period 2018. This report would set out clearly the rationale, in terms of academic cohesion and consistency and quality of the student experience, and these will be key points of focus in the Senate discussion in September. The following were requested:

- a full report of the September 2018 Senate discussion is made to the Court, including levels of support and dissent for the proposal. The Deputy Chair reported that such a proposal could not be easily approved without at least wholehearted endorsement from the Senate;
- driver(s) for change should be set out and potential costs and benefits explained;
- there should be a distinction between what might be achieved via the different options of re-branding and full scale separation, for example. the Deputy Chair provided the view that important rationalisation of systems could be achieved through somewhat partial re-branding;
- a risk management analysis should be attached to the proposals, as these signify complex change and at a time when the general volume of change is large; and
- the proposals should be tested against the fully formed Strategy 2025.

M18/44 UPDATE FROM THE STUDENT UNION (paper Ct6/18/91)

The Court received and noted a report on recent Student Union activities which was presented by the President of the Student Union. The Court noted that, as the new sabbatical office bearers had taken up office from 1 June, much of the focus of the work so far had been in settling into roles, formulating plans for the year ahead and engagement with graduation events.

The Court noted the partnership working between the Student Union and the University on improved academic representation structures and student satisfaction as well as planned work on learning and teaching best practice which would feed into the new Learning and Teaching Strategy. Work on the latter is being supported by Differentology and student views on key issues are already emerging from the work undertaken. The President of the Student Union also drew attention to student engagement in the Strategy 2025 development process, work to accredit the Student Union Volunteer Scheme and preparations for Freshers' Week. The Court also noted that, besides the Student Union's recent NUS University Students' Association of the Year Award, the Union had also been shortlisted for the UK NUS Democracy Award in 2018.

It was agreed that the Court should receive a copy of the report compiled by Differentology at its next meeting in September 2018.

M18/45 REPORT FROM THE SENATE (Paper Ct6/18/92)

The Court received a report from the Senate relating to the meetings of the Senate held on 23 April and 6 June 2018. All matters reported in both reports were presented for information, with the exception of the item recorded below. As the report of the 6 June 2018 meeting was provided at short notice, members of the Court were invited to submit any comments they might have on the matters reported in the period following the Court meeting.

45.1 Extension to the appointment of the Chancellor of the University

Following the meeting, by way of correspondence on 2 July 2018, the Court approved an extension to the current term of office of the Chancellor of the University to 31 December 2019. The one month extension had been approved by the Senate and it was noted that the extension would enable the Chancellor to preside over all graduation ceremonies taking place in late autumn 2019.

M18/46 EDINBURGH AND SOUTH EAST SCOTLAND CITY REGION DEAL (Paper Ct6/18/93)

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

46.1

46.2

M18/47 HERIOT-WATT MALAYSIA: ANNUAL REPORT 2016/17 (Paper Ct6/18/94)

The Court received and discussed an annual report of the Heriot-Watt Malaysia Campus for which was presented by the Vice-Principal (Malaysia). The report covered the period from August 2016 to July 2017 and also reported on key areas for development in 2017/18. The Vice-Principal (Malaysia) drew attention to growth in student and staff numbers over the period reported and the year-end financial

out-turn which fell within budget. The report included a wide range of reported staff and student activities.

The Court noted that work is under way on the 2017/18 annual report with a plan to present this to the University Executive and the Court in a shorter timescale than had been the case for the 2016/17 report. The Court noted that there had been many positive developments since the period covered in the report and a more timely pattern of annual reporting to the Court was encouraged.

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

The Principal asked that, as the report contained student numbers information, it should be regarded as confidential and should not therefore be shared publicly.

M18/48 GUARDIAN UNIVERSITY GUIDE (Paper Ct6/18/95)

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

M18/49 DUBAI CAMPUS PROJECT (Paper Ct6/18/96)

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

M18/50 REPORT FROM THE FINANCE COMMITTEE (Paper Ct6/18/97)

The Court received and discussed a report from the Finance Committee which related to the meetings of the Committee held on 24 April and 5 June 2018.

50.1 Three-year Financial Plan

The Court discussed and approved a draft Three-Year Financial Plan for onward presentation to the Scottish Funding Council by the due deadline of 30 June 2018.

The Chair of the Finance Committee drew attention to the Committee's report of its meeting on 24 April 2018, including areas of particular concern to the Committee which had directed further testing and development of the initial synthesis of the draft Plan. Subsequently, the Committee had been content to recommend the draft Three-Year Financial Plan to the Court on the condition that the Committee will keep financial performance under continuous review and shall receive early notification of any factor that might have an adverse effect on the attainment of the Plan as well as early sight of School performance data and variances against targets.

The Director of Finance presented the draft Three Year Financial Plan, drawing attention to:

- the modest improvements made to planned end-of-year surpluses since the last iteration of the Plan, and the supplementary paper which had been provided (Paper Ct6/18/97a). This detailed the impact on the Plan of the updated EBS forward financial plan which increased surpluses (by £1m in year one of the School's plan);
- the range of risks relevant to the Plan and the various responses to those risks including the cost savings plan of £14m which would be achieved by the end of 2018/19;
- income and expenditure assumptions, including reported changes over 2017 Plan assumptions;
- confidence in the income projections in the first year of the Plan with increasing uncertainties affecting subsequent years. This was reflected in a continued prudent approach to income projections across and contingency allowances in relation to tuition fee and research income;
- accumulating investments in IT; and
- statements on the ability to generate sufficient free cash-flow to support operational activities, and ability to operate in a manner so as to satisfy borrowing covenants.

In response to questions and observations which arose in the course of discussion the following responses were made:

- the Director of Finance confirmed that prudent income projections had been set in relation to Graduate Apprenticeships. This was an area of potential future income which lay largely outside of the University's control, although it was working hard to fill existing allocated places and to make further gains from the national growth in Graduate Apprenticeship opportunities;
- the Director of Finance confirmed that unrestricted EBS reserves were excluded from the flat profile 'Endowment and investment income';
- the Principal confirmed that the University Executive, at its meeting on 26 June, would agree a morale-boosting communication to be released to staff which confirms that the £14m cost savings target will be achieved in the Plan;
- the Director of Finance advised that the significantly improved position of the School of Energy, Geosciences, Infrastructure and Society compared with other Schools reflected the more demanding (contingency covered) targets established in areas designated for investment;
- in relation to retail facility plans in the Hugh Nisbet building, a note of interest from a pharmacy is currently being considered;
- in relation to the falling percentage of contribution to indirect costs of research funding it was noted that FRS102 accounting rules impacted on the figures; nevertheless, there is a downward trend and more detailed analyses are required to understand more fully the impact of different funding regimes and the balance of those;
- the Director of Finance confirmed that a sinking fund had been agreed as a subset of cash-holdings to finance repayments on borrowings;
- the Director of Finance confirmed that no income assumptions had been made in relation to fundraising led by Development & Alumni. This form of income had traditionally been treated very conservatively in relation to the Financial Plan and the impact of current fundraising activity is expected to be seen at the very end of the period of the current Plan;
- the Director of Finance confirmed that funding to provide infrastructure for new income generation projects which may emerge in the future is included in capital budget provision in each Plan year;
- the Vice-Principal emphasised that implementation of the agreed savings will be monitored carefully over the period ahead, clearing activity would help the University to meet tuition fee targets and, following on from the current year's academic performance review, an implementation plan for change will be agreed early; and
- the Vice-Principal advised the Court that Strategy 2025, complete with new Key Performance Indicators, will form the basis of a rolling Five-Year Financial Plan in future.

50.2 Travel and Expenses Policy

The Court approved the revised University Travel and Expenses Policy which was recommended by the Finance Committee.

50.3 Third quarter Management Accounts (SharePoint) and Financial Summary Dashboard

The Court received and noted a Financial Summary Dashboard report and full Management Accounts for the period up to the end of April 2018 (third quarter).

50.4 Other matters reported

In relation to the reported Lyell Centre review of operations (5 June 2018 meeting of the Committee) it was agreed that the Court should be provided with a copy of the final report which describes new protocols which might usefully be applied to other significant projects. The Principal reported that, in the meantime, the University Executive is taking actions informed by the review outcomes.

M18/51 REPORT FROM THE AUDIT AND RISK COMMITTEE (Paper Ct6/18/98)

The Court received and discussed a report from the Audit and Risk Committee which related to the meeting of the Committee held on 31 May 2018.

51.1 Addition to Financial Regulation 6.6 'Revenue Expenditure – Other Non-pay Expenditure

The Court approved a recommendation from the Committee for an addition to be made to Financial Regulation 6.6 'Revenue Expenditure – Other Non-Pay Expenditure for immediate implementation.

The addition was agreed in order to make effective provision for disbursement of grants on behalf of third parties.

51.2 Charitable Gifts Acceptance Policy

The Court approved a revised Charitable Gifts Acceptance Policy which was recommended by the Committee. The Chair reported that, since its decision on 31 May 2018, a change to the Policy had been sought, in particular relating to the threshold amount that may be authorised by the Assistant Principal (Development) acting alone. The Court accepted the view expressed by the Chair of the Committee that, while the Committee had not been minded to alter its decision on authorisation arrangements for amounts over £10k, this was an area that could be considered again, when the Policy is due for review and in the light of experience.

In response to a question raised about the cumulative effect of monthly donations adding to more than £10k, the Director of Finance reported that a standard arithmetical model can be applied to provide a calculation in such scenarios. It was agreed that, in order not to deter a potential donor, a careful approach should be applied to manage situations whereby additional scrutiny of a planned donation is required.

The Chair of Court recommended that additional rules should be established around the Policy in particular in relation to section 5.1 where there must be rigorous prevention of the seeking of any potential academic gain through a donation.

51.3 Public Interest Disclosure (Whistleblowing) Policy

The Court approved a revised Public Interest Disclosure (Whistleblowing) Policy, noting that minor amendments had been made to the Policy since it was last approved by the Court in 2014.

M18/52 REPORT FROM THE REMUNERATION COMMITTEE (Paper Ct6/18/99)

The Court received and discussed a report from the Remuneration Committee which related to the meeting of the Committee held on 21 May 2018.

52.1 Committee Terms of Reference

The Court approved revisions to the Remuneration Committee Terms of Reference, which were recommended by the Committee in response to the outcomes of internal assurance mapping and the revised (2017) Scottish Code of Good Higher Education Governance (Scottish Code).

52.2 Global Reward Policy and Senior Salary Review Procedures

The Court approved, as presented, the Global Reward Policy and Senior Salary Review Procedures as the basis for the procedures to be followed in the autumn 2018 review of senior salaries.

52.3 Other matters reported

The Court noted that members of the University Executive had agreed for a second year running to forego any contribution pay or bonuses. It was suggested that this message ought to be included in the planned all-staff communication on savings achieved.

Attention was drawn to the Committee's view that, in the light of guidance in the Scottish Code, the membership of the Remuneration Committee should, when such appointments are in place, include a Court member nominated by one of the recognised trade unions.

M18/53 REPORT FROM THE STAFF COMMITTEE (Paper Ct6/18/100)

The Court received and discussed a report from the Staff Committee which related to the meeting of the Committee held on 21 May 2018.

53.1 Committee Terms of Reference

The Court approved revisions to the Staff Committee Terms of Reference which were recommended by the Committee in response to the outcomes of internal assurance mapping and the revised (2017) Scottish Code of Good Higher Education Governance (Scottish Code).

53.2 Other matters reported

A member of the Court proffered the view that, generally speaking, Health and Safety reporting is considered sufficiently important such that reports are made directly to a governing body. The Chair of Court granted that further consideration should be given to this advice.

M18/54 REPORT FROM THE GOVERNANCE AND NOMINATIONS COMMITTEE (Paper Ct6/18/107)

The Court received and discussed reports from the Governance and Nominations Committee (GNC), which related to the meetings of the Committee held on 6 April and 2 May 2018.

54.1 Senior appointments: executive search

The Court noted the report of suggested executive search firms which the University would hope to engage in tendering in relation to the new Chancellor of the University and Pro-Chancellor appointments. Court members were invited to submit any further suggestions to the Head of the Secretariat.

54.2 Deputy Chair of Court

The Court noted the intention of the Deputy Chair of Court to step down early from the positions of Deputy Chair (after 31 December 2018) and member of the Court (after 31 July 2019). The Secretary of the University reported that the process for appointing a successor for the Deputy Chair will begin shortly, with the expectation that a successor will be confirmed in autumn 2018.

54.3 Elected positions to the Court

The Court endorsed the appointment of Professor Máiréad Nic Craith who, following a re-count of the votes from the 2017 staff election to Court, would fill the casual vacancy arising from the departure from the Court of Dr Gillian Menzies.

The Court noted that election processes were under way in summer 2018 to fill a further vacancy arising in the staff-elected member category and the Senate-elected member categories of membership.

54.4 Independent lay membership of the Court

The Secretary of the University informed the Court that, due to pre-existing diary commitments, Dr Julie Maxton will be unable to take up membership of the Court in 2018/19. It had been agreed with her that she should therefore take up membership from 1 August 2019. In the meantime this would leave a gap in the independent lay membership of the Court and a recommendation to fill this position would be presented to the Court in the near future.

54.5 Gender composition: Court and Court Committees

The Court received and noted the first of a new annual programme of reports which included trend data on the gender balance of the membership of the Court and Court Committees from 2016/17 to 2018/19. The Court noted that the Gender Representation on Public Boards (Scotland) Act 2018 establishes the "gender representation objective" by December 2022 for a public board to comprise 50% female appointed non-executive members.

54.6 Future Court meeting dates

The Court noted and approved proposed Court meeting dates up until 2022, subject to further work to adjust the November and December Court dates in each year from 2019. The requirement for this further change had arisen following recent advice from the Scottish Funding Council confirming the

Council's intention to bring forward by one month the current end of December deadline date for submission of Annual Financial Statements. The Secretary of the University reported that revised autumn dates would be recommended to the Court in the near future.

M18/55 CHARTER AND STATUTES AND KEY SUPPORTING ORDINANCES (Paper Ct6/18/101)

The Court considered and approved, for onward presentation to the Scottish Government Legal Department, the following which were presented by the Secretary of the University and the Chair of the Constitutional Review Group:

- revised Charter (version 8.3);
- revised Statutes (version 8.4);
- revised *Ordinance B1: Appointment of external and independent members of the Court*;
- new *Ordinance B10: Appointment of the Chair of Court*;
- *Ordinance C6: Appointment of Student Members to the Senate*;
- *Ordinance B12: Appointment of Student Members to the Court*;
- *Ordinance B13: Appointment of Staff Trade Union Members to the Court*:- the Court approved the proposed new Ordinance, subject to the outcomes of continuing consultation with the recognised trade unions; and
- *Ordinance E3: Graduates Association* (revised Ordinance).

The Court noted that, following consultation with the Senate, no further changes had been proposed to the Charter and only a very minor addition had been made to the Statutes. The Court noted also that any material changes requested by the Scottish Government would be relayed back to the Court. There remained a possibility that further changes to the Ordinances would be required and that any such further revisions would also be relayed back to the Court for approval. The Court agreed that any non-material changes as required may be made to the documents without the need for further Court approval.

Thanks were relayed to Court and University colleagues for their substantial contributions to the review of the Charter and Statutes and supporting Ordinances. The indicative timescale for external approvals by the Scottish Government and the Privy Council by the end of the current calendar year was noted.

M18/56 EDINBURGH BUSINESS SCHOOL: UPDATE – (Oral update)

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

M18/57 STUDENTS' ASSOCIATION CONSTITUTIONAL DOCUMENTS (Paper Ct6/18/102 a/b/c))

The Court approved the following constitutional documents which were presented by the Director of Governance and Legal Services for Court approval, in terms of *Ordinance E2: Student Union*:

- Heriot-Watt Student Union Articles of Association (revision of previously approved document);
- Heriot-Watt Dubai Student Council Constitution (new document); and
- Heriot-Watt Malaysia Students' Association Constitution (new document).

A member of the Court asked why there is no reference to volunteer activities in the Dubai Student Council Constitution. It was noted that, as written, the Constitution would not prevent this type of activity; however, the Director of Governance & Legal Services agreed that she would consult with the Malaysia Students' Association and consider whether an explicit reference might be added to the document to address the point made.

M18/57 INTERIM REPORT FROM THE GOOD GOVERNANCE INSTITUTE ON THE EFFECTIVENESS REVIEWS OF THE COURT AND THE SENATE 2018 (Oral update)

The Court received and noted an oral update report from Mr Mark Butler of the Good Governance Institute on progress made and next steps in the continuing Effectiveness Reviews of the Court and the Senate.

Mr Butler reported that the aim of the Effectiveness Review extends beyond measuring compliance and is considering the future-proofing of governance arrangements in terms of their ability to ensure that the University can deliver against its strategic ambitions. Governance is also being considered in a context broader than structures and processes, i.e. the review is looking at institutional life, culture, behaviours, style of operating and such like. He reported the intention that the Review outputs will be supportive and developmental in nature, while being direct.

Mr Butler reported also that clear consensus had been emerging from a large amount of work already completed, while some key Review stages had yet to be completed, notably the governance surveys which had recently been released to members of the Court and the Senate. The surveys would remain open until mid-July. He reported that the Court would receive an executive summary of the Review findings in the latter part of July 2018 and that members of the Court reaching the end of their period of membership at that time would have an opportunity to provide their views. It was noted that the full report would be available for consideration at the meeting of the Court in September 2018 and the Chair of Court recommended that a substantial amount of agenda time should be allocated to discussion on the outcomes, making use of the scheduled time for the September Court Dinner Meeting, if necessary.

The Chair of Court thanked Mark Butler for his report.

M18/59 ANY OTHER BUSINESS

59.1 Memorial Dedication Service

Court members were reminded of the memorial dedication service and tree planting ceremony to be held at 3.00 pm on 25 June in memory of Dr Rio Watt, former Court member.

M18/60 COURT ROLLING PROGRAMME OF BUSINESS (AS AT JUNE 2018) (Paper Ct6/18/103)

The Court received and noted a report of its rolling programme of forward business, updated as at June 2018.

M18/61 REPORT FROM THE GLOBAL STUDENT LIASON COMMITTEE (Paper Ct6/18/104)

The Court received and noted a report from the Global Student Liaison Committee, which related to the meeting of the Committee held on 30 May 2018. All items in the report were presented for information.

M18/62 REPORT FROM THE INTERIM BUSINESS COMMITTEE (Paper Ct6/18/105)

The Court received and noted a report from the Court Interim Business Committee which related to:

- items of business dealt with on 20 April 2018 which related to appointments made to the Court and Court Committees;
- an item of business dealt with on 2 May 2018 which related to fixed extensions to the appointments of three Heads of School; and
- an item of business dealt with on 7 May 2018 which related to an appointment made to the Ordinances & Regulations Committee.

M18/63 FORTHCOMING EVENTS (Paper Ct6/18/106)

The Court received and noted a report of forthcoming University events of potential interest to Court members.

M18/64 DATE OF NEXT MEETING

Friday 21 September 2018.

Date

Signature