

Court

Minutes

In the Chair: Mr Gavin Gemmell

Date of Meeting: 23 September 2002

Present also: The Rt Hon The Lord Mackay of Clashfern

Principal John Archer
Professor Brian Austin
Mr Graeme Bissett
Mr David Brew
Mr Douglas Brown
Dr Doug Clark
Mr Jim Dignan
Professor Chris Eilbeck
Mr David Guest

Sir Peter Heatly
Mr Stefan Kay
Ms Janet Lowe
Ms Halla Mohieddeen
Mr Chris Robinson
Professor John Simmons
Professor John Swaffield
Mr Tony Taylor
Dr Stan Zachary

In attendance:

Professor Denis Hall, Deputy Principal
Professor Roy Leitch, Deputy Principal
Professor Gareth Owen, Assistant Principal
Professor Andy Walker, Deputy Principal
Professor Ian Mason, Dean of the University
Professor Brian Wherrett, Dean of the University
Mr Peter Wilson, Secretary of the University
Mr Robert Fraser, Director of Finance
Mr Peter Kerr, Director of Estate & Building Services
Mr Richard McGookin, Director of Planning
Ms Mairi Thornton, Director of Corporate Affairs
Mr Alastair Hood, Assistant Secretary

Mr Paul Gregory, Director of Planning & Development, Scottish Borders Council

1. WELCOME

The Chancellor formally introduced and welcomed Mr Gemmell in the representative role of the Chancellor's nominee and as Chairman, speaking with appreciation of Mr Gemmell's existing record of service to the University as a lay member of the Finance Committee since 1992, and as a member of the Court from 1993-1999 and from August 2001.

The Chairman welcomed to the meeting the newly elected members, Professor Austin, Professor Eilbeck, Dr Clark and Ms Mohieddeen; and Dr Zachary, re-elected for a further 3-year period.

2. APOLOGIES

Apologies for absence were intimated from Dr Greig, Mr Jobson, The Hon Lord Johnston, Professor Jowitt, Mr Morrison, The Hon Lord Penrose, Ms Savage, Councillor Scobbie, Dr Steel, Dr Summers, Professor Todd and Professor Viney.

3. Membership of Court

The Court formally noted the changes to the membership of the Court with effect from 1 August 2002.

3.1 CHANCELLOR'S APPOINTEE

The Chancellor had identified, as his appointee in terms of clause (iv)(a) of para 1 of Statute XII in succession to Professor E Brown, for a period of 3 years from 1 August 2002.

Mr G J N Gemmell

3.2 ELECTION FROM SENATE

The following had been elected to membership of the Court from the Senate in terms of clause (vi) of para 1 of Statute XII for a period of 3 years from 1 August 2002.

Professor B Austin, School of Life Sciences

Professor J C Eilbeck, School of Mathematical and Computer Sciences

3.3 ELECTION FROM ACADEMIC AND ACADEMIC-RELATED STAFF

The following had been elected to membership of the Court from among the academic and academic-related staff in terms of clause (vii) of para 1 of Statute XII for a period of 3 years from 1 August 2002.

Dr D E R Clark, School of Mathematical and Computer Sciences

Dr J A Steel, School of Engineering and Physical Sciences

Dr S Zachary, School of Mathematical and Computer Sciences

3.4. PRESIDENCY OF THE STUDENTS ASSOCIATION

The President of the Students Association from 1 July 2002 to 30 June 2003 was

Ms Halla Mohieddeen

who would be ex officio a member of the Court until 31 July 2003 in terms of clause (7) of paragraph 6 of Statute XII.

4. Obituaries

PROFESSOR L MARY PICKFORD

The University had noted with sadness the death, aged 100 years, of Professor Mary Pickford, an honorary graduate of the University (DSc 1991). Professor Pickford was a pioneer of neuro-endocrinology. She was also the first woman to be appointed to a professorship in the faculty of medicine of Edinburgh University, in 1966, when she was also elected a Fellow of the Royal Society. She published more than 60 full papers and some 13 book chapters and made an unique contribution to medical science and to medical education.

LORD PORTER OF LUDDENHAM

The University had noted with sadness the death, aged 81 years, of Lord Porter of Luddenham, who, as Professor George Porter, received the Honorary Degree of Doctor of Science in 1971 on the sesquicentenary of the founding of the School of Arts of Edinburgh. He was joint winner in 1967 of the Nobel Prize for Chemistry, and used his platform as a Nobel Laureate to stimulate interest in science among children through a highly entertaining series of Christmas Lectures on television. He was also a consistent and continual critic of the low level of public support and funding of science. Apart from his great distinction as a physical chemist, Porter's interest in communication between scientists and non-scientists, and his great personal ability to do so, enabled him successfully to follow Davy, Faraday, Dewar and the Braggs as Director of the Royal Institution from 1966 to 1985. He was created a life peer in 1991.

5. MINUTES

The Minutes of the meeting of the Court held on 25 June 2002 were approved.

6. FOOTBALL ACADEMY

[Mr Robinson withdrew from the meeting during discussion of this item, in which he declared an interest as Chief Executive of Heart of Midlothian]

With reference to Ct 102/01-02 and Minute 13.4 below, **sportscotland** had materially altered their position in favour of more permissive criteria for the award of grant monies, and funding initially envisaged as being channelled through Heart of Midlothian Football Club would now be provided direct to the University, with provisos relating to its application for the benefit and furtherance of football.

The Court noted a summary of the relative risks for the University attaching to the scheme and the revised basis of the relationship between the University and Hearts, both in terms of capital and of recurrent rental payments. In discussing the way forward the Court noted in particular the following issues:-

- The need to secure agreement on the basis of the existing tender price while maintaining amicable relations with the contractor. This might require a compromise over the increased price submitted by the builder.
- The importance of the scheme in its fully developed form to the University's sports science courses.
- The high level of contingency included in the approved overall budgeted cost of £6m.
- The need for a negotiated increase in the user rental to be paid by Hearts.
- The assessment of risk was generally low. Those aspects identified as posing a high risk were closely related to the University's strategic objectives in developing sports science courses and the provision within the Football Academy scheme of excellent facilities.

It was agreed to proceed with the project on the basis of information provided, and that the Secretary and his colleagues should pursue the necessary agreements to permit work to start, and endeavour to stay within the overall £6m budget. A user rental in the region of £185k per annum and the possibility of a progressive reduction of the sum subject to guarantee by the University should be investigated.

7. QUEEN MARGARET UNIVERSITY COLLEGE

With reference to Ct 105/01-02 it was reported, in response to a question, that the University's original view regarding the advantages of collaboration remained unchanged, and that no further information had been forthcoming either in relation to the attitude of the Funding Council or to the opinions of the management and staff of the College. The Court agreed that any future developments in this area should be treated on their merits at the relevant time.

8. COURT PROFILE

With reference to Ct 106.2/01-02, the Court again noted a proposal that a list be circulated by the Secretary to members of the Court containing such contact details as individual members would be content to make available to their colleagues. It was confirmed that such a list would be a private document, maintained by the office of the Secretary, and would not be published. The appearance on the University website of any detail relating to a member of the Court would be entirely at the discretion of the individual.

The Court approved the proposal.

9. Communications from the Principal and the Planning & Management Executive

9.1 DIRECTORSHIPS OF FINANCE AND HUMAN RESOURCES

The Principal, on behalf of the University, welcomed to the meeting Mr Robert Fraser who had taken up his appointment as Director of Finance in July 2002. Mr Fraser's career had included various accounting roles with the House of Fraser, John Menzies and NCR where he had been Finance Director of Channel Delivery Solutions. He had also had experience with start-up ventures, had been a member of the Board of Management, and chaired the Audit Committee, of a Further Education Institute.

The University had also been delighted to welcome Mr Martin McCrindle who had taken up the appointment of Director of Human Resources in August 2002. Human Resources now brought together the Personnel and Staff Training & Development functions of the University. Mr McCrindle had joined the University following a period in HR consultancy having previously worked in the Semiconductor, IT and motor industries. He had also held the HR position at the University of the South Pacific in Fiji.

9.2 RESTRUCTURING

On 1 August 2002 the University's new Schools and the Institute of Petroleum Engineering were officially established. The Principal expressed warm appreciation of the huge amount of hard work by colleagues across the institution over many months which had brought the University to this point. Colleagues were still working hard to help ensure that, despite inevitable transitional upheavals, the University continued to offer a high quality of service to its students on their return in the new autumn term.

The Institute of Petroleum Engineering had held a launch event in July and other events in Schools to promote their activities were planned during the coming period.

Over the summer period, the Principal and other colleagues in the senior management team had held a series of open forum meetings with staff in Schools and Institutes, and these continued during September. Colleagues had been encouraged at these meetings to discuss issues emerging in this important transitional period.

It would be important to ensure adequate communication of the newly instituted arrangements, of which a prime example was the incorporation of the School of Planning & Housing in the School of the Built Environment.

The process of gathering information on successes and improvements effected by restructuring had provided valuable feedback to PME.

9.3 COST SAVINGS UPDATE

The University had set itself the target of achieving a saving of at least 5%, or around £100,000 in annual utilities costs. This had been the main focus of work over the summer period by the Cost Savings Working Group. A separate report of the Group had been circulated as agenda paper D for the meeting (Cf Minute 10 below).

9.4 STUDENT RECRUITMENT 2002/03

Whereas it would be possible for more detailed information on undergraduate and postgraduate student recruitment in 2002/03 to be advised to Court at its meeting in November, the Principal could report some promising early signs. These were the result of a great deal of hard work by colleagues in Schools and in central support services.

There was a measure of confidence that population growth of undergraduate students would be generally in line with the budget forecast. Latest forecasts indicated that the University was likely to be within very narrow margins of fulfilling the budgeting assumptions as regards UK and EU entrants and should fill its funded places. It was also expected that the population of overseas undergraduate entrants would be sustained at last year's high level. This would tend to compensate for any slight variance against budget on the fees of UK and EU students. However, until overseas students had actually arrived and registered this was inevitably subject to some uncertainty.

Postgraduate student entrant numbers were still difficult to predict, and the picture would become clearer towards the end of September. There were however some promising signs particularly as regards overseas applicants, with scope for targets to be exceeded in most Schools. Conversions of postgraduate applicants to entrants were intrinsically difficult to predict, but the University had reason to remain hopeful of a good all-round result.

9.5 MARKETING PLANS

PME had recently approved a framework for taking forward the University's Marketing activities over the next three years. The Marketing Plan would be taken forward by the University's Marketing Strategy Group including Mairi Thornton, Director of Corporate Affairs, Professor John Fernie, Head of the School of Management & Languages, Mrs Liz Lister, Director of Recruitment & Admissions and Mrs Gillian McFadzean, Director of TRS, working in conjunction with a wide cross-representational Marketing Forum, and others. All Schools had been actively engaged in the development and implementation of the Plan over the next few years.

9.6 IS/IT PROJECT AND FUTURE STRATEGY

At its meeting in June 2002, PME had considered the outcomes and recommendations of a review of the IS/IT Project and options for future strategy led by Professor John Simmons, Vice-Principal. It was agreed to constrain the University's computing costs at the 2001/02 level of expenditure for a period of 2 to 3 years, the exact time-span being subject to ongoing review, and to revisit the Partnership and alternative in-house solution(s) and restart the IS/IT project as soon as it might be viable.

PME had established an IS/IT Steering Group as the forum through which discussions and decisions would be made on strategic IS/IT issues, and prioritisation and resourcing of projects determined against agreed budgets. The Steering group would be responsible for managing the development and implementation of the IS/IT Strategy and of the short-term plan being developed to cover the next two years or so.

The University had also recently embarked upon EU Public Procurement processes with a view to replacing the current CFACS Financial Management System with a new system which should be in place during 2004.

9.7 ESTABLISHMENT OF INTERACTIVE UNIVERSITY (IU)

Discussions with Scottish Enterprise (SE) on the establishment of the Interactive University (IU) were in their final stages. The company had been incorporated and would be launched in the near future. IU would serve as the national centre for interactive (e)-learning in Scotland.

The financial arrangements included:

- SE grant funding of £2.3M over three years;
- HWU to provide a royalty free licence to its technology platform;
- HWU to license a range of its external programmes. IU would focus exclusively on HWU products for the first 12 months and other Scottish universities would be encouraged to contribute “compatible, non-competitive” products thereafter;
- SE to accept commitment to longer term support.

The Company would be a not-for-profit company limited by guarantee, and would seek charitable status. The initial subscribers would be SE and Heriot-Watt University. The first formal board meeting had taken place on 16 September 2002, when the legal agreements between SE/HWU and the Interactive University had been signed, including those relating to SE funding.

Plans would now proceed to set up company premises, establish the management team, operational and marketing plans, and to arrange the official launch of the company.

It was noted that royalty agreements would be in place in time to allow trading to start on 1 October, and rewards would flow to those institutions having products to sell. Support from Scottish Enterprise was being provided within Scottish Executive’s globalisation programme.

It was noted that the University already had graduates who had completed the management programme, which embodied the prototype for distributed learning through local teaching partners worldwide which Interactive University would promote. The University had the advantage of choice of subject area and of initial funding. Participating universities would undertake the quality control mechanisms relevant to their own disciplines. In terms of investment to date, it was noted that the SOLD programme had benefited from £3m of development expenditure, and had earned £2.5m and was on course to move into profit. The Interactive University project represented a comprehensive broadening of the concept of distributed learning to a global scale of operation, and with correspondingly increased earning potential.

9.8 SCOTTISH BORDERS CAMPUS REVIEW

The SBC Review Group under the chairmanship of the Vice-Principal had commenced its work, resulting in a series of meetings with interested parties, and would include a seminar involving all members of staff due to take place on 24 September 02. (cf also Minute 15.3 below)

10. COST SAVINGS WORKING GROUP

The Court received and noted, as agenda paper D, a report from the Cost Savings Working Group, together with additional commentary from Professor Walker and Mr Kerr. The report provided information on the appointment, approved at an early stage of the operation of the working group, of the Energy Savings Officer, and an outline of the programme of work to be undertaken. It was emphasised by Professor Walker that while the group had set outline targets for savings, it was hoped that these would be surpassed. Mr Kerr provided an update on utility usage and costs on a year-on-year basis as follows:-

Electricity – usage up by 2%, cost increased by 8%
 Gas – usage decreased by 3%, cost up 46%
 Net increase in cost - £265k or 22%

It was noted that despite competitive and volatile markets in energy costs, and the advantages conferred by EU stipulations regarding procurement processes in contracts of this size, the University had little influence on unit costs, and the emphasis would be on reducing usage.

The report also set out details of the newly instituted Sustainability Campaign aimed at achieving savings across the University through the responsible actions of individuals. The main components of the campaign would be a topic-based poster campaign, the creation of a website giving access to additional data and guidelines, reinforcement of the sustainability ethos by use of reminders on the University's Intranet, and the establishment of a recycling infrastructure. The report also set out an initial timetable for the academic year 2002-2003 (Appendix A hereto).

11. LEAGUE TABLES

It was reported that due to an erroneous basis of analysis by those compiling the annual journalistic survey and league tables of universities, Scottish institutions, and particularly Heriot-Watt, had been seriously misrepresented in relation to teaching quality by the weighting attached to favourable teaching quality assessments in various areas, which had not been accorded their rightful individual influence on the resulting score.

12. Audit Committee - Report

12.1 DISASTER RECOVERY PLAN

Good progress had been made in developing both an emergency plan for immediate response in the case of disaster and a complementary business continuity plan. Internal Audit was closely involved, together with collaboration of Napier and Edinburgh Universities. The template being developed would shortly be considered by the Scottish Universities Secretaries Group.

Within Heriot-Watt, disaster response teams had been identified who would be on permanent call by means of a system of deputy back-up, and business continuity would be assured by a similar team approach at School level. A simulation exercise was planned to be carried out in October with the participation, to provide a professional critique, of the fire and other emergency services. A more complete version of the emergency procedures document would be considered by the Planning and Management Executive.

Disposal: Noted

12.2 CHARITABLE STATUS

The Committee had received information provided by Ernst & Young on the University's taxation position with regard to its charitable status. The Committee had noted particularly that care was required in the handling and reporting of certain activities, particularly in the area of consultancy, which should be channelled through Heriot-Watt Trading. This was not uniformly done at present. The University should address the issue of allocation of costs and income in relation to each of its categories of activity, and how this might best be monitored to ensure they were correctly attributed in terms of liability to, or exemption from, taxation.

In relation to consultancy, it was agreed that the University's existing guidelines on consultancy activity be reissued, and that Professor Walker and Mr Fraser assess the current extent of such work not correctly recorded. The Committee would return to this topic at its next meeting.

Disposal: Noted

12.3 ENDOWMENT FUNDS

The Committee had noted that the assets and associated funds in this category were ring-fenced from other University resources, and that a small working group continued to analyse the purposes of each endowment in order to ensure their efficient and appropriate application.

Disposal: Noted

12.4 EDINBURGH BUSINESS SCHOOL

A paper arising from the review of agreements between the University and the Business School was currently with the Planning & Management Executive. The strategy and objectives of the EBS were being progressively clarified by the Board of Management, which included University nominees. The Secretary of the University would confirm the terms of advice from SHEFC on their preferred composition of the Boards of subsidiary companies, with particular reference to lay members.

The question of Intellectual Property Rights, as between the University, the Business School and individual academics, was also being investigated.

In relation to VAT issues, the Customs and Excise had conducted a review and were challenging previously held assumptions regarding the University's exemption from VAT in certain areas. The Committee also noted that the arrangement for the payment of author's royalties was threatening the threshold of 80% of educational and charitable activity to be demonstrated by the University in the accounts of the Business School in order to sustain the exemption from VAT on the construction costs of the EBS building.

A report on these matters and an outline strategy for dealing with the issues raised would be brought back to the Committee.

Disposal: Noted

12.5 FINANCIAL REPORT

The Committee had received management accounts for the period to 30 June, and noted various small movements in the operational summary in the period since 30 April. The forecast outturn, however, had worsened significantly, due in part to increased restructuring costs, provision for pension liabilities and certain one-off charges. The principal change arose from the need to make provision for £1.7m of restructuring costs, budgeted for 2002/03, within the current year's results. In relation to pension liability, it was agreed that the possibility be investigated, by Ernst & Young, of treating some part of the obligation as a prior year adjustment to the previous accounts. The inconsistent treatment of these liabilities in the past had been brought to the fore by the scrutiny occasioned by the voluntary severance scheme.

The Committee had also noted a number of unresolved issues which would have an effect on the Profit & Loss account, but which had not yet been accurately quantified. These were:- outstanding/uncollected debt, accumulation of unprocessed transactions, and a loan to the Students Association relating to completion costs of the Union building in Galashiels.

It was noted that, after discussion with the University's lawyer, options for the treatment of the loan would be presented to the Finance Committee.

In relation to the progress of transactions, it was noted that a remedial programme was in hand, and that more accurate figures would be available shortly.

The Committee had discussed the issue of debt, and specifically student debt, at some length, and had noted that this was a major concern across the HE sector. It had been alluded to by the external auditor as a matter requiring attention by the University.

The Committee had considered the existing fee collection process and its deficiencies, noting that a review of policy and procedures was intended. The need was recognised to be more proactive in seeking to recover outstanding fees, and this would be more feasible given the involvement of schools and financial controllers. It was recognised that whatever remedy was adopted would require both to be clear and to maintain the balance between commercial considerations by the University and the issue of recruitment and retention of students.

Ernst & Young would initially review the longest-standing categories of debt, and the Finance Committee would be requested to take a view on the level of provision to be made for such debt as appeared uncollectable.

The Committee had noted that the sale of the SEPA Building had yielded a net gain of £2.475m. The Committee had also noted that the elimination, in the present year's accounts, of these longstanding liabilities would have a positive effect on the University's ability to meet its budget forecasts for 2002-3, which would require to be adjusted from those approved by the Court.

Disposal: Noted

12.6 FINANCIAL APPRAISAL AND MONITORING SERVICE

The draft report of the SHEFC monitoring team had been received and was broadly supportive. A final visit would be made to consider the University's subsidiaries. The team had raised certain issues regarding the functioning of the Audit Committee itself which entailed the probable need to appoint additional members to the Committee, and had commented favourably on the development of robust budgetary control arrangements.

Disposal: Noted

12.7 AUDIT PLANNING OVERVIEW – UPDATE

The Committee had received and noted an updated statement of the overview for the year ending 31 July 2002 .

This acknowledged the importance, within the University's goals, of achieving financial stability, and of the identified risks relating to taxation liability, to the accounting treatment of severance costs, and to the danger of falling behind the competition. In the light of the financial report most recently presented, it was acknowledged that long-term debt and pension liabilities must be added to the risks to be explicitly reviewed in the audit process.

The Committee had confirmed that it would value detailed treatment by External Audit of issues identified as being of particular importance, and would draw additional reassurance from such scrutiny, based on the good working relationship already established between External Audit and the Committee, and on their work to date.

Disposal: Noted

12.8 FRS 17 – RETIREMENT BENEFITS

The Committee had received a statement of the expected impact on the University of the full application of FRS 17, in terms of disclosure required of the University, and had noted that an assessment would be required of the potential liabilities entailed by employer contribution rates under the various schemes for which the University would continue to be responsible, if unsuccessful in buying out the existing obligations. It should also be identified which schemes would be relevant to the disclosure requirements governing the 2001-2002 accounts.

Disposal: Noted

12.9 COMPLIANCE WITH TURNBULL REPORT

The Committee had noted a review paper prepared by Deloitte & Touche, summarising the key requirements to be implemented in respect of

- maintaining a system of internal control
- reviewing the effectiveness of the internal control framework
- reporting on internal control

and setting out a proposed action plan.

It was agreed that Deloitte & Touche assist the Secretary of the University to prepare a Risk Management Strategy document to be considered by the Committee in November 2002. Deloitte & Touche would also arrange a workshop on risk management to involve members of Court in addition to the Planning and Management Executive.

Disposal: Noted
The Court also noted that organisation of the risk management workshop was in hand, and a suitable date was being sought.

12.10 SYSTEM ACQUISITION REPORT

The Committee had noted a report prepared by Deloitte & Touche assessing the extent and effectiveness of the University's approach to System Acquisition Development and Maintenance, and seeking to ensure that the procedures adopted were adequate and were operating in an effectively controlled manner.

The conclusions reached by Deloitte & Touche were that controls over system acquisition development and maintenance were being managed adequately.

Certain minor areas for improvement had been identified, and the current circumstances of University restructuring and the debate over the mechanism for the provision of information and computing services had been taken into account. The Committee had welcomed the establishment of the new steering group to govern projects involving expenditure.

Disposal: Noted

12.11 INTERNAL AUDIT – MONTHLY SERVICE REPORT

The Committee had received and noted the monthly service report on the execution of internal audit projects as at 31 July 2002.

Disposal: Noted

12.12 EXTERNAL AUDIT FEE

The Committee had noted that the fee payable for these duties in 2000-2001 had been £35K, together with expenses and payment for certain additionally commissioned work. The Committee had discussed the need for assurance on several topics alluded to earlier in the meeting, and had noted the express undertaking by Ernst & Young to devote adequate time and resources to any material issues encountered in the course of their duties. The Committee had accepted the need to authorise additional expenditure should it be justified on this basis.

It was agreed that the basic fee be set on the basis of the existing fee adjusted for inflation, plus justifiable additions. It was further agreed that the PME should sanction such additional payments on the advice of the Director of Finance and the Chairman of the Audit Committee.

Disposal: Noted and approved

13. Finance Committee - Report

The Committee had met on 26 August 2002.

13.1 SALE OF SEPA BUILDING

Noted that the sale had been completed in June, producing a net gain of £2.475m.

Disposal: Noted

13.2 HOLDINGS IN EUROS

Noted that the University's holdings in Euros, mainly contributions to research funding from EU organisations, had been reduced from €5m to €0.75m by transfer into sterling to minimise risk from currency rate fluctuation.

13.3 INTERACTIVE UNIVERSITY

Noted that details of the project were still under discussion with Scottish Enterprise.

Disposal: Noted (cf also Minute 9.7 above)

13.4 FOOTBALL ACADEMY

Noted that further stipulations regarding security for the lottery funding had been imposed by **sportscotland** which would necessitate further negotiation.

Noted that one possibility was that the University provide an appropriate guarantee and that the risk to the University would need to be properly appraised.

Agreed that a statement of the University's long-term interest in and commitment to the scheme be prepared, in the light of an assessment of **sportscotland's** most recently stated position. This should place emphasis on the integral position of the sports science and sports medicine courses in the University's portfolio, the excellent basis of recruitment to these courses, and the University's expectation of continuing development and activity in this area for the next 20 years, the period of the requested guarantee.

Disposal: Noted (cf also Minute 6 above)

13.5 MANAGEMENT ACCOUNTS TO 30 JUNE 2002

Noted Management Accounts to 30 June 2002, comprising

- an operational summary (Appendix A to agenda paper F)
- analysis of teaching and administration expenditure by department
- an analysis by department of tuition fees (net of abatements) and of income and overhead recovery relating to research
- schedules summarising cashflow, and the balance sheet position at 30 June 2002

Noted the cumulative deficit to 30 June as £2,192k, down £1,480k from month 10, and in line with the budgeted movement. The variance from month 10 in the University's Operating Deficit was virtually unchanged, at £2,767k.

Noted that the forecast outturn had worsened significantly due to:

- increased restructuring costs arising from greater numbers of severances and the need to provide in the current year for £1.7m of expenditure budgeted for 2002/03 due to financial disclosure requirements under FRS 12 (cf. also item 8 below). The total restructuring cost would be approximately £6m, in line with estimates approved by the Court.
- unfunded pension liabilities which had been treated in an inconsistent fashion in past years and required a provision in the current year to ensure the minimum ongoing commitment.
- the rationalisation of accounting procedures relating to a joint inter-university undertaking; and certain minor adjustments to be recorded before the year end.

Noted in addition the need to make substantially increased provision for bad debt.

Noted an accumulation of unprocessed transactions whose impact on the year-end Profit & Loss account was not yet quantified.

Noted the issue of an outstanding loan to the Students Association relating to the completion costs of the Union building in Galashiels.

Noted that the transfer of budgeted costs among individual years within the planned period of the restructuring programme should not obscure the improvements in recurrent performance which had been achieved.

Noted that the issue of debt was more fundamental and had been alluded to in recent external audit report, and that the Audit Committee had requested that Ernst & Young look into this question.

Noted that student debt was a major constituent of the outstanding sum, and that the past pattern of management of this debt had suffered from a deficiency in contact links between Departments and central finance functions. This would be remedied by the School financial controllers.

Noted that despite the demands presently becoming evident, the terms of the University's covenants governing the operation of long-term loan finance were robust and unlikely to be infringed.

Noted that a systems review and reform in the area of purchasing and invoicing, including transactions arising under research contracts, was in hand.

Noted the need to communicate clearly to the Funding Council the distinction between the various elements contributing to the increased forecast deficit; and the remedial measures adopted as a consequence.

Noted the continuing need for the Committee to have reassurance that any potentially problematic areas were identified timeously, in concert with the Audit Function, and appropriate remedial action taken to obviate unforeseen fluctuations at a late stage in preparing the accounts.

Disposal: Noted.

The Court also noted that the outturn, influenced by the above factors and particularly by provision for bad debt, including an element of student debt, was forecast to be around £7.5m deficit. There had, however, been a gratifying improvement in the area of non-pay expenditure.

13.6 DEBTOR CONTROL

Noted that a revised policy for the provision to be made against bad debts was required.

Noted information on the historical collection rates in relation to various categories of debt.

Noted a proposed policy on future debt provisions and a detailed schedule of the provisions to be made if the policy were to be comprehensively implemented in the current year.

Agreed to take the view of PME on the proposal.

Agreed further to institute a more proactive regime of monitoring and prosecution of debt levels throughout the year.

Disposal: Noted

13.7 NON-PAY SAVINGS

Noted an oral report from Professor Walker on progress in this area, which would be the subject of a written report to the next meeting of the Court.

Noted that a sustainability campaign would shortly be launched in relation to the use of utilities, with a resource pack accessible on the web and with sponsorship from Scottish Power and Forum for the Future.

Noted that the job description for the proposed Energy Savings Officer would be finalised and an appointment made shortly.

Noted that whereas the unit cost of utilities was under continual review and was as favourable as could be secured, the issue of consumption levels remained a focus of attention for the working group.

Noted that the review of the operations of the catering and residences section was continuing.

Disposal: Noted

13.8 RESTRUCTURING COSTS - UPDATE

Noted, for onward transmission to the Court, updated figures on the costs, income and savings achieved by the restructuring programme, as set out in Appendix B to agenda paper F.

Noted the total costs, including non-pay costs for outplacement and space restructuring, as £6.2m, with ongoing savings expected to exceed £5m per annum and a payback period improved from 15.7 to 14.5 months.

Disposal: Noted

13.9 REVIEW OF SBC

Noted that a good basis of information was being assembled, arising from briefing visits by the Principal to the new schools, on which to found the continuing effective management of the University, and particularly the activity at Galashiels.

Noted the progress to date of the review being carried out under the supervision of the Vice Principal, and the planned series of meetings with interested parties, including MPs, MSPs and the local council, to explore viewpoints on various issues including financial provision, estate and development questions, staff and student concerns and recruitment.

Noted that the review was on target to report to PME towards the end of November.

Disposal: Noted

13.10 RELATIONSHIP BETWEEN FINANCE AND AUDIT COMMITTEES

Noted the extent of overlap in business addressed by the Audit and Finance Committees at their most recent meetings.

Noted the differentiation in function between the two bodies whereby Audit monitored the operation of internal controls and Finance oversaw the management of the institution.

Agreed that the chairmen of the two Committees, with Mr Wilson and Mr Fraser, discuss the possibilities for some measure of joint operation.

Disposal: Noted

14. Nominating Committee - Report

14.1 MEMBERSHIP OF COURT

Statute XII paragraph 1 (xii)

Such other persons not exceeding eight in all as may be co-opted by the Court

The present membership was eight, and there were two vacancies by the expiry of period of office of Mr Bissett and Ms Lowe. The Committee had agreed to recommend that the following be co-opted to membership of the Court for a period of three years from 1 August 2002:

Mr G Bissett
Ms J Lowe

A further vacancy had arisen by the retiral from membership of the Court of Professor E Brown and the transfer to the category of membership governed by clause (iv) (a) of paragraph 1 (Chancellor's nominee) of Mr Gemmell

The Committee had agreed to maintain this vacancy pro tem.

Disposal: Noted and approved.

14.2 MEMBERSHIP OF COMMITTEES

The Committee had given consideration to the membership of the Committees of Court, and of Joint Committees of Court and Senate, and had agreed to recommend the following changes with effect from 1 August 2002:

<u>Committee of Court</u>	<u>Delete</u>	<u>Add</u>
Ordinances & Regulations	Professor R J Clarke	Professor V Craig (Convener)

The Nominating Committee may not make proposals for its own membership. In June 1998 it was agreed that the Convener, for the time being, of the Audit Committee should take advice on this matter and nominate to the Court. It was the recommendation of Dr Summers that Professor P W Jowitt be appointed to the Committee in place of Mr G N Gemmell.

The Committee would give further consideration to vacancies arising due to changes in membership of the Court.

Disposal: Noted and approved.

14.3 MEMBERSHIP OF GENERAL CONVOCATION

In terms of Statute XI, the Court was empowered to make certain appointments to the General Convocation and to determine, within limits, those outside bodies which might be invited to make appointments to the General Convocation. The relevant paragraphs of the Statute are detailed below:

(a) Paragraph 1(4)(h)

"One representative of the Royal Society of Edinburgh and of each of such Learned and Professional Societies, Research Institutes and other bodies as the Court may from time to time determine but so that the total of all such persons shall not exceed ten."

The present membership, representation and date of expiry of periods of office were as follows:

<u>Present Members</u>	<u>Date of Expiry of Period of Office</u>
Royal Society of Edinburgh Professor B Proudfoot	31 7 2002
Royal Society of London Professor Sir Michael Atiyah	31 7 2002
The Faculty of Actuaries R H J Milne	31 7 2003
The Royal Academy of Engineering R T Beaty	31 7 2003
The Institute of Bankers of Scotland Professor C W Munn	31 7 2003

Scottish Financial Enterprise R Perman	31 7 2003
The Royal Incorporation of Architects in Scotland D Read	31 7 2003
The Institute of Chartered Accountants of Scotland Professor C M Allison	31 7 2004
The Textiles Institute G Raven	31 7 2004
VACANCY	

There were two organisations in this category whose membership fell to be renewed or replaced. The Royal Society of Edinburgh would be invited to confirm the name of its representative. It was agreed to recommend that the Royal Society of London continue to be represented for a period of three years from 1 August 2002.

The Committee would give further consideration to the remaining vacancy.

(b) Paragraph 1(4)(j)

"The Heads of such Educational Institutions in Scotland as the Court may from time to time determine but so that the total of such persons shall not exceed five."

<u>Present Members</u>	<u>Date of Expiry of Period of Office</u>
Dr J Harris Principal Edinburgh's Telford College	31 7 2003
Ms S Bird Principal Stevenson College	31 7 2003
Mrs J S R Johnston Principal Fife College of Further and Higher Education	31 7 2004
R B Murray Principal Borders College	31 7 2004
M A Webster Principal Perth College	31 7 2004

There were no vacancies in this category.

(c) Paragraph 1(4)(k)

"Such Headmasters and Headmistresses of Schools not exceeding ten in all, as may be appointed by the Court."

<u>Present Members</u>	<u>Date of expiry of period of office</u>
C McAteer Dumfries Academy	31 7 2002

A Hector George Heriot's School, Edinburgh	31 7 2003
B Thompson Strathallan School	31 7 2003
A R Hunter Merchiston Castle School	31 7 2003
R J Staite Beeslack High School	31 7 2003
M Lewis Queensferry High School	31 7 2004
N Swan Broxburn Academy	31 7 2004
G D Mackenzie Balwearie High School	31 7 2004
G W Jack Selkirk High School	31 7 2004
VACANCY	

There were two vacancies in this category. It was recommended that Larbert High School be represented for a period of three years from 1 August 2002:

There was therefore a single remaining vacancy.

(d) Paragraph 1(4)(l)

"One representative of the Royal Scottish Academy, one representative of the Royal Scottish Society of Arts and one representative of each of such Associations and other organisations in Scotland as the Court may from time to time determine but so that the total of such representatives shall not exceed six."

<u>Present Members</u>	<u>Date of expiry of period of office</u>
Royal Scottish Academy Professor G W Scott	31 7 2002
Royal Scottish Society of Arts Dr A D C Simpson	31 7 2002
Scottish Design D Robson	31 7 2002
Scottish Software Federation R Dunn	31 7 2002
Scottish Electronics Forum J Echols	31 7 2003
Scottish Enterprise Edinburgh & Lothian D Crichton	31 7 2003

There were four vacancies in this category. The Royal Scottish Academy and the Royal Scottish Society of Arts would be invited to confirm the names of their representatives. It was recommended that Scottish Design and the Scottish Software Federation continue to be represented for a period of 3 years from 1 August 2002.

(e) Paragraph 1(5)(b)

"Such other persons not exceeding six in all as may be appointed by the Court."

There were three vacancies in this category.

<u>Present Members</u>	<u>Date of expiry of period of office</u>
C Rutherford	31 7 2002
D W Martin	31 7 2002
Ms P Henton	31 7 2004
R Mackenzie	31 7 2004
E G Melvin	31 7 2004
VACANCY	

It was recommended that the following be appointed for a period of three years from 1 August 2002:

C Rutherford

D W Martin

Disposal: Noted and approved.

15. Staffing Strategy Committee - Report

15.1 RESTRUCTURING

- Noted that a summary of the savings achieved by the scheme, and the associated costs, had been submitted to the Court in June (Ct7 25.06.02, Paper G)
- Noted that variations from the expected patterns were minor, and that the important issue remained the success of the scheme in achieving the objectives set and in doing so within budget.
- Noted that the first round of consultative and briefing meetings with staff in Schools was nearly complete and had provided good feedback to PME, and the opportunity to thank staff for their participation and assistance in the exercise.
- Noted the intention that this process be continued to take full advantage of staff input to the setting of strategy, and to derive the benefit of a consistent approach to communication between management and Schools.

Disposal: Noted

15.2 ANNUAL REPORT TO COURT

- Noted a draft report, with performance indicators, relating to the period July 2001-June 2002
- Noted that the purpose of indicators was to drive performance, and that the categories and meaningfulness of those selected would be under continuing review in order to relate them to national data, to similar institutions, to comparative groups locally and to an international perspective.
- Noted that equal opportunities policy encompassed the issue of race equality, and that in this area there was an agenda of action prescribed by recent and forthcoming legislation.
- Noted the desire of institutions for a common sectoral approach to these obligations
- Noted that the main importance of data on performance lay in their interpretation and the comparisons to be made, and that with greater analysis in future years would come a stronger process which would in turn help to shape policy.
- Noted the progressive development of a performance appraisal process whose success would depend to a great extent on the degree of participation and commitment by staff to the concept.
- Noted the need to quantify performance issues in the interest of transparency in staff relations

- Discussed the basis of staff contracts, noting that in new appointments there was a move towards greater flexibility both for the individual and the institution, albeit in the context of legislation defining more closely rights to security of tenure
- Noted a report by the Staff Learning & Development Unit on the performance of the Unit in meeting its objectives during the academic year 2001-2002
- Noted proposed performance indicators for the Unit for 2002-2003
- Noted that the Unit had benchmark comparators in Bath, Napier, St Andrews and Edinburgh
- Noted developments and innovations in course provision from the report submitted in September 2001
- Noted in relation to management development that the needs of current Heads of Departments were being analysed in developing a continuing programme for Heads of Schools and support sections. This would be embodied in a formal process of training needs analysis for managers and for academic staff of Schools
- Noted that the Certificate in Academic Practice had been well received by participants, and that the proportion of certificated programmes offered by other institutions in relation to training in teaching was increasing
- Noted that a further review of probationary conditions and targets was to be undertaken by the Human Resources Section, the Vice-Principal and the Deans, in consultation with the Deputy Principals
- Agreed to convey the reports to the Court and to approve the Performance Indicators for SLDU all as set out in the Appendix to agenda paper H for the meeting

Disposal: Noted

15.3 SCOTTISH BORDERS CAMPUS REVIEW

- Noted that the review committee appointed by the PME and chaired by the Vice Principal was in the middle of a process of consultation with interested parties and organisations including the Scottish Borders Council, SHEFC, Borders College, local MPs and MSPs, three Trade Unions, and Scottish Enterprise
- Noted that there had been some press coverage of the process, of varying quality and accuracy
- Noted that a meeting with all staff of SBC was scheduled for 24 September
- Noted that the aim throughout was to define an acceptable route to future development
- Noted the international perspective of the successful courses offered at SBC
- Noted that issues for the Committee would emerge from the later stages of the review
- Noted that the review committee expected to bring forward proposals in November 2002

Disposal: Noted

16. Vacation Committee - Report

16.1 CONFIRMATION OF REVISED ORDINANCES 23 AND 28

With reference to Ct 108.3 and Ct 108.6, the Committee had confirmed, on behalf of the Court and in terms of Article 26 of the Charter, the amendments to Ordinances 23 and 28 approved by the Court at its meeting in June 2002. The amended Ordinances had been publicly displayed in the University for the period of 28 days in terms of Article 25(I) of the Charter, and no comment thereon had been received. The confirmation was effected by the Committee in order to meet the provisions of Article 26 of the Charter in respect of timescale.

Disposal: Noted

16.2. APPEAL TO THE COURT

The Vacation Committee, on the advice of the Moderator for Appeals, Sir Peter Heatley, had set up an *ad hoc* committee of enquiry in terms of paragraph 6.5.3 and 6.5.4 of Regulation 36 – Student Appeals, to examine an appeal by a candidate for the degree of BSc in Actuarial Mathematics and Statistics against the award to him of a degree with Third Class Honours. The student had initially appealed, following the University's procedures, to the head of Department and the Board of Examiners, and to the Senate, citing medical circumstances which he maintained had been prejudicial to his examination performance.

On the basis of the information available to the examiners, and to the Vice-Principal acting on behalf of the Senate, it was initially concluded that there was not a *prima facie* case to answer, and the appeal was rejected.

The student subsequently appealed to the Court on the basis that the medical certificate considered by the examiners and by the Vice-Principal was insufficiently detailed to permit a proper appreciation of the influence of his state of health on his examination performance. This was supported by a further, more explicit, medical certificate. The *ad hoc* Committee set up to hear the appeal consisted of Dr R Summers (Convener), Professor A C Todd and Professor C Viney. The Committee interviewed the student and took advice from the former Department of Actuarial Mathematics and Statistics, and reached the unanimous conclusion that the appeal should be upheld, and that the remaining procedures should be implemented as quickly as possible.

The Vacation Committee, acting on behalf of the Court, had approved the recommendation of the *ad hoc* Committee and had recommended to the Principal and Deans Committee, acting on behalf of the Senate, that the appeal be allowed and that the student be awarded the degree in BSc Actuarial Mathematics and Statistics with Second Class Honours (Lower Division) [in terms of paragraph 4(c) of Statute XIII, the Senate should authorise the award of degrees]. The Principal and Deans Committee had approved the recommendation.

The *ad hoc* Committee had also agreed to enter the observation that medical certificates or opinions provided by the University Health Service in the context of examination board scrutiny of academic performance and associated circumstances should be as full and detailed as possible in order to ensure a comprehensive basis of information on which to found a reliable decision.

Disposal: Noted

17. STUDENT SURVEY

The Court received and noted, as agenda paper K for the meeting, a summary report commissioned by the University from the Hoffman Research Company, on the attitudes of students to their experience of studying and living at the University, and on their levels of satisfaction with a wide range of University services and facilities. The Court noted the following in relation to the report:-

- The general tenor of the report was favourable
- The University had already taken action on certain aspects of the report which had indicated student dissatisfaction, such as 24 hour access to IT facilities
- The development of the Football Academy would represent a major enhancement of facilities both for study in the relevant disciplines and for recreation on the Edinburgh Campus
- The participation rate in the survey among the overall student body, while relatively low, gave the basis for a valid representation of student opinion, and the University would seek to address those areas subject to criticism
- The Students Association was also considering the full report as part of its own information-gathering process on the needs and expectations of students
- It was recognised that the scale of the survey precluded its being repeated on a regular basis, but a briefer version might usefully be conducted at appropriate intervals in the interests of meaningful comparison

Court

In the Chair: Mr Gavin Gemmell

Present also: Principal John Archer
 Professor Brian Austin
 Mr Graeme Bissett
 Mr Douglas Brown
 Mr Jim Dignan
 Professor Chris Eilbeck
 Dr Chris Greig
 Mr David Guest
 The Hon Lord Johnston
 Mr Stefan Kay
 Mr Simon McDowell
 Ms Halla Mohieddeen

In attendance:

Professor Denis Hall, Deputy Principal
 Professor Andy Walker, Deputy Principal
 Professor Gareth Owen, Assistant Principal
 Professor Ian Mason, Dean of the University
 Professor Brian Wherrett, Dean of the University
 Mr Peter Wilson, Secretary of the University
 Mr Robert Fraser, Director of Finance
 Mr Peter Kerr, Director of Estate & Building Services
 Mr Richard McGookin, Director of Planning
 Ms Mairi Thornton, Director of Corporate Affairs
 Mr Alastair Hood, Assistant Secretary

Mr Paul Gregory, Director of Planning & Development, Scottish Borders Council
 Dr Graeme Henderson, President, Heriot-Watt University AUT (for item 21)
 Mr Francis Reay, University Health & Safety Adviser (for item 22)

18. WELCOME

The Chairman welcomed to the meeting Dr Steel, attending his first meeting since appointment to membership by election from the academic and related staff; and Mr McDowell, recently elected by the Council of the Students Association.

19. APOLOGIES

Apologies for absence were intimated from The Right Hon The Lord Mackay of Clashfern, Mr Brown, Dr

Minutes

Date of Meeting: 4 November 2002

Mr Alistair Morrison
 Mr Chris Robinson
 Ms Yvonne Savage
 Councillor Andrew Scobbie
 Professor John Simmons
 Dr Ian Steel
 Dr Roy Summers
 Professor John Swaffield
 Professor Adrian Todd
 Professor Christopher Viney
 Dr Stan Zachary

- Noted that the Committee would report annually and that similar input would be sought from the Educational Institute of Scotland.

22. OCCUPATIONAL HEALTH AND SAFETY – REPORT

Professor Austin and Mr Reay introduced the report, circulated as Agenda Paper A for the meeting, which covered the 12 month period to 31 July 2002.

- Noted that the Committee and the Safety & Risk office were concerned to ensure that there was an adequate system for the management of Health & Safety within the University.
- Noted the incidence of visits by enforcing authorities and the measures required of the University by SEPA in respect of individual procedures.
- Noted evidence of a smaller number of visits to the University premises by the fire service and the distribution of documentation setting out fire safety awareness measures.
- Noted that the introduction of direct dial systems for fire safety in residences at Scottish Borders Campus was in hand.
- Noted that a base line for reported accidents was emerging from successive years' data, and that the University was below the national level for reportable accidents.
- Noted that a safety culture was being inculcated and efforts sustained to identify any problematic areas in the otherwise random pattern of mainly minor incidents.
- Noted that a recent fire in the School of the Built Environment had been expeditiously dealt with and had underlined the efficiency of the University's emergency planning arrangements.
- Noted in relation to traffic accidents on campus that any injuries would be reported to the Safety Office and issues not covered by the insurers of individual drivers would be handled by the estate Office through the University's insurers.
- Noted the requirement, set out in the University Health & Safety Management Code of Best Practice, for a senior manager to be identified as the institution's champion for safety matters.
- Noted a request, through Professor Austin, from the Safety & Risk Office for the allocation of adequate resources to permit full compliance with legislation in terms of fire risk assessment and follow-up action.

23. MINUTES

The Minutes of the meeting of the Court held on 23 September 2002 were approved.

24. FOOTBALL ACADEMY

With reference to Ct6/02-03 it was reported that the contract was complete in the sum of £6.05m including 4% contingency and should be signed on 6 November. The Court noted that the price had been held at this level despite a period of delay extending to nearly a year.

The Court agreed to empower the Secretary, Mr P L Wilson, as Convener of the project group for the Academy, to execute the necessary documents, verified by the Estate Office and the University's lawyers, implementing the contract.

The Court further agreed to approve the appointment of Mr Wilson as a Director of Heriot-Watt Sports

27. INTERACTIVE UNIVERSITY

With reference to Ct9.9/02-03 the Court noted the following:-

- Staff were being seconded from Schools to the new organisation.
- There was a clear distinction to be drawn between the role of the University in producing materials and that of the Interactive University in developing and marketing courses.
- The Interactive University would develop as a separate entity and would not be a University-based project.
- The proportion of time to be devoted to the Interactive University by the Deputy Principal (Learning & Teaching), Professor R R Leitch, would be kept under review in order to obviate any conflict of interest.
- The first year of operation would provide evidence and guidance on how to harmonise the University's strategy on the weighting between distance learning and other aspects of teaching and learning.
- Once the relationship between the participating Universities and the Interactive University had been defined, Heriot-Watt should seek to maintain the pre-eminent place which its involvement in the earliest stage of development had initially secured.
- The Chairman of Court would serve on the Board of the Interactive University and the details of financial arrangements would be clearly described and defined.

28. DISASTER RECOVERY

With reference to Ct12.1/02-03 it was reported that the simulation exercise had been postponed until 15 January 2003 (cf also Minute 22, point 7 above).

29. RISK ASSESSMENT

With reference to Ct12.9/02-03, it was noted that the draft Strategy Document had been prepared and would be considered by the Audit Committee.

30. Communications from the Principal and the Planning and Management Executive

30.1 STAFF ATTAINMENTS

The Principal alluded to successes achieved by three members of staff:-

- Ms Sarah Taylor – shortlisted for the Jerwood Prize for Applied Arts (Textiles)
- Professor Andrew Wallace – awarded a Royal Society of London Industry Scholarship
- Professor Geoff Palmer – named as one of Edinburgh's Citizens of the Year for his academic and his race relations work

30.2 FIXED TERM STAFF

New legislation giving additional rights to staff on fixed term contracts had come into force from

- Postgraduate research student registrations were typically more gradual over the autumn. Nevertheless the University already appeared to have a solid base of 400.

The Principal acknowledged that these outcomes were the results of a great deal of hard work by staff across Schools/Institutes and in Recruitment & Admissions and other services.

30.4 UNIVERSITY OPEN DAYS

The University had held a very successful Open Day at the Edinburgh campus on 30 September which had attracted more than 1,200 prospective students who visited with friends and family members. This was an increase of 20% in numbers over the previous year's high. The programme of activities had included a series of tours and presentations, exhibitions and a range of School activities and information sessions. Equally successful Open Days for Scottish Borders Campus including talks, tours and demonstrations had been held on 25 and 26 October.

30.5 FRESHERS' FAMILIES RECEPTION

240 people of all ages had attended the first ever Watt Club reception for the families of freshers on Saturday 28th September. The event was very well supported by admissions tutors, other staff, the Chaplaincy and wardens. The feedback from families and staff was first class, and most parents had requested further contact including invitations to events and being sent the University magazine. In time, they would be invited to participate in other ways as friends of the University.

In response to questions it was reported that:-

- The terms of guarantees to new students regarding University accommodation would be amended for future years to avoid oversubscription.
- More information on the numbers of off-campus students would become available towards the end of the calendar year.
- The procedures for registering part-time students would be reviewed.

31. Communications from the Senate (Agenda Paper B)

31.1 CONFERRMENT OF TITLE OF PROFESSORIAL FELLOW

The Senate had agreed to recommend that the title of Professorial Fellow be conferred upon Mr A A Prior, School of the Built Environment, from 1 August 2002.

The Court approved the appointment.

31.2 APPOINTMENT OF PART-TIME READER

The Senate had agreed to recommend that Dr G Martin be appointed as a part-time Reader for one year from 1 December 2001.

The Court approved the appointment

32. Estate Strategy Committee – Report – (Agenda Paper C)

32.1 ESTATE OFFICE ANNUAL REPORT 2001-2002

The Committee had noted:-

- A draft report on the main activities and performance of the Estate & Building Services Office in the period from 1 August 2001 to 31 July 2002.
- Evidence in the document of the achievements of the Estate staff, but the lack of a strategic framework for assessing progress against a defined framework.
- That the Committee should deal with strategy and the extent to which it was being fulfilled, and must not act as a management group.
- That the Secretary and the PME would formulate guidance on this topic.
- That an abridged version of the report would be considered by the Court after moderation by the PME.

The Court noted the report together with the following matters raised in discussion:-

- Estate management statistics produced for the whole UK sector of HE gave an indication of where the University's costs were out of line with averages and areas to be targeted for savings.
- In making such judgements the University would require to have evidence that its comparisons were of like with like.
- There clearly appeared to be scope for savings in the use of energy.
- The relative modernity of the University's building stock might give rise to an expectation that maintenance spend could be less than the average but the backlog in spending particularly in services could be clearly identified and detailed.
- The University's submissions to government and funding bodies would continue to keep these issues before their attention.
- Internally, priorities for maintenance expenditure were guided by risk assessment and by compliance requirements.
- There was a clear need to build in a higher level of resource for maintenance in future years' budgets as soon as possible, as had been the case on an ad hoc basis in the past.

33. Finance Committee – Report (Agenda Paper D)

The Court received and noted a report arising from a meeting of the Committee held on 10 October 2002, and setting out information on the following topics:-

33.1 RESTRUCTURING COSTS

The formal scheme, including voluntary severance, was now effectively complete.

33.2 STUDENTS UNION BUILDING, SBC

The Committee had noted inter alia:-

- A favourable variance on budget for the period of £100k
- The intention to monitor costs and revenues relating to research
- An estimated outturn deficit for 2002-3 of £809k

33.5 DEBTOR CONTROL

The Committee had noted a statement of debtor balances as at 31 July 2002, some of which related to debts outstanding from prior years, and increases in provisions against these (Appendix D to Agenda paper D).

The Court noted the information, and that updates of the present paper should be brought to future meetings of the Committee and reported to the Court.

33.6 DISESTABLISHMENT OF PURCHASING COMMITTEE

The Court noted that the Finance Committee had agreed to disestablish the Purchasing Committee with immediate effect.

33.7 SALARY RATES

The Court noted that new salary rates agreed for implementation from 1 August 2002 represented an average increase of 3.5%.

33.8 CAPITAL EXPENDITURE

In response to a question on the affordability of capital spending currently being envisaged, it was reported that these matters were not yet finalised and would be subject to the normal structural procedures for approval, including consideration by the Estate Strategy and Finance Committees. The costs entailed had however been included in the overall approved budget and were founded on the expectation of development and expansion in the relevant areas.

34. Vacation Committee – Report (Agenda Paper F)

34.1 RESOLUTIONS IN RELATION TO LOCAL AUTHORITY PENSION SCHEME

The Committee had agreed, on behalf of the Court, the terms of Resolutions relating to Scottish Borders Pension Fund and to the Lothian Pension Fund to permit payments into these funds of specific amounts appropriate to former individual employees in respect of whom the University wished to define its pension obligations. The Court noted the information set out in the Appendices to Agenda Paper F.

35. APPOINTMENT OF HONORARY CHAPLAIN (GREEK ORTHODOX)

On the recommendation of the Chanlaincy Council the Court approved the appointment as an Honorary

Court

In the Chair: Mr Gavin Gemmell

Present also: Principal John Archer
 Professor Brian Austin
 Mr David Brew
 Dr Doug Clark
 Professor Chris Eilbeck
 Mr David Guest
 Sir Peter Heatly
 The Hon Lord Johnston
 Mr Stefan Kay

In attendance:

Professor Denis Hall, Deputy Principal
 Professor Andy Walker, Deputy Principal
 Professor Brian Wherrett, Dean of the University
 Mr Peter Wilson, Secretary of the University
 Mr Robert Fraser, Director of Finance
 Mr Peter Kerr, Director of Estate & Building Services
 Mr Richard McGookin, Director of Planning
 Ms Mairi Thornton, Director of Corporate Affairs
 Mr Alastair Hood, Assistant Secretary

Mr Paul Gregory, Director of Planning & Development, Scottish Borders Council
 Mr Bruce Roberts, Sabbatical Officer (Galashiels), Students Association (for Item 39)

Minutes

Date of Meeting: 16 December 2002

Mr Simon McDowell
 Ms Halla Mohieddeen
 Ms Yvonne Savage
 Professor John Simmons
 Dr Ian Steel
 Professor John Swaffield
 Mr Tony Taylor
 Dr Stan Zachary

37. APOLOGIES

Apologies for absence were intimated from The Right Hon The Lord Mackay of Clashfern, Mr Bissett, Mr Brown, Mr Dignan, Dr Greig, Mr Jobson, Professor Jowitt, Ms Lowe, Mr Morrison, The Rt Hon Lord Penrose, Mr Robinson, Councillor Scobbie, Dr Summers, Professor Todd and Professor Viney.

38. OBITUARY

The University had noted with sadness the death, on November 9, 2002, at the age of 93, of Sir Charles Wilson, an honorary graduate of the University (DLitt 1977).

Sir Charles, who served as chairman of the Committee of Vice-Chancellors and Principals (1964-67) and was twice chairman of the Association of Commonwealth Universities was the most outstanding of all the university builders and administrators from the late Sixties into the Seventies. From 1961 until 1976 Sir Charles served as Principal and Vice-Chancellor of the University of Glasgow.

The respect and admiration which he earned in the international academic world were indicated by his ten honorary degrees, from universities at home and in North America. He was Commander of the order of St Olaf of Norway and Chevalier of the Legion of Honour. He was knighted in 1965.

39. STUDENTS ASSOCIATION REPORT

The Court received and noted, as Agenda Paper G for the meeting, a report on the activities of the Association over the last nine months. The Chairman, on behalf of the Court, welcomed to the meeting Mr Roberts, one of the contributors to the report.

The President, Ms Mohieddeen, in introducing the report, expressed the appreciation of the Council for the opportunity to convey to the Court both information and opinion on behalf of the Association. This contributed to a better understanding on both sides of the issues and shared concerns of the University and the Association, and promoted continuity in their relationship. The report was set out in four main sections corresponding to the work and responsibilities of each of the Sabbatical Office Bearers. Ms Mohieddeen alluded to trends and developments discernible in the period covered by the report. These included refurbishment to premises; increased use of the advice centre, with a preponderance of financial concerns raised, offering evidence that hardship remained an important issue for students; and the campaigning and lobbying activity of the Association directed both within the University and towards parliamentary and

governmental targets as appropriate. The Association also maintained a good relationship with the National Union of Students.

Arising from questions on the report it was noted that:-

- The advice centre benefited from the input of professional counsellors and of volunteers who were comprehensively trained for their role, which for some individuals represented a practical introduction to a possible career path.
- The Union at Galashiels endeavoured to provide a comparable service to that offered on the Edinburgh Campus and had to date received a subvention from the Association, but would in future wish to derive its financial support more directly from the University. This matter would be dealt with in the context of the University's consideration of the overall funding of the Association.
- The Union Building at Galashiels had been taken into the University's estate assets register, and the loan to the Association in relation to it was not a current issue, being repayable only when the Association at Galashiels was recording a surplus.

The Secretary of the University took the opportunity to place on record appreciation of the consistently positive and helpful stance of the Association over the years in addressing financial and other potentially problematic issues facing the University.

40. MINUTES

The Minutes of the meeting of the Court held on 4 November 2002 were approved subject to correction to the sederunt as follows:-

- Delete Mr Brew
- Delete Mr Paul McDowell
Substitute Mr Simon McDowell

41. SPORTS ACADEMY

With reference to Ct 24/02/03 it was noted that in view of the close association with the project of the University's courses in sports science and sports medicine, and any similar interests in the future, the scheme would henceforth be entitled Sports Academy. The building work was now under way and was being closely monitored by the project group in relation to schedule and budget. No additional directors of Heriot-Watt Sports Village Ltd had yet been identified. This matter would be followed up as soon as possible.

42. COURT PROFILE

With reference to Ct25/02-03 it was reported that the list was nearly complete and would be made available in January 2003. It included entries for external lay members of Court Committees.

43. UTILITY USAGE AND COSTS

The Court noted information on usage and costs of gas and electricity compared with similar periods in 2001 as follows:-

Electricity to 20 November 2002
Consumption increased by 1%, cost by 5% or £3,600
Gas to end October 2002
Consumption and cost (on comparable tariff) unchanged

It was intended that a five-year period of comparison be adopted to eliminate anomalies. It was noted that certain measures, identified by the Energy Savings Officer as offering immediate savings, had been implemented.

44. INTERACTIVE UNIVERSITY

With reference to Ct27/02-03 it was noted that Professor Leitch would be seconded full time to the Interactive University as Chief Executive for two years with immediate effect. The Court was also informed of the appointment by the Interactive University of a Chief Operating Officer, Mr D Farquhar.

It was noted that the accounts of the Interactive University, as an independent entity, would not be consolidated with those of the University. The University would incur no staff costs, but should derive income as a proportion of the revenue of the Interactive University relating to Heriot-Watt courses.

45 Communications from the Chairman of Court

45.1 SHEFC CONSULTATION

The Chairman reported that the Principal and he had attended a meeting between SHEFC and Scottish Principals held recently in Dundee at which SHEFC had been urged to convey to the Government as its prime concern the problematic effects of the underfunding of higher education. The Principals had also shared an awareness of the danger of destabilisation should the issue of top-up fees become directly relevant to Scottish institutions.

46 Communications from the Principal and the Planning & Management Executive

46.1 STAFF

46.1.1 HR Support Structure

PME had recently supported proposals for the reorganisation of staff duties and responsibilities in Personnel and in Staff Learning & Development to create a fully integrated Human Resources service across the University. The new structure gave Schools/institutes and central support sections their own dedicated HR advisers.

46.1.2 Race Equality Scheme

PME had recently approved a Race Equality Policy which aimed to provide guidance and encouragement to members of the University community to integrate the principles and practice of race equality into all aspects of University life. The Staffing Strategy Committee would be responsible for implementation of the Policy. The Policy as it affected students would be implemented and developed through the Welfare Committee of the Support Services Board. Consultation on implementation and review of the Policy would be via the Equal Opportunities Group. Monitoring would be carried out at a number of levels to assess the impact of the Policy, and information gathered in the monitoring process would be used to help develop a Race Equality Action Plan.

46.2 STUDENT NUMBERS AND RECRUITMENT TARGETS

The Court noted a summary report on student numbers as at 1 December 2002 attached to Agenda paper B. All Schools had reached their budgeted fee income targets. The Home and EU student population had now reached the maximum level permitted by SHEFC, and recruitment policy for 2003 would therefore target the maintenance of these numbers of undergraduate students. It would however be permissible to seek growth in all other categories and levels of recruitment, namely part-time, distance learning, postgraduate and overseas students.

46.3 GRADUATION: 23 NOVEMBER 2002

The University's recent graduation ceremony on 23 November had been very successful, with a record number of graduates attending to accept their awards in person. International students from 29 countries had attended, many of whom were MBA students who had gained their degrees through the distance learning programme. The University also welcomed 4 graduands from Siberia who were representatives of the 33-strong first cohort of graduates of the MSc in Petroleum Engineering established by the University's Institute of Petroleum Engineering at the Tomsk Polytechnic University. This year's honorary graduates were Mr Jonathan Edwards, Triple-Jumper and Olympic Athlete who was awarded a Doctorate of the University, and Sir John Krebs, Chairman of the Food Standards Agency who was awarded a Doctorate of Science.

46.4 LEARNING & TEACHING BOARD: TAKING FORWARD KEY AGENDA ITEMS

The Learning & Teaching Board had agreed to nominate individual Board members to co-ordinate and consult with colleagues in the development of key agenda issues over the coming year. These were: Review of the Learning & Teaching Strategy; Analysis of Academic Portfolio; Review of Recruitment Strategy; Development of Performance Indicators; Retention issues; Development of Flexible Academic Structures; and Enhancement of Learning & Teaching Practice.

46.5 SHEFC STRATEGIC RESEARCH DEVELOPMENT GRANT (SRDG) 2002/03: INTERNAL SELECTION AND DEVELOPMENT PROCESS

PME had recently approved a proposal from the Research Co-ordination Board for an internal selection and development process for Strategic Research Development Grant (SRDG) fund bids in 2002/03. SHEFC had invited institutions to submit full proposals, of which each institution might lead up to three, by 14 March 03. This new annual competition which replaced the Research Development Grant scheme would allocate funds of £0.5-1.5M to each successful bid from an annual budget of £8-12M with funding commencing in August 03.

46.6 H-WU RESEARCH PARK: PHASE 2 DEVELOPMENT

Work was underway on an expansion to the Research Park which would see development of the 67 acre site of the Phase 2 development of the Park. Work would be carried out over the next 16 years with the project being undertaken in partnership by Scottish Enterprise Edinburgh and Lothian (SEEL) and Heriot-Watt University. SEEL had committed £11.3M to prepare the site infrastructure including roads and services. It was intended to set up a joint venture company with a property developer to construct the new research and development accommodation planned for the site.

46.7 CULTIVATION AND FUNDRAISING CAMPAIGN

PME had recently agreed support for the establishment of a Development Foundation which would support a process of cultivation and fundraising.

46.8 EDINBURGH BUSINESS SCHOOL – REVISED MEMORANDUM OF AGREEMENT

The Court had received, as Agenda Paper C for the meeting, an outline of arrangements, proposed by the PME and having the approval of the Board of the EBS, for the sharing of income between the University and the School.

The agreement had been formulated alongside a review of the School's five-year rolling plan, setting out projected income streams and planned expenditure. It was designed to simplify the present arrangements for income sharing without disturbing the overall balance of income attribution to EBS on the one hand and the University on the other.

It was noted that the granting of approval for major new investment would be subject to the usual procedures of the EBS Board, and University and the Financial Regulations.

In a discussion of the University's general provisions for the scrutiny and control of subsidiary undertakings, the Court was reminded that these were in the process of being reviewed. It was observed that details of the membership of the Board of the Business School since the appointment as Chairman of Sir Bob Reid in February 2001 (Ct80/00-01 refers) and the Board's subsequent restructuring, had not been communicated to the Court, although the structure of the Board had been noted at the May 2002 meeting of the Court (Ct91.4/01-02 refers). The Court noted the membership as follows:-

Chairman: appointed by the Court – Sir Bob Reid

Four members appointed by the Business School –

Professor K G Lumsden
 Professor A Roberts
 Professor G Kennedy
 Mr A Kitchin (Pearson Educational)

Four members appointed by the University –

Professor A C Walker
 Mr S G Kay
 Professor J E L Simmons
 Professor J Fernie

After discussion of the proposals in the context of the desire of the University to enable the Business School to develop both its academic and its business plans to best advantage, the Court approved the arrangements set out in Agenda Paper C.

47 Communications from the Senate (Agenda Paper D)

47.1 PROPOSED TITLE OF HONORARY FELLOW

The Senate had agreed to recommend to the Court that the title of Honorary Fellow be introduced, to be conferred upon individuals in recognition of their association with the University in terms of

- Involvement with teaching on a University- validated programme
- Engagement in a symbiotic relationship with the University including campus activities

The Court approved the proposal, noting that appointments would be for a fixed term, defined in each case on conferral.

47.2 REVIEW OF THE SENATE

At its meeting in October 2002 the Senate had noted that the Principal & Deans Committee had agreed that a discussion of the future role of the Senate in the University and the conduct of its business should take place at a meeting of the Senate. The previous three meetings of the Senate had been inquorate, and in order to permit the business of each meeting to be completed, they had in each case been reconvened in terms of Regulation 22. At its meeting in October, the Senate was invited by the Vice-Principal to discuss its own effectiveness and relevance to the advancement of the University's concerns. It was suggested that the Senate might continue to act as the academic authority of the University through the establishment of effective specialist committees held properly to account, and some progress in this direction had in fact been made with the reorganisation in June 2002 of Senate committees. The Senate also considered a number of issues relating to the Senate, including composition and size, frequency of meetings and the effective debate of business.

The Court noted the issues and concerns raised in the debate by members of the Senate and set out in Agenda Paper D. Information on the extent to which other institutions had conducted similar reviews had also been received.

The Senate had agreed that a working group under the chairmanship of the Vice-Principal, comprising members of the Senate nominated by the Senate, should be established to consider all matters relating to the conduct of the Senate and its role in the University, and to report back to the Senate.

The Court noted these matters.

47.3 THE INTERACTIVE UNIVERSITY

The Court noted that Professor Leitch had given a presentation to the Senate on the Interactive University, covering background and strategy, and the mission, remit, funding basis, function, membership and operational issues of the new organisation.

48 Audit Committee – Annual Report (Agenda Paper E)

The Court received and noted the annual Report of the Audit Committee, including reports by the Internal and External Auditors, and alluding to the Committee's discharge of its responsibilities in relation to risk management, value for money, and compliance with the SHEFC Code of Audit Practice. It was noted that most of the points raised for attention by the University in the Internal Audit report, first submitted to the Audit Committee in February 2002, had been addressed in the course of the restructuring implemented in the intervening period.

In relation to the Audit Committee's supervision of compliance with corporate governance requirements, there was discussion by the Court of the adequacy and comprehensiveness of the University's published statements on this topic. It was noted with approval that these matters would be investigated and a report made to the Audit Committee.

49 Finance Committee – Report (Agenda Paper F)

The Court received and noted a report arising from a meeting of the Committee held on 11 November 2002 and setting out information on the following topics:-

49.1 MANAGEMENT ACCOUNTS TO 30 SEPTEMBER 2002

The information presented comprised

- an overall group summary
- analyses by Schools/Institutes, Catering & Residences, and Support and Service Sections

The Committee had noted, inter alia:-

- a favourable variance on budget, after adjustment for the phasing of some elements of income and expenditure, of £150k
- a positive position overall in Schools' performance, but subject to variations in individual areas
- that issues potentially affecting the forecast outturn would, in future iterations of the management accounts, be treated as they arose, and adjustments in the forecast made accordingly
- the attention to be given to the reporting, recording and apportionment of all research-related costs
- that the development of courses through the Interactive University could have a significant effect on forecast outturn, but that no assessment of this would be possible prior to the signing of contracts.

49.2 FINANCIAL PLANNING STRATEGY – 3-5 YEAR HORIZON

Noted an outline presentation by the Principal on the development of general strategy and planning processes for the next 5 years, including investment in capital projects, in the estate, and in staffing; the balance to be maintained between borrowings and recurrent income; and the extent to which these matters might be communicated to staff, in the interest both of transparency and of maintaining positive commitment and morale.

Noted that these issues would be addressed on a strategic basis prior to their co-ordination with the development of detailed budgets for forthcoming years, based on firm and reliable figures.

Noted that the Principal would develop these themes for consideration at a future meeting of the Committee.

Noted that one major strand of strategy would relate to the pursuit of fund-raising initiatives.

The Court noted these matters.

49.3 ANNUAL FINANCIAL ACCOUNTS 2001-2002

In a joint meeting with the Audit Committee, the Committee had noted draft annual accounts and financial statements for the year ended 31 July 2002, together with a report to the Audit Committee on audit results for the period prepared by the external auditors Ernst & Young, and draft recommendations to management, also prepared by the external auditors.

In considering the draft accounts in detail, the Committees took into account the need to acknowledge and comply with SHEFC guidelines on the mechanics of reporting and governance concerning the University's relationship with associated companies.

The Court approved the Annual Accounts and financial statements for the University as set out in the document attached as Appendix B to Agenda Paper Fii, and the accounts and financial statements for the University's subsidiary companies as set out in Appendices C to H of Agenda Paper Fii.

50 Finance Committee – Annual Report to the Court (Agenda Paper Fii)

The Court received and noted the annual report of the Committee, which set out the following key points:-

The University had incurred an operating deficit in 01/02 (before exceptional items) of £4.5m which was less than the previous year's operating deficit of £4.8m and better than the planned operating deficit of £5.5m. The operating deficit included a substantial level of one off charges, £1.3m, which would have been accounted for, had more information been available at the time, in the prior year accounts. If these items were excluded the underlying operating deficit was reduced to £3.2m. This showed a significant improvement in operating efficiency and reflected the first phase of the cost reductions being achieved by the restructuring exercise. This restructuring included a Voluntary Severance scheme, which had been taken up by 139 employees, with numbers evenly split between academic and non-academic staff. The

total cost of the restructuring was £5.9m and appeared as an exceptional item. These costs had generated on-going cost savings of £4.9m per annum. These savings were expected to return the University to surplus by 2003/04. The other exceptional item was the gain on the sale of the subsidiary company which owned the SEPA building (£2.5m).

The £1.3m costs in the year which could be attributed to previous years included:-

	£m
Pension Costs under-provided	0.5
Re-assessment of Doubtful Debts	0.7
Adjustment to Overspent Endowment Fund	0.1
Total	1.3

Other salient financial points contained in the report were the following:

- a) During the year the University had changed its main bank accounts from RBoS to Lloyds TSB as part of an exercise to eliminate the overdraft and replace it with more permanent borrowings; and had drawn down £15m of the £18m facility, with the rates fixed for 10 years.
- b) The University had completed the extension to the SEPA investment property on the Research Park and had achieved a net gain on the sale of £2.5m.
- c) The University, as planned, had incurred further spending of £219k from the SHEFC grant to facilitate 'Strategic Change' at Galashiels, mainly on staff restructuring and student facilities.
- d) Endowment Assets had reduced from £5.3m to £5.0m. Although new funds of £0.3m were received the market value of the investments fell by £0.6m.
- e) The University, as part of its Strategic Plan, was investing in new flexible, distance learning materials. During the year a net investment of £513k (00/01 £569k) was made in such materials which was fully written off. This activity had been transferred to a new joint venture with Scottish Enterprise, the Interactive University, on 1 October 2002
- f) The University continued to report to the SHEFC on a quarterly basis, comparing the financial performance to plan.

Court

Minutes

In the Chair: Principal John Archer

Date of Meeting: 10 February 2003

Present also: Professor Brian Austin
Mr Graeme Bissett
Mr David Brew
Mr Douglas Brown
Mr Jim Dignan
Dr Chris Greig
Mr David Guest
Sir Peter Heatly
Professor Paul Jowitt

Ms Janet Lowe
Ms Halla Mohieddeen
Mr Chris Robinson
Professor John Simmons
Dr Ian Steel
Dr Roy Summers
Professor John Swaffield
Mr Tony Taylor
Professor Adrian Todd

In attendance: Professor Denis Hall, Deputy Principal
Professor Andy Walker, Deputy Principal
Professor Gareth Owen, Assistant Principal (Borders)
Professor Ian Mason, Dean of the University
Professor Brian Wherrett, Dean of the University
Mr Peter Wilson, Secretary of the University
Mr Peter Kerr, Director of Estate & Building Services
Mr Richard McGookin, Director of Planning
Ms Mairi Thornton, Director of Corporate Affairs
Mr Alastair Hood, Assistant Secretary

Mr Paul Gregory, Director of Planning & Development, Scottish Borders Council

51 CHAIRMANSHIP OF MEETING

The Court agreed, in the absence of the Chairman, that the Principal chair the meeting, with the exception of the discussion of the report of the Scottish Borders Campus Review Committee, which would be chaired by Ms Lowe.

52 APOLOGIES

Apologies for absence were intimated from The Right Hon The Lord Mackay of Clashfern, Mr Gemmell, Dr Clark, Professor Eilbeck, Mr Jobson, The Hon Lord Johnston, Mr Kay, Mr McDowell, Mr Morrison, The Rt Hon Lord Penrose, Ms Savage, Councillor Scobbie, Professor Viney and Dr Zachary.

53 MINUTES

The Minutes of the meeting of the Court held on 16 December 2002 were approved, subject to the following:

Minute 46.8, para 2, additional second sentence

“It was designed to simplify the present arrangements for income sharing without disturbing the overall balance of income attribution to EBS on the one hand and the University on the other.”

54 SPORTS ACADEMY

With reference to Ct41/02-03 it was reported that additional directors had been identified for all University wholly owned companies and that, once formalised, a complete list would be provided to the Court.

55 NEW YEAR HONOURS

The Court noted with pleasure the following awards conferred in the New Year Honours:

Ms Janet Lowe – Member of Court – **CBE**

Professor Cliff Beevers – School of Mathematical & Computer Sciences – **OBE**

Dr Janet Clinkenbeard – University Health Service – **MBE**

Archy Kirkwood – MP, Heriot-Watt graduate and Director of the Social Enterprise Institute – **Knight Bachelor**

Professor Ian Ritchie – Graduate and Honorary Graduate of the University and board member of Scottish Enterprise – **CBE**

Professor John Ward – Honorary Graduate – **Knight Bachelor**

Dr Brian McMaster – Honorary Graduate – **Knight Bachelor**

The Court concurred with acclamation in the particular expression by the Principal of congratulations to Ms Lowe on the award of CBE.

56 Communications from the Principal and Planning & Management Executive

The Court noted information set out in Agenda Paper B for the meeting on the following topics:

a) STAFF NEWS

- new head of School of Mathematical & Computer Sciences
- policy on future fixed term staff contracts

b) PLANNING/STRATEGY SCHEDULE: PME

- presentation on strategy development by Schools scheduled for forthcoming meetings of PME

c) LEARNING AND TEACHING

- Professor Bob Craik would take over interim convenership of the Learning & Teaching Board for the current academic year following the recent full-time secondment to the Interactive University of Professor Roy Leitch.
- reporting and publicity of student registrations in terms of campus-based and off-campus numbers would be harmonised to meet the requirements for accreditation by the USA Department of Education

d) RESEARCH

- the Research Co-ordination Board would co-ordinate the University's application for support under the formula-based Science Research Infrastructure Fund allocations by SHEFC for 2004/5-2005/6.

e) ORDINANCES AND REGULATIONS COMMITTEE – REPORTING ROUTE

- the Committee, while remaining a standing joint Committee of Court and Senate, would report via PME to permit relevant consultation and input by Heads of Schools

f) STUDENT COMPLAINTS

- the University would participate in a scheme organised by Universities Scotland for independent review of student complaints by an advocate in those cases where a student had exhausted all the internal processes.

g) NEW POLICY/GUIDELINE DOCUMENTS

- new documentation on several topics had recently been placed on the registry section of the University's website.

h) FUNDING COUNCIL' S PERFORMANCE INDICATORS

- the Funding Council's Performance Indicators for Higher Education (2000/01) report had recently been released, and discussion of relevant topics and further dissemination would be undertaken by the appropriate PME Boards.

i) FUNDING

- ministerial guidance to SHEFC had set out five key priorities, namely the widening of access developments, implementation of the Scottish Credit and Qualifications framework, quality assurance, research and knowledge transfer including improved commercialisation of research, and modernisation in the area of human resource management.
- additional funding of £406k from the Scottish Executive was to be received through SHEFC in February 2003 to assist the University in making infrastructure changes to comply by September 2005 with the requirements of the Special Educational Needs and Disability Act 2001.

57 Communications from the Senate (Agenda Paper C)

57.1 PROPOSED REVISION TO ORDINANCE 37

The Senate had considered a proposal from the Ordinances and Regulations Committee for the introduction of a series of minor modifications to Ordinance 37: Approved Teachers and Approved Tutors, whereby it was proposed that a Head of School should retain responsibilities related to Approved Teachers and Approved Tutors, but should be permitted to delegate such responsibilities to the Director of Learning and Teaching. The Senate had noted that these modifications had been supported by the Planning and Management Executive.

The Senate had agreed to recommend to the Court that the proposed revised Ordinance 37 detailed in Appendix A to Agenda Paper C be approved.

Disposal: Approved

57.2 APPOINTMENT OF HEAD OF SCHOOL

In terms of Ordinance 26, the Senate had noted that a Committee comprising the Principal, Vice-Principal, and the Deans had agreed to recommend to the Court that Professor K J Cornwell be appointed Head of the School of Mathematical and Computer Sciences for the period to 31 July 2005.

Disposal: Approved with effect from 22 January 2003. It was reported in response to a question, that an appointment of a new Director of Quality in place of Professor Cornwell would be made very shortly.

57.3 PROMOTION TO PROFESSOR

The Senate, at its Special Meeting, had considered a recommendation from the Academic Promotions Board (Senior Promotions) that Dr Serguei Foss, School of Mathematical and Computer Sciences be promoted from Reader to Professor from 1 January 2003.

The Senate had noted that the recommendation followed approval to invoke emergency procedures to consider Dr Foss's case.

The Senate had agreed to recommend to the Court that the proposal be approved.

Disposal: Approved

57.4 HONORARY DEGREES 2003

The Senate had noted that the Honorary Degrees Working Group, with the delegated authority of the Senate, had agreed that the undernoted be awarded honorary degrees:

Edinburgh College of Art

Miss F M Walker RSA RSW

Doctor of Letters

In recognition of her distinguished career in the arts and her contribution to Edinburgh College of Art.

Mrs W Barns-Graham

Doctor of Letters

In recognition of her distinguished artistic career.

Scottish Borders Campus

Mr B Klein

Doctor of Letters

In recognition of his unique contribution to textile design and the use of colour.

Mr G Davies

Doctor of Letters

In recognition of his outstanding achievement in the field of textiles and fashion design management.

Edinburgh (July)

Professor E Brown

Doctor of the University

In recognition of his outstanding career in the financial sector and of his major contribution to the governance and progress of Heriot-Watt University.

Professor T Matsunaga

Doctor of Science

In recognition of his distinguished academic career in biotechnology.

Professor R Paxton

Doctor of Engineering

In recognition of his contribution to the technology of the built environment and to Heriot-Watt University.

Professor D Miller

Doctor of Engineering

In recognition of his distinguished academic career in optical physics.

Professor D Smith

Doctor of Science

In recognition of his distinguished academic career and contribution to the academic progress and standing of Heriot-Watt University.

Mr R Gillespie

Doctor of Letters

In recognition of his outstanding career in engineering management.

Mr K Loach

Doctor of Letters

In recognition of his creative and artistic achievements.

Edinburgh (November)

Ms P Radcliffe (subject to availability)

Doctor of the University

In recognition of her outstanding career as an athlete and role model to young people.

Mr T Baylis

Doctor of Science

In recognition of his outstanding inventive contribution to the welfare of disabled people and under-privileged people in the third world.

Disposal: Noted

57.5 REVIEW OF SENATE

With reference to Ct 47.2/02-03, it was reported that the composition of the Working Group would include representation from across Schools and from professorial and elected members of the Senate, and would comprise:

Professor J E L Simmons, Vice-Principal (Chairman)
 Professor I Mason, Dean of the University
 Professor R J M Craik, School of the Built Environment
 Professor R L Reuben, School of Engineering and Physical Sciences
 Professor A C Todd, Institute of Petroleum Engineering
 Dr J C Hansen, School of Mathematical and Computer Sciences
 Dr D A Sewell, School of Life Sciences
 Mr C M Timmins, School of Textiles and Design
 Mr S Smith (Clerk)

The Group would seek opinion from School Committees, the Students Association and Senate members prior to initial proposals being brought to the Senate in May.

Disposal: Noted

57.6 SCOTTISH BORDERS CAMPUS REVIEW

The Senate had received a presentation on the review of the University's activities at the Scottish Borders Campus, and had noted the findings and recommendations of the Committee. The Senate had further noted that, subject to the decision of the Court on the findings of the review, recommendations contained in the report which related to academic provision would require the approval of the Senate in due course.

Disposal: Noted

58 Audit Committee – Report (Agenda Paper D)

58.1 DISASTER RECOVERY PLAN

The Committee had noted an outline of the University's Corporate Emergency/Recovery Plan, and that an associated questionnaire had been circulated to Schools and Sections to capture detail on the main areas of risk for business recovery in the event of a disaster.

The timescale for the completion of the plans by all areas of the University on the basis of a standard format developed, as a corporate model for the University, with the co-operation of the sector and of the Internal Auditors, was September 2003.

On a practical level, a very ambitious and comprehensive desk-top exercise had been undertaken with the participation of emergency services and local authority representatives which provided excellent feedback which would be incorporated into Schools' procedures. The Secretary would provide updates on this process to future meetings of the Committee.

The relevant information would also be provided to contractors coming onto the University's campuses in addition to the conditions already imposed by the University. Risks from within the University community, and specifically the student body, were also comprehensively monitored.

58.2 RISK MANAGEMENT

The Committee had received a briefing document prepared by internal auditors Deloitte and Touche, setting out summary feedback from the Workshop on Risk Management held with the Senior Management Team in November 2002, including a statement of the principal risks. This did not however constitute a risk register in terms of compliance with the requirements of the Turnbull Report.

It was recognised that:-

- there should be input both from management and from Schools as to the perception of the relative importance of identified risks
- there should be a clear linkage of risk to the achievement of the University's objectives
- risks were often inter-related and could be adequately discussed only in the context of an action plan
- PME should provide a strategic review for the benefit of the Court and the Committee in giving further consideration to what the nature and ranking of risks should be
- a follow-up workshop should be arranged in which Court members might participate, and which should receive a further briefing paper from Deloitte and Touche. This session should formally establish a consensus as to what the risks were, and focus the action to be taken in response. The outcome should be reported initially to PME and thence to the Court.
- the University should be in a position to certify its conformity with effect from September 2002 to the Turnbull recommendations.

58.3 FINANCIAL APPRAISAL AND MONITORING SERVICE – REPORT

The Committee had received and noted the report of the SHEFC monitoring service (FAMS) arising from a visit by FAMS staff in July/August 2002.

The report contained six recommendations to the University together with responses by management and further observations by FAMS. The Committee had considered the recommendations and had responded as follows:-

- a) Grade A recommendations
 - i) timing of annual report to Court of Audit Committee
 - noted that the most recent Annual Report had complied with the requirements of SHEFC
 - ii) terms of reference of the Audit Committee
 - noted that these had been revised as required
 - iii) value for money
 - noted that a strategy in this area was under active development on the basis of an outline produced by the internal auditors, and that PME would take this matter forward
 - noted the possibility of a common approach across institutions in Central Scotland in particular respect of support services
- b) Grade B recommendations
 - i) delegation of powers
 - noted that this issue had received initial attention by the Court in June 2002 and further detailed provisions would be brought forward for Court approval
 - ii) extent of register of interests
 - noted that the University would conform to relevant legislation and SHEFC guidance
 - noted that advice would be sought on the practice of SHEFC in defining and interpreting the terms of these provisions in relation to the Council itself
 - iii) membership of Audit Committee
 - noted that the Nominating Committee (Court) had under consideration the appointment of additional members as a measure to ensure meetings were quorate

58.4 INTERNAL AUDIT REPORT – RESEARCH GRANTS

The Committee had received and noted a report prepared by Internal Audit on the processes associated with the operation by the Finance Office of Research Grants and associated contracts. The Report set out the practical issues and difficulties, and identified possible remedial action.

The Committee had noted that the University management had not been able in the current climate to devote additional resources to this area, although it was recognised that existing arrangements contributed to delays which posed difficulties of timescale.

It was noted that Finance Office staff were seeking to build appropriate reporting procedures into the new financial systems, but further refinement was required.

The Committee had noted the view of the Director of Finance that the report might have been more comprehensive in its conclusions.

It was noted that the difficulties in these areas might pose risks in terms of cashflow from research funding bodies.

The Director of Finance would report to future meetings of the Committee as progress was made.

Disposal: Noted

59 Collections Committee – Report (Agenda Paper E)

59.1 COLLECTIONS MANAGEMENT

The Court noted progress in the development of collections management by the University Archive, Records Management and Museum Service, in the following areas:

- Phase II Registration with Resource, which was a requirement for continued eligibility for grant aid from the Scottish Museums Council and the Heritage Lottery Fund, and depended on the University's opening a dedicated museum room, due to be completed and operational by the end of March 2003.
- phased disposal, to other museums and custodians, of items no longer relevant to the University's collections
- processing and storage of University records, despite shortage of accommodation
- improved research facilities at Scottish Borders Campus
- major acquisitions, funded by grant aid and benefactions, of portraits of the Gibson-Craig family by Raeburn, and of James Watt by Sir William Beechey
- substantial project-based grant winnings, particularly in support of a web-based database and guide to the heritage of the Scottish textile industry, and an evaluation model for a distributed national collecting policy
- collaborative projects within the Research Support Libraries Programme to provide for researchers access on the Intranet to detailed information on relevant archives held by Higher Education Institutions

These developments were accompanied by progressively increasing research use of the collections at both Edinburgh and Galashiels, and the provision of research support by Archive staff towards the production, by Professor Patrick O' Farrell, of a history of the University.

59.2 POLICY ON MANAGEMENT OF ELECTRONIC ARCHIVES

The Court was reminded of the University's records management policy, which aimed to support the effective discharge of the University's responsibilities in terms of statutory requirements for the management and retention of all records generated in the course of its business.

It was noted that most vital University records, including those to be kept permanently as archives, were now produced and held in electronic format. This presented the University with significant long-term challenges of preservation and access.

The Committee therefore urged that appropriate resources be allocated to implement a strategy to ensure that such records would remain authentic, reliable and usable for the entire period of their retention, irrespective of system changes of whatever nature. As an initial step the Committee recommended an investigation to

ascertain existing best practice for very long term preservation of digital records, and to cost a suitable programme.

The Court noted these matters. It was reported that proposals to take these measures forward should be channelled through the office of the Secretary of the University.

60 Finance Committee – Report (Agenda Paper F)

The Court received and noted a report arising from a meeting of the Committee held on 27 January 2003, and setting out information on the following topics:

60.1 MANAGEMENT ACCOUNTS TO 30 NOVEMBER 2002

The information presented comprised:

- an overall group summary
- analyses by Schools/Institutes, Catering & Residences and Support and Service Sections
- summary cashflow and balance sheets

The Committee had noted, inter alia:

- an overall surplus for the four months of £3582k, which was better than budget by £403k but was less favourable than the October figure of £630k.
- certain adverse influences on the Month 4 figures would be corrected in the Month 5 figures
- certain concerns relating to the performance of Catering & Residences would be addressed by an ad hoc management group
- a proportion of the results of the Interactive University, as an associate company of the University, would require to be reflected in the University's general accounts
- the forecast outturn for the year, reflecting a large revision in Catering & Residences and the impact of additional costs for restructuring, was estimated on current information as £717k deficit
- the maximum possible proportion of the restructuring costs would be charged to SHEFC under their SRIF provision, because they related to physical space refurbishing and infrastructure costs
- the Month 5 accounts would indicate an overall surplus for the period of £4779k, a positive variance on budget of £1074k, but that the outturn forecast at that stage had deteriorated to a £996k deficit. The estimates underlying this projection would be closely scrutinised
- The Committee had requested an analysis of the projected movements to July 2003 in cashflow

60.2 PROVISION AGAINST DEBT

The Committee had noted an analysis of outstanding debt and the associated existing provisions for bad debt, and had agreed:

- to increase provision against commercial debt by £100k and against student debt by £300k and to incorporate these figures at the half year in forecast outturn
- that for future years conditions attaching to student registration be amended where possible to provide the University with greater leverage in recovering student debt
- to incorporate an allowance of 2% of income as provision against student debt in future budget calculations

The Court noted, in response to a question, that the rationale behind amendment to registration conditions, which would be the subject of consultation both in the Committee and with the Students Association, would be to forestall as far as possible the incidence of indebtedness rather than an emphasis on the pursuit of outstanding sums.

60.3 INTEREST RATES

The Committee had noted an overview of current loan facilities, the rates applicable and the repayment periods involved, together with a proposal from Clydesdale Bank to vary the arrangements governing their facility of £6m.

The Committee had agreed, after discussion, to take no action on the proposal, but to review interest rates later in the year.

60.4 SPORTS ACADEMY

The project was proceeding in accordance with progress targets and expenditure pattern.

61 Nominating Committee – Report

The Court received an oral report by the Secretary of the University on a meeting of the Committee held on 6 February 2003 and approved recommendations for appointments to the Convocation and to the Court and its Committees as set out in Appendix A hereto. The Court noted, in confidence, the names of individuals who would be consulted on their willingness to serve, and that the outcome would be reported to the Court. It was noted that any proposals by members of Court as to possible future members or participants in Committees would be welcomed by the Secretary for the attention of the Committee.

62 Staffing Strategy Committee – Report (Agenda Paper G)

62.1 RACE EQUALITY POLICY AND ACTION PLAN

The Committee had received the final version of the Race Equality Policy and Race Equality Action Plan, prepared by the Equal Opportunities Group in terms of the provisions of the Race Relations Amendment Act 2000. It was noted that the Policy had been approved by PME, and that detailed consultation had taken place with the Equality Challenge Unit, Trade Unions, the Students Association and staff. The express purpose of the Act was to counter institutional racism, and the measures prescribed were calculated to show, on the basis of practical evidence, what institutions were doing to implement its provisions. The responsibility laid on the University would be cross-institutional in its effects, extending from the provision of training to members of the Court, to the comprehensive consultation of Schools and Support Units on the measures which they had adopted to meet the requirements of the Act.

It was agreed to organise a training session, ideally with input from the SHEFC Equality Challenge Unit. If practicable, this might form part of the business of the March 2003 meeting of the Court.

The Committee had noted that:-

- it would be desirable to encourage the Students Association to align their practice with that of the University
- the actions demanded of the University would be required in relation to all its campus locations in the UK. The Equality Challenge Unit should be able to provide benchmark guidance
- the responsibility for breach of the Act was likely to bear on both the individual and the institution
- the University would do everything reasonably required to enable individuals to comply with the policy, beyond which individuals would be answerable for their own actions

The Committee had agreed to convey the Policy and Plan to the Court, and to recommend that they be approved and implemented.

The action plan had been circulated with Agenda Paper G. The policy document was tabled at the meeting. It was agreed that copies of the policy be circulated to all members of the Court for formal approval of the policy and of the action plan for its implementation.

It was further agreed that the Secretary of the University be authorised to take account, in consultation with the Convener of the Committee, Mr S G Kay, of any observations by members on the policy. Steps would be taken to implement the policy and plan thereafter.

62.2 CONTINUING ISSUES

The Court noted information on progress made in the following areas:

- appraisal and performance review
- flexibility in staff contracts
- review of probationary conditions
- training needs
- Scottish Borders Campus – Review (cf also Minute 66 below)

62.3 FIXED TERM CONTRACTS

The Committee had:

- noted a paper prepared by the Director of Human Resources setting out a summary of the legislative context and relevant regulations governing the employment on fixed term contracts of various categories of staff
- noted that a review of fixed term contracts had been carried out with each Head of School to determine the pattern of the University's obligations and scope for manoeuvre in this area
- noted an outline framework for the issuing of future fixed term contracts which was currently the basis of discussion with the Trade Unions
- noted with approval a proposal relating to the treatment of current fixed term staff in the interest of clarity and of the retention of high quality staff (Appendix B to Agenda Paper G)
- noted that the appropriate measures would be applied on an individual rather than a schematic basis
- noted the need for a parallel and complementary review of redundancy agreements and processes
- noted the need for guidance to Schools on certain specific issues, including the pattern of research grant funding in relation to legislation on contract length, the employment status of research students, and the application of certain categories of Studentship funding

The Court noted these matters with approval.

62.4 STAFF SURVEY

The Committee had:

- received and noted the draft of a staff survey questionnaire commissioned by the University from external consultants to assess staff opinion on aspects of the operation of the University
- noted that the topics covered had emerged from consultation with a number of other institutions and that the draft had been considered by a number of focus groups which would report shortly
- noted that the exercise was a qualitative rather than a quantitative survey, and was constructed to yield a range of responses – including critical comment – on which might be founded a valid analysis of opinion
- noted that the survey would be issued in early February with analysis by the end of April

The Court noted these matters.

63 PERFORMANCE INDICATORS

The Court received and noted, as Agenda Paper H for the meeting, performance indicators in respect of:

- Estates
- Human Resources/Staff Development
- Safety
- Research
- Student Recruitment/Funding/Careers

and observed that the financial performance of the University was monitored on a monthly basis through the scrutiny of the management accounts and the functions of the Finance and Audit Committees.

The Court noted observations from members regarding:

- the usefulness or otherwise of these measures as a management tool, and the future pattern of reporting
- the difficulty of making assessments of quality on the basis of quantitative measures
- the relevance and importance of perceptions by the University's client body, at all levels, as distinct from self assessment
- apparent trends in the consumption of utilities, and explanatory information regarding underlying changes in circumstance and individual contributory factors
- the importance in financial terms of conforming to guidance from SHEFC on student numbers

64 CONVOCATION OF STRATHCLYDE – REPRESENTATION

The period of office of the University's representative on the Convocation of Strathclyde University, Professor Julian Wolfram, had expired at 31 December 2002. He was eligible for re-appointment for a further 3 years.,

The Court approved the renewal of Professor Wolfram's appointment to 31 December 2005.

65 CONFERMENT OF TITLE OF RESEARCH FELLOW

In terms of Ordinance 25 and on the recommendation of the Senate, the Court approved the conferment of the title of Research Fellow on the following individuals:

- Dr Z Cao, School of The Built Environment, for a period of three years from 1 October 2002
- Dr F Gozalpour, Institute of Petroleum Engineering, for a period of three years from 1 January 2003

66 SCOTTISH BORDERS CAMPUS REVIEW COMMITTEE – REPORT

The Court had received, as Agenda Paper L for the meeting, the Executive Summary and Recommendations contained in the report of the SBC Review Committee, together with management responses to the recommendations, and a commentary by PME on the implications of the report and the necessary action entailed.

The Court also received a detailed presentation by the Chairman of the Review Committee, Vice Principal Simmons. At the request of the Principal, Ms J Lowe assumed the Chair for the discussion of this item.

In the course of discussion, the following were among points consecutively raised by members:

- a coherent strategy in relation to agreements and funding regimes between HE and FE sectors, currently under parallel review, would be required to underpin the positive co-operative emphasis of the recommendations
- the protection and fostering of the valued brand identity of Heriot-Watt and the former Scottish College of Textiles would be important in shaping the perceptions of stakeholders and the public in the Borders of the developmental recommendations of the Committee
- these issues would assume particular importance in the context of recent fundamental downsizing and disappearance of much of the textiles industry locally and of the political climate in an election period
- the Committee drew encouragement from the experience gained in discussion with senior colleagues in the FE sector, the positive orientation of SHEFC, the guidance of Ministers to the funding Councils and the successes achieved by Crichton Campus Dumfries and the University of the Highlands & Islands Millennium Institute in collaborative interaction
- the centrality of partnership as a platform for both FE and HE had been evident from the outset in the negotiations leading up to the initial merger of SCOT with the University. This would be the basis for further work in developing relationships with Borders College and perhaps other HE providers on clearly communicated premises
- the proposal for a voluntary severance scheme would require to be supported by more detail on the financial impact, and should permit the consequences to be modelled
- the detailed implications of the Committee's findings would be the subject of thorough consultations over the next six weeks
- in addressing the mismatch in resources in the Technology and IT areas, there would also be an assessment of research priorities and alignment
- effective remedial action in treating the structural issues would permit the University to concentrate on the more positive aspects of the scenario, and on the developments accepted by the PME
- the Report also dealt with longer term scenarios and conceded that much work would be needed in the future to deliver the benefits sought

- any voluntary severance scheme should be operated with particular attention to fairness and affordability
- there would need to be an examination of the effect of a voluntary scheme on the financial outturn for the University in the current year, as the costs of severance would need to be taken on the Profit and Loss account outturn

[At this juncture the meeting became inquorate. It was noted that any dispositions made by the meeting would not have the authority of the Court. It was agreed that the issues, and the opinions of the members of Court thereon, together with relevant additional information, be considered at the earliest possible time by a meeting of the Vacation Committee of Court.]

- it should be possible to define acceptable limits to expenditure to be incurred in terms of a voluntary severance scheme, and the written guidance of the Chairman of Court indicated that payback within 12 months might be an appropriate objective
- issues of market demand and competition had been addressed in the detailed work done by the Committee
- it was important to emphasise the University's endorsement of the future strategy and the scope for potential development of the Campus
- the issues involved and the means proposed had been the subject of briefing and consultation with staff and external stakeholders including politicians and the media

It was agreed to convey to the Vacation Committee:

- i. the acceptance by members of Court of the analysis presented by the Review Committee and of the need to take action along lines agreed by the PME.
- ii. the acceptance of the separate strategy lines for Textiles Clothing and Fashion and that for FE/HE for a Borders Community
- iii. recognition of the importance of partnerships
- iv. the importance of communication both with staff and the wider public
- v. the desire to develop an acceptable voluntary severance scheme which would achieve the required reduction in staff within a prudent level of expenditure
- vi. recognition of the need to prepare for the possible requirement for a redundancy committee

It was also the wish of the meeting that more detailed projections of expenditure and the impact upon the current and future annual budgets be brought to the next meeting of the Court

Notes on meeting 6 February 2003.

Agreed on recommendations to Court as follows:

1. Convocation appointments to 31 July 2005
 - para 1(4)h representation from British Psychological Society
 - para 1(4)k Head Teacher of West Calder High School
 - para 1(4)l leave one vacancy
 - para 1(4)m transfer 17 Westminster MPs to this category
(new)
 - para 1(4)n identified 15 MSPs in terms of the new paragraph on the basis of geographic
(new) representation (4 Edinburgh, 2 Borders, 2 Orkney/N. East)
 - plus 5 Ministers, 2 Committee Chairs
 - defer formal approach until after May 2003 elections
 - para 1(4)o transfer High Kirk of Edinburgh and Currie Kirk to this category
(new)
 - seek representation from
religious communities – Muslim, Jewish, Roman Catholic, Episcopalian,
Baptist, Hindu
 - ethnic, cultural groups – Chinese, Norwegian
 - para 1(5)b defer consideration pending investigation of potential members of Court
2. Court and Committees

General

Agreed to canvass high level contacts in local business and commerce for suggestions as to future recruits to Court and external members of Committees.

Noted possible names to be investigated by the Chairman of Court: outcome to be reported to the Committee for further consideration

Membership of Court

Agreed that the Secretary of the University consult 3 individuals as to their willingness to serve as co-opted members: : outcome to be reported to the Committee for further consideration

Committees

Collections Committee	<ul style="list-style-type: none">• appoint M Timmins, Textiles and Design A Myers, Library
Audit Committee	<ul style="list-style-type: none">• consult as to new convener• consider further external members: outcome to be reported to the Committee for further consideration
Estate Strategy Committee	<ul style="list-style-type: none">• consider further external members: outcome to be reported to the Committee for further consideration
Finance Committee	<ul style="list-style-type: none">• appoint G Bissett as convener from 1 August• appoint Professor A C Todd to Committee from 1 August• consult G Bissett on further members
Staffing Strategy Committee	<ul style="list-style-type: none">• appoint M Breaks, Librarian• appoint Roy Jobson• consult Martin McCrindle, Director of HR• consider further external members: outcome to be reported to the Committee for further consideration
JNCC	<ul style="list-style-type: none">• appoint S G Kay, Professor B Austin, Professor J C Eilbeck
Ordinances & Regulations	<ul style="list-style-type: none">• appoint Dr J L Davidson
Joint Military Education	<ul style="list-style-type: none">• maintain representation at 3 (J Dignan , Professor D G Owen, P Wilson• note retirement from Committee of Dr R Donnelly, Professor G Kennedy and F McMahon
Nominating Committee	<ul style="list-style-type: none">• Seek nominations for additional members from Chairman of Audit Committee

Court

Minutes

In the Chair: Mr Gavin Gemmell

Date of Meeting: 24 March 2003

Present also: Principal John Archer
Professor Brian Austin
Mr David Brew
Mr Jim Dignan
Mr David Guest
The Hon Lord Johnston
Professor Paul Jowitt
Mr Stefan Kay
Mr Simon McDowell

Ms Halla Mohieddeen
Mr Chris Robinson
Ms Yvonne Savage
Dr Ian Steel
Dr Roy Summers
Professor John Swaffield
Mr Tony Taylor
Professor Adrian Todd
Dr Stan Zachary

In attendance: Professor Denis Hall, Deputy Principal
Professor Gareth Owen, Assistant Principal (Borders)
Professor Ian Mason, Dean of the University
Professor Brian Wherrett, Dean of the University
Mr Peter Wilson, Secretary of the University
Mr Robert Fraser, Director of Finance
Mr Peter Kerr, Director of Estate & Building Services
Mr Richard McGookin, Director of Planning
Ms Mairi Thornton, Director of Corporate Affairs
Mr Alastair Hood, Assistant Secretary

Mr Paul Gregory, Director of Planning & Development, Scottish Borders Council

67 APOLOGIES

Apologies for absence were intimated from The Rt Hon The Lord Mackay of Clashfern, Mr Bissett, Mr Brown, Dr Clark, Professor Eilbeck, Dr Greig, Mr Jobson, Ms Lowe, Dr McClure, Mr Morrison, The Hon Lord Penrose, Councillor Scobbie, Professor Simmons and Professor Viney.

68 APPRECIATION

The Chairman intimated that the period of membership of Court of Sir Peter Heatly, one of the members of Court appointed by the General Convocation, had expired at the date of the thirty sixth annual meeting on 21 March 2003. The meeting of the Court on 10 February had therefore been the last in his period of office. The Chancellor had expressed to Sir Peter at the Convocation the thanks of the University for his service on the Convocation and on the Court. The Chairman, on behalf of the Court, reiterated warm appreciation of Sir Peter's contribution to the Court, particularly in his role as Moderator for Appeals.

69 UNIVERSITY HEALTH SERVICE – REPORT

The Court received the twenty eighth report of the University Health Service, circulated as Agenda Paper H for the meeting, and noted the content. In response to questions Dr de Lima provided the following information:

- the GP services provided for the University were funded on a standard pattern for NHS practices, and the additional services, such as occupational health screening, were provided and paid for on a consultancy basis which both parties found to be a satisfactory procedure
- the non-University services offered by the practice arose from the obligation imposed by the NHS that the practice maintain an open patient list, although it was a matter of policy that this activity be restricted to 20% of the total patient population
- the University was now in the third year of recognition at the Gold level of Scotland's Health at Work Scheme, and work was being undertaken to secure this status over the next 3 years
- the health promotion programmes run by the Health Service were co-ordinated with the pattern of the academic year to elicit the maximum interest among the student population
- the smoking cessation programme was focused on a positive action day. The success rate was also monitored after six months.
- the patterns of presentation by patients over past years had been remarkably constant and had shown little variation

- there was no discernible trend towards any increase in stress related or psychiatric complaints but the service provided now included the availability of a consulting psychiatrist on a defined time basis
- the final details were presently being incorporated in the lease for the Health Centre building

The Secretary of the University expressed appreciation of the quality of the service provided by all the staff of the Centre and of their wide-ranging involvement in the life of the University.

70 CAREERS ADVISORY SERVICE – REPORT

The Court received and noted, as Agenda Paper J for the meeting, the annual report of the University's Careers Advisory Service for the academic year 2001-2002. In responding to observations by members on the report, Mr Thow alluded to the following matters:

- the national context for graduate recruitment in 2001 had been particularly competitive due to a decline in economic activity
- there was an increase in underemployment whereby graduates were taking jobs for which they were over-qualified, albeit as a temporary expedient
- the numbers of career path jobs were not matching the increased output of graduates resulting from the Government's participation rate targets
- a slightly higher figure of Heriot-Watt graduates recorded as not in employment was probably attributable to the desire to obtain a job in an area related to degree discipline, which posed difficulties for engineering and commerce
- there were fewer blue chip companies and greater numbers of Small and Medium sized Enterprises in the destinations of graduates in the period
- the reduction in the scope of the traditional on-campus 'Milk Round' visits and interviews was not limited to Heriot-Watt and reflected a shift in the nature of recruitment rather than an adverse trend
- overall, the University had done well in meeting the specific challenge which had faced it

Other points raised in discussion related to:

- the potential, little exploited, for careers services to advise and influence the designers of courses at University and Secondary School level
- the desire of the careers service to integrate their activity within the new Schools in the restructured University and to contribute careers education material to the individual degree programmes
- there was a continuing debate at various levels with CareersScotland and LearnDirect but the remits of these bodies were not yet formally established
- more detailed data and analysis was available from the Careers Advisory Service on request, as the report circulated to members of Court was to some extent a summary of the year's operations

71 CHAPLAINCY - REPORT

The Court received the report of the Chaplaincy, and noted with appreciation the range of activity described, both in the report and by the Chaplain. It was gratifying that the interest expressed by students in the work of the Chaplaincy appeared to be growing rapidly although this was perhaps a result of increased tension in international affairs. The success of the weekly international meal in fostering good relations and cultural awareness was welcomed. The Court discussed briefly the question of how best to strike a balance between the Christian and non-Christian susceptibilities of students and friends attending public University occasions, such as graduation ceremonies.

The Principal expressed particular thanks to the Chaplain for the success and quality of the annual Chaplaincy lecture over the past several years.

It was noted that the Chaplain's counselling and advisory work had included reassurance of students and others on preoccupations relating to the occult, against which the Chaplain had taken an uncompromising and explicit position. The Chaplaincy would however continue to seek to dispel unwarranted prejudice towards groups professing different faiths, of which the specific example of paganism was noted.

72 OBITUARY

Dr R S Blair Maxwell

The University has noted with sadness the death in January 2003 in his 101st year of Dr R S Blair Maxwell, a life member of the General Convocation of the University and an honorary graduate of the University (DLitt 1976)

73 MINUTES

The Minutes of the meeting of the Court held on 10 February 2003 were approved subject to the following:

Minute 59.2, para 3, to read:

‘...the Committee recommended an investigation to ascertain existing best practice for very long term preservation of digital records, and to cost a suitable programme.’

74 DIRECTORSHIPS OF WHOLLY OWNED COMPANIES

With reference to Ct54/02-03 it was noted that the list of directors for University wholly owned companies would be brought forward to the next meeting of the Court. It was further noted that in order to conform to good practice in terms of governance, the extent of delegation and the level at which these appointments were approved should be clearly determined and recorded.

75 CONFIRMATION OF REVISED ORDINANCE 37

With reference to Ct57.1/02-03, the Secretary reported that a copy of the revised Ordinance 37 had been publicly displayed within the University for the period of 28 days prescribed in Article 25(1) of the Charter, and that no comment thereon had been received. The Court accordingly confirmed, in terms of Article 26 of the Charter, the amendments to Ordinance 37.

76 DIRECTOR OF QUALITY

With reference to Ct57.2/02-03 it was reported that Professor Bob Craik had been appointed Director of Quality Development for the period from February 2003 to 31 July 2005 on a 50% time basis.

77 DELEGATION OF POWERS

With reference to Ct58.3h/02-03 it was reported that a paper on this topic would be submitted to the next meeting of the Court. In addition, a document on the extent of members’ interests to be disclosed was being developed, to incorporate advice from SHEFC on the practice of the Council in this regard.

78 RACE EQUALITY POLICY AND ACTION PLAN

With reference to Ct62.1/02-03 it was reported that no further observations on the policy had been made by members subsequent to the circulation of the document. The Court noted that the policy would therefore be promulgated and implemented.

79 Communication from Convocation (Agenda Paper B)

79.1 ELECTION OF MEMBER OF CONVOCATION TO COURT

In accordance with the revised Statute XII.1(v) Convocation was entitled to appoint four of its members to the Court of the University, to hold office from the date of the Annual Meeting of the Convocation at which they were appointed until the date of the third Annual Meeting thereafter.

There was a single vacancy. At the closing date for receipt of nominations, one eligible nomination had been received. This was

Dr Judith McClure, Headmistress, St George’s School for Girls, Edinburgh.

In accordance with clause 1(v) of Statute XII she had therefore been elected to serve as a member of the Court appointed by the Convocation for the period until the thirty-ninth Annual Meeting of the Convocation in 2006.

The Court noted the appointment.

80 Communications from the Principal and Planning & Management Executive (Agenda Paper C)

The Court noted information set out in Agenda Paper C for the meeting on the following topics:

a) UNDERGRADUATE APPLICATIONS

- an overall growth in Home and EU application numbers for the fourth successive year
- decreases in certain areas reflecting national trends and from a high base in previous years
- growth in the area of Textiles and Design, also tracking UK patterns

b) RESEARCH

- formula based funding to the University through SRIF 2 (cf Ct 56d/02-03) likely to total some £5.5m over two years 2004-2006 to improve the quality of research
- four projects to be developed for submission to SHEFC seeking support under the Strategic Research Development Grant
- strategy and policies to be developed by the Deputy Principal (Resources) and the Research Co-ordination Board to support the development needs of doctoral and possibly other postgraduate students
- notification received from EPSRC of funding of £4.2m over 5 years from April 2003 for the formation of a new Innovative Manufacturing Research Centre at HWU, one of the principal centres for publicly funded research in manufacturing in the UK, and the only one in Scotland.
- comparative figures on the total value of research grant proposals and awards in the past 3 years

c) ANNUAL INTRA-UNIVERSITY STATISTICS

Statistics for internal use had been published by Management Services. These would be updated annually in February to coincide with the publication of the University's Annual Review and would be available on the University's intranet.

d) POLICY AND FUNDING FOR HIGHER EDUCATION

- publication of the Scottish Executive's review of higher education in mid-March had suggested an intention to adapt and develop the English pattern for local needs. Other key areas were the relation between research and commercialisation, an acknowledgement of the potential research role of all HEIs, and the apparent acceptance that the process of selective concentration of resources for research had reached its acceptable limit.
- a paper outlining the views of Universities Scotland on the implications for higher education in Scotland of the English White Paper 'The Future of Higher Education' which set out the position for England, had been circulated to Court. The Principal alluded to the issues of fee support and repayment for students, and research selectivity. The University would seek to influence the Scottish Executive and to take advantage of the coherent and inclusive ministerial portfolio which should promote a co-ordinated policy.
- the Scottish Executive's Lifelong Learning Strategy, which included as a key feature the creation of a new Lifelong Learning Forum, supported by specialist panels, had been published in February
- advice on new arrangements for the submission to SHEFC of Institutional Strategic Plans had been set out in a circular letter (HE/03/03) confirming continuity in monitoring conditions of grant already intimated, and setting up a programme of institutional visits on a 2-3 year cycle, but introducing greater flexibility for institutions in terms of content and timescale for submission
- the SHEFC main grant letter for 2003-04 had been published on 20 March and it was noted that funding for teaching and research would increase over the current year's level by 4.6% over the sector as a whole, but the increase for Heriot-Watt was 3.8%. The Heriot-Watt increase was within the University's planning parameters. It was pointed out that by its participation over the years in LEAPS, and latterly by the development of SCHOLAR, the University was already above the suggested benchmark in the area of social inclusion, but would not neglect to raise this aspect of its profile with SHEFC.

81 Communications from the Senate (Agenda Paper D)

The Court received and noted information on the undernoted topics:

81.1 THE CONFERMENT OF HONORARY TITLES

The Principal and Deans Committee had considered and approved the conferment of the following honorary titles:

<u>Name</u>	<u>School/Institute</u>	<u>Title</u>	<u>Period of Appointment</u>
Dr B Dhillon	The Built Environment	Honorary Professor	The period to 31 July 2005
Professor Y Pokholkov	Petroleum Engineering	Honorary Professor	1 April 2003 to 31 March 2006
Mr M Sloman	Management and Languages	Honorary Professor	Three years from 1 August 2003

81.2 SCOTTISH BORDERS CAMPUS REVIEW

The Principal had advised the Senate that Professor J E L Simmons, Vice-Principal, had made a presentation to the Court on the Review of the University's activities at the Scottish Borders Campus (SBC) and on the PME's responses to each of the recommendations of the Review. The Principal had indicated to the Senate that he was hopeful that the staffing issues could be resolved without the need to consider compulsory redundancies.

81.3 SENATE REVIEW WORKING GROUP - PROGRESS REPORT

The Vice-Principal had reported to the Senate on the progress of the Senate Review Working Group since its establishment by the Senate in January

81.4 REVIEW OF THE UNIVERSITY'S FINANCES

Mr Robert Fraser, Director of Finance, had made a presentation to the Senate on the University's current financial situation, including details of income, expenditure, operating deficit and recurrent costs for 2000-01, 2001-02 and 2002-3, and demonstrating the benefits of the recent restructuring.

The University would be in a break-even position in 2002-03 and details of the University's projected operating income were considered.

Much of the University's revenue, such as the SHEFC Main Grant and tuition fees, was fixed and one of the main challenges for the University would be the generation of additional income from various sources, and the development of a fund raising strategy.

81.5 REVIEW OF KEY RESEARCH INVESTMENT CHALLENGES

Professor D R Hall, Deputy Principal (Research), had made a presentation to the Senate on the University's key research investment challenges, and on the SRIF 2 funding, which would require the University to contribute a minimum of 10% of total investment.

The University would be developing a detailed plan to approach this investment opportunity

82 Finance Committee Report (Agenda Paper E)

The Court received and noted a report arising from a meeting of the Committee held on 10 March 2003, and setting out information on the following topics:

82.1 MANAGEMENT ACCOUNTS TO 31 JANUARY 2003

The information presented included:

- overall group summary
- analyses by Schools/Institutes, Catering & Residences, and Support and Service Sectors
- summary cashflow and balance sheets including cashflow reconciliation

The Committee had noted, inter alia:

- an overall surplus for the 6 months of £4430k, which was better than budget by £818k, albeit reduced from the five-month positive variance on budget of £1074k
- that the estimated outturn was a deficit of £755k which represented a significant improvement on the December forecast (deficit £996k) particularly as it took account of some £2.2m of unbudgeted items including restructuring costs of £500k for Scottish Borders Campus and provision of £250k against Bad Debt
- that the operating position was now forecast to achieve break-even, despite absorbing the impact of these exceptional items
- that whereas Catering & Residences continued to make a positive contribution to the overall University outturn, there remained problems of control and management information. The Finance Office would continue to seek to define the detail of the forecast business in the remainder of the financial year
- that there would shortly be a meeting to clarify continuing issues related to the Interactive University
- that the process of negotiation with trades unions and individuals over voluntary severance terms for staff at Scottish Borders Campus was continuing, and present indications were that a scheme could be put in place within the permissions and tolerances agreed by the Vacation Committee
- that in relation to cash flow, the overall increase in debt mainly arose from borrowings recently embarked upon, bringing the total to £29m with a remaining facility of £3m. Agreed to monitor more closely where the principal flows of working capital were occurring.

82.2 BORROWINGS

The Committee had discussed the pattern of the University's borrowings and the scope for the adjustment of arrangements to take best advantage of current low interest rates, and to react to professional advice.

The Committee had agreed to delegate authority to review these matters, and to make decisions, to a working group of the Committee consisting of

Mr Gemmell
Dr Greig
Mr Bissett

with Mr Fraser.

82.3 EDINBURGH BUSINESS SCHOOL EXTENSION

The Committee had noted a paper setting out costing for the above project for which the approved budget had been set at £500k. These costings totalled £569k exclusive of loose furniture and fittings, telephone and data connections, or contingencies. The funding would come fully from the monies retained by Edinburgh Business School from its share of royalties and other earnings, and the cashflow requirements could be met by the University.

The Committee had agreed, on the advice of PME, that the budget be increased to £600k.

82.4 FINANCIAL COMPUTING SYSTEM

The Committee had noted that it would shortly become necessary to replace the Financial Computing System operated by the University, as the present system would no longer be maintained by the manufacturer.

A number of suppliers had been approached, of whom two would be investigated further, Oracle and Cedar.

The likely capital cost was around £3/4m and possible leasing arrangements would be assessed, including alternative providers of finance.

There would be a need for comprehensive legal advice at each stage of the procurement: the Director of Finance would investigate this aspect.

The Committee had approved the actions taken to date, and had agreed that the working group identified in Minute 82.2 above consider and act upon the recommendations of the PME within the deadlines imposed by the need to make progress.

82.5 FEES 2003-2004

The Committee had noted a schedule of tuition fees for all categories of registration, based on increases of 3% over levels for 2002-2003 for Home/EU students, and of 6% for overseas students, except where market conditions dictated otherwise.

It was noted that students and their sponsors were made aware at the outset of the likelihood of fee levels being increased year on year.

The Committee had agreed to recommend to Court approval of these increases for 2003 – 2004.

The Court approved the recommendation.

83 Nominating Committee – Report (Agenda Paper F)

Arising from the meeting of the Court on 10 February 2003 and further consideration by the Committee, the following recommendations regarding membership of Court and of Court Committees were submitted.

83.1 MEMBERSHIP OF COURT

Appoint the undernoted as co-opted members for a period of 3 years from 1 August 2003:

Mr Stefan Kay
Mr Ray Perman
Mr David Woods
Mr Andrew Muirhead

83.2 MEMBERSHIP OF COMMITTEES

Appoint the undernoted with effect from the date indicated:

Audit Committee	Mr Tony Taylor as member and Convener	1 August 2003
	Ms Patricia Henton	24 March 2003
Estate Strategy Committee	Mr Roy Durie	24 March 2003
	Mr Jim Dignan	24 March 2003
Staffing Strategy Committee	Mr Boyne Stewart	24 March 2003

In relation to the membership of the Nominating Committee, the Convener of the Audit Committee had recommended that Mr G Bissett and Mr S Kay be appointed with immediate effect.

The Court approved the recommendations, subject to the assent of the individuals concerned.

84 Vacation Committee (Agenda Paper G)

84.1 SCOTTISH BORDERS CAMPUS REVIEW

With reference to Ct66/02-03, the Committee had considered the views expressed by members of Court on the recommendations of the Review Committee and the related management responses.

The Committee noted that members of the Court, after full discussion, had agreed that the Review Committee's initial conclusions, and the recommendations for future action arising as a consequence, should be accepted and endorsed.

The Committee received and considered a paper prepared by the Deputy Principal (Resources) setting out costed proposals for a scheme of voluntary severance.

In summary, the paper envisaged the following:

Targeted saving (from 03/04 onwards) (relative to 02/03 budget)	£500k p.a. reduction in pay costs
Additional 02/03 spend on severance costs	£500k
Plus further costs pro-rata to additional savings	£100k maximum
Special circumstances fund (contingency)	<u>£125k</u>
Impact on 2002/03 out-turn	£500k - £725k additional deficit (cf. budgeted deficit of £447k)
Pay-back period	Target 12 months, max. 15 months

The Committee had agreed, on behalf of the Court:

- to approve all the management responses to the recommendations of the Review Committee
- to authorise the Secretary of the University to identify 2 members of the Court and 2 members of the Senate to serve as members of a Redundancy Committee, together with a lay member of the Court, or other independent person, as the Chairman, in the event of such a Committee requiring to be constituted
- to approve the scheme detailed in the Deputy Principal's paper and to authorise the management of the University to engage in negotiations regarding voluntary severance with staff affected by the decisions on course closure, on the basis of these detailed arrangements

The Court noted these matters.

85 APPEAL TO THE COURT

The Moderator for appeals, Sir Peter Heatly, had considered an appeal to the Court by a candidate for the degree of MSc in Environmental Economics Policy & Risk, against the award to him of a postgraduate diploma.

The matter had been considered at the stage of appeal to the Senate by the Vice-Principal, who had concluded that there was no prima facie case and had refused the student leave to pursue the appeal.

The student had subsequently appealed to the Court but had not adduced any additional evidence. The Moderator, on behalf of the Court, had reviewed all the documentation and had been satisfied that

- the Appeals procedure had been correctly observed throughout
- decisions leading to the award of a postgraduate diploma had been unanimous at all stages of the appeal
- all the circumstances referred to in the correspondence had been given due weight by all involved in determining the appeal
- the appeal to the Court did not reveal any issues not addressed by the Vice-Principal, or not presented to him

The Moderator had accordingly concluded that there was no case for the University's pursuing the matter, and had rejected the appeal. The student had been informed of the decision in terms of para 6.5.2 of Regulation 36.

The Court noted these matters.

86 SCOTTISH BORDERS CAMPUS – RESTRUCTURING (Agenda Paper M)

With reference to Ct66/02-03, Court received a report from the Special Projects Office (Mr Kay) and the Director of Human Resources setting out the process of negotiation carried out since the meeting of the Court on 10 February, the issues addressed and the timescale involved. The report proposed a deferral of substantive measures until the May 2003 meeting of the Court. In discussion of the measures proposed to achieve progress towards a resolution of the unsustainable financial position, the following points were noted:

- the University had to reconcile the remedying of the financial imbalance with the identification and exploitation of its best opportunities and with the needs of the Borders region

- whereas a detailed business plan could not be presented at the present time, the expenditure envisaged and the consequent savings would allow the University to protect and underpin the continuing courses and to retain the appropriate staff for research input and teaching needs
- members wished to receive, at the next meeting, a clear statement of the financial implications of the results of negotiations, not least to permit future monitoring of the outcome
- the strategy adopted must engender confidence in the longer term pattern of educational provision in the Borders, building on the reputation of the University's courses
- it was clear that the University could not afford to fund a severance scheme on the same terms as that applied in the general restructuring in 2001-2002
- the recommendations in the report provided a good platform for further work towards a mutually acceptable solution

It was noted that the PME had considered these matters and had agreed to recommend to the Court:

- that an amended Voluntary Severance Scheme should be offered to affected staff at the Borders Campus up to 23 May 2003 within an overall budget not to exceed £650,000
- that the Director of Human Resources and the Special Projects Officer be requested to carry out and conclude negotiations with the relevant trades unions within the mandate agreed by finance Committee, and, with the assistance of the Assistant Principal (Borders), to carry out negotiations with the affected staff; and to open discussions with Heads of Schools as to redeployment opportunities
- that arrangements be made as necessary for research students and undergraduates completing courses which would be withdrawn
- that the Court should not constitute a Redundancy Committee on 24 March 2003, but agree to review the situation at its meeting on 26 May 2003
- that a further report as to progress, and recommendations, be given to Court at its meeting on 26 May 2003

The Court approved the recommendations.

87 UTILITIES AND WASTE REPORT (Agenda paper N)

The Court received and noted a report by the Director of Estate & Building Services on usage of utilities and projected costs for 2002-2003. This was part of a continuing process aimed at identifying trends and at achieving reductions in energy and water consumption of at least 10%, together with an increase in the recycling of waste.

The Court noted in particular:

- an anticipated decrease in electricity costs due to revised contract prices arising from a recent tendering exercise
- a marked increase in water and sewerage costs due to the withdrawal of former concessions relating to Residences. These increases, while unwelcome, had been budgeted for.
- the introduction of increasingly detailed metering and timely monitoring of consumption levels
- reassurance on the proactive measures taken by the University in relation to gas safety, and the ongoing process of replacing mains supply pipes
- the increased level of testing required by new gas safety regulations

88 DATES OF COURT MEETINGS

The Court noted and approved dates for meetings in 2003-04 and to December 2004 as follows:

Monday, 22 September 2003
 Monday, 3 November 2003
 Monday, 15 December 2003
 Monday, 9 February 2004
 Monday, 22 March 2004
 Monday, 24 May 2004
 Monday, 28 June 2004
 Monday, 27 September 2004
 Monday, 1 November 2004
 Monday, 13 December 2004

Ct6 – 26 May 2003

Court**Minutes**

In the Chair: Mr Gavin Gemmell

Date of Meeting: 26 May 2003

Present also: Principal John Archer
Mr Graeme Bissett
Mr David Brew
Mr Douglas Brown
Professor Chris Eilbeck
Dr Chris Greig
Mr David Guest
Mr Stefan Kay
Ms Janet Lowe
Dr Judith McClure

Mr Simon McDowell
Ms Halla Mohieddeen
Mr Chris Robinson
Councillor Andrew Scobbie
Professor John Simmons
Dr Ian Steel
Professor John Swaffield
Mr Tony Taylor
Professor Adrian Todd
Professor Christopher Viney

In attendance: Professor Denis Hall, Deputy Principal
Professor Andy Walker, Deputy Principal
Professor Gareth Owen, Assistant Principal (Borders)
Professor Ian Mason, Dean of the University
Mr Peter Wilson, Secretary of the University
Mr Robert Fraser, Director of Finance
Mr Peter Kerr, Director of Estate & Building Services
Mr Richard McGookin, Director of Planning
Mr Martin McCrindle, Director of Human Resources
Mrs Roni Bamber, Director of Staff Development
Mr Alastair Hood, Assistant Secretary

Mr Paul Gregory, Director of Planning & Development, Scottish Borders Council

89 WELCOME

The Chairman, on behalf of the Court, welcomed to the meeting Dr Judith McClure, appointed to membership by the General Convocation of the University from the date of its thirty sixth annual meeting for a period of 3 years.

90 APOLOGIES

Apologies for absence were intimated from The Rt Hon The Lord Mackay of Clashfern, Professor Austin, Dr Clark, Mr Dignan, Mr Jobson, The Hon Lord Johnston, Professor Jowitt, Mr Morrison, The Hon Lord Penrose, Ms Savage, Dr Summers and Dr Zachary.

91 OBITUARIES (Agenda Paper A)

Noted obituary notices relating to MacLean Fraser and Dr Andrew M Russell.

92 MINUTES

The Minutes of the meeting of the Court held on 24 March 2003 were approved.

93 MODERATOR FOR APPEALS

Approved the appointment, in succession to Sir Peter Heatly, as Moderator for Appeals to the Court, of Mr David Guest.

94 DIRECTORS OF WHOLLY OWNED COMPANIES

With reference to Ct 74/02-03, noted a list of directors, as set out in Appendix A hereto.

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95 DELEGATION OF POWERS

With reference to Ct 77/02-03, noted a paper setting out the current extent and limitations on the delegation of powers in relation to finance (Appendix B hereto). Noted also that these limits would be subject to regular review.

96 SPORTS ACADEMY

The Court received and noted a tabled paper in which it was reported that the main contractor for the Sports Academy had gone into receivership. The paper set out the current state of the contract, in terms of work done and payments made to the end of March, together with a summary of the obligations on the various parties and of the possible options for continuing with the project, under amended or wholly new arrangements, and with the consent and agreement of the Bank and of Heart of Midlothian.

It was noted that the University's principal concerns, in the period during which the contract remained in stasis related to progress of the programme and the time-critical issue of work on the playing surfaces, rather than the contractual arrangements eventually agreed for the completion of the project. The continuing commitment of Hearts to the project was confirmed by Mr Robinson. The options would be examined in consultation with the receiver, and further information would be made available as soon as possible.

97 STRATEGIC PLAN (Agenda Paper B)

The Court had received a brief paper outlining changes in the context for the development and submission to SHEFC of strategic planning documents, which would in future permit institutions to review, revise and re-present their plans with a timing, frequency and form of their own choosing. For the current year however, the University expected to update its strategic planning documents in the present year. To this end the Court received presentations on current developmental themes of strategic importance, namely

- a) Overview of the strategic environment and process
 - b) Teaching & Learning strategy development
 - c) Research strategy update and Science Research Investment Fund plan
 - d) Budget Development for 2003-4
- a) In his overview, the Principal alluded to the iterative processes implicit in the Planning Rounds, and the budgeting input from the Schools; to the external factors shaping the University's environment which gave rise to uncertainty and potential risk; and to the themes approved at the recent Opportunities Day undertaken by senior management, including the continuing positive relevance of the University's explicit mission statement, and a SWOT/Risk Analysis of the University's position.
 - b) Professor Craik outlined the actions of the Learning & Teaching Board in conducting a review of the relation between Schools' plans and the overall University strategy, and in developing a shared vision and in setting priorities to achieve the vision. These priorities related to growth, the enhancement of learning and teaching, student and institutional issues. On a longer time horizon, the Board would promote greater awareness of external influences such as demographic trends, and integration with other strands of strategy, such as equal opportunities policy.
 - c) Professor Hall outlined specific measures envisaged to deliver the University's research strategy, which itself was influenced by the University's exploitation of funding streams emanating from SHEFC and the research councils, and, for individual projects, from external agencies. These measures related to the recruitment, development and retention of high quality staff; the creation of research centres/institutes; the attraction of increased research income through integration of research with the Planning Round process, and the growth of PhD student numbers. The strategy would be refined and adapted under the influence of acknowledged external risks to its delivery.
 - d) Professor Walker outlined the process undertaken in developing the budget for 2003-04, and provided a summary, both of trends over the past two years in the University's progress towards eliminating its spending deficit, and of phased capital expenditure. On this basis the income and expenditure budget for 2003-04 aimed at a £200k surplus. It would however remain necessary to grow income ahead of incurring additional costs.

The following were among points noted in consideration of the issues raised in the presentations:

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- established demographic trends posed challenges for the achievement of growth in student numbers whether by market share increase or by a concentration on niche activity and quality of provision
- recruitment and expansion must be approached on the widest possible front with an emphasis on overseas sources. The quality and numbers of 'home' students might be maintained by recruitment from the European community. Research student numbers also still needed to grow.
- the University had undertaken new initiatives in defence of its quota of funded places, in areas such as IT and Sports Science
- the increasing contribution of open and distributed learning to the overall pattern of the University's activity was encouraging, and fitted well with the Scottish Executive's policy on lifelong learning and the UK-wide debate in this area. Collaboration would be increasingly important to the University's contribution to the debate and to practical implementation of outcomes
- Continuing Professional Development also figured in the Executive's plans, and offered the possibility of growth in income without proportionate growth in costs. There would need to be an examination of the reward strategy and value placed on training to avoid conflict arising from increased pressure on staff and possible prejudice to research activity. The University would play to its strengths in this area, developing CPD activity and partnerships in the area of business-related education which reflected the research profile. The potential already evident in mixed mode study, and in MSc spin-off courses from research foundations, would be exploited.
- the University should seek active collaboration with its economic and environmental context, already seen in the linkage with the community made by the Health Service and the Centre for Sport & Exercise. A further dimension to this engagement might be furnished by interaction with the local areas of economic development such as the Airport, Edinburgh Park, the new headquarters of the Royal Bank of Scotland, and the new tenants on the Research Park. Such partnerships were being developed but depended on a shared vision between the University and the organisations concerned.
- there was a recognition of the extent of management energy required for the successful prosecution of a programme of fundraising, which could be instrumental in reducing the University's indebtedness and thereby its outgoings in terms of servicing the debt. While a great proportion of the debt was on fixed long-term rate, there was some scope for targeting a reduction.
- the capital programme which the University could undertake would depend on the operating surpluses in the next few years, which appeared on the projected figures to be very modest
- it was recognised that it would be very challenging to improve the University's standing in relation to research, given the factors likely to attend the next assessment exercise. There would be greater concentration of resources and more detail in the grading profile, together with changes in the definition of units of assessment towards evaluation on an individual and small unit basis. In addition the protection of funding for research activity graded 4 might be prejudiced by wider UK policies based on American patterns not appropriate to the Scottish context.

It was noted that any further contributions or observations by members should be conveyed to the Director of Planning.

98 Communications from the Chairman of Court

98.1 SENATE REVIEW GROUP

The Chairman had attended one of the Group's meetings, which had considered the relationship between the Senate and the Court. Certain changes and improvements in communication between the two bodies were likely to emerge (cf Minute 100.2 below).

98.2 FASHION SHOW

The Chairman referred to the fashion show staged by the students of the School of Textiles and Design in Galashiels, which had provided clear evidence of a very positive and dynamic area of activity.

99 Communications from the Principal and the Planning & Management Executive (Agenda Paper C)

The Court received and noted information and briefing on the following areas:

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- CAREER DEVELOPMENT AND PERFORMANCE REVIEW POLICY

The Human Resources section would be leading a pilot exercise on implementation of this policy throughout June and July

- STRATEGY OPPORTUNITIES DAY

A review of the University's strategic directions had been undertaken by management, and would be reflected in further discussions within Schools, Boards and PME.

- LEARNING AND TEACHING

Four Strategy Development Groups had been established by the Learning & Teaching Board treating the areas of

- a) how to achieve growth
- b) enhancement of Learning & Teaching
- c) student support
- d) institutional issues

and to contribute to the next version of the learning and teaching strategy which was to be submitted to the Senate and the Court in June.

- RESEARCH

PME had approved the establishment of a commercialisation policy group. The value of proposals (£26.06m) and awards (£9.95m) in relation to research grants and contracts for the period to 31 March 2003 was noted.

- RISK MANAGEMENT

PME had agreed to establish a working group to develop further the University's Risk Management Strategy.

- HERIOT-WATT UNIVERSITY'S SHOWCASE AT THE GYLE

The University had secured a shop front window in the Gyle Shopping Centre to be used to show-case work by students in the School of Textiles and Design.

100 Communications from the Senate (Agenda Paper D)

The Court noted the following matters.

100.1 GUIDELINES FOR PROBATIONERS

The Senate had noted that guidelines were in preparation and would be approved in their final form by the Court.

100.2 SENATE REVIEW WORKING GROUP – PROGRESS REPORT

Proposals from the Group would be made to a special meeting of the Senate on 11 June, and a final recommendation would be presented for approval at the meeting of the Senate on 18 June (cf also Minute 98.1 above).

100.3 THE UNIVERSITY'S LEARNING AND TEACHING STRATEGY

Professor R J M Craik had made a presentation to the Senate on the University's proposed Learning & Teaching Strategy (cf Minute 99 above).

101 Audit Committee – Report (Agenda Paper E)

The Court noted information on the following topics.

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101.1 DISASTER RECOVERY PLAN

An institutional Business Recovery Plan was under development for completion by October 2003 to complement documentation on Emergency Procedures and on Disaster Recovery.

101.2 RISK MANAGEMENT

The Committee had considered the outcome of two workshops on Risk Management which would contribute to the work of the Working Party on this topic (cf Minute 99 above). The issue of risk management would figure in future planning of Internal Audit work programmes.

101.3 INTERNAL AUDIT SERVICE – APPOINTMENT

The process of inviting tenders from professional firms for provision of the University's internal audit service had been set in train. A panel would give initial consideration to the issues and make a recommendation to the Committee.

101.4 FINANCE DEPARTMENT RESTRUCTURING – REPORT

The Committee had received a follow-up report on the outcome of the restructuring process in the finance office and the role of School Financial Controllers.

Progress was being made in developing the relationship between Controllers and Heads of Schools in their management teams. The new structure was developing well, affording improved visibility and increasing interaction. This integration should be encouraged in all Schools.

The Committee welcomed a proposal for a quarterly review procedure to be incorporated in the planning round procedure, whose operational focus should be on commercial and strategic issues.

101.5 INTERNAL AUDIT – ANNUAL REPORT

The Committee had received the annual report of Internal Audit for the year ending 31 January 2003, and noted that Management had taken cognisance of all recommendations arising from Internal Audit reports.

An ongoing Internal Audit plan to 31 July 2004 would be developed to ensure continuity over the initial period of the new audit contract.

101.6 FINANCE SYSTEM PROCUREMENT

The Committee had noted progress in selecting a supplier for the new finance system software, for which detailed design and configuration work was well advanced.

102 Finance Committee – Report (Agenda Paper F)

The Court noted information on the following topics, arising from a meeting of the Committee on 12 May 2003.

102.1 MANAGEMENT ACCOUNTS

The Committee had received management accounts to 31 March 2003 and had noted inter alia:

- overall surplus for the 8 months of £476k
- forecast outturn deficit of £290k
- operating surplus of £560k before exceptional restructuring costs
- an improvement of £606k in outturn forecast between February and March
- contributory factors to forecast net outturn
- increasing reliability in estimates of outturn

102.2 RESTRUCTURING REPORT – SCOTTISH BORDERS CAMPUS

The Committee had noted progress made in negotiations with staff on the voluntary severance package agreed by the trade unions (cf also Minute 104 below).

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102.3 ISSUES UNDER INVESTIGATION

The Committee had requested, for its next meeting, papers on 3 issues of major significance for the immediate future:

- cashflow and borrowing levels
- financial and contractual relationship between Edinburgh Business School and the University
- financial relations between Heriot-Watt and the Interactive University

103 Staffing Strategy Committee – Report (Agenda Paper G)

The Court noted information on the following matters.

103.1 FIXED TERM CONTRACTS

With reference to Ct 62.3/02-03, the procedure developed by the Director of Human Resources was being actively applied in the two Schools with the greatest number of fixed term appointments, and would be fully introduced as rapidly as possible.

103.2 PROBATIONARY CONDITIONS

New guidelines had been produced and had been widely canvassed. These would return for full approval by the Court (cf also Minute 100.1 above).

103.3 CONTINUING ISSUES

The Committee had noted information on the following topics:

- Race Equality Training
- Scottish Borders Campus Restructuring
- Staff Survey
- Appraisal and Performance Review
- Cooke Committee Report on Teaching Quality Enhancement

103.4 POLICIES ON PATERNITY LEAVE AND FLEXIBLE WORKING

The Committee had agreed to recommend to the Court for approval policies on the above topics as set out in Appendices A and B to Agenda Paper G.

The Court approved the policy documents.

104 SCOTTISH BORDERS CAMPUS –RESTRUCTURING (Agenda Paper H)

With reference to Ct 86/02-03 the Court received a report setting out the position finally achieved, and a statement of the financial implications of the results of negotiations with affected staff. It was noted that the cash projections for the next 18 months took these into account. PME had noted and accepted a recommendation that no compulsory redundancy procedure be instituted and that the exercise be regarded as completed shortly after the end of May 2003.

The Court endorsed the decision of PME, and confirmed that potential members of a redundancy committee be released from their obligations.

Appendix A

HERIOT-WATT UNIVERSITY WHOLLY OWNED SUBSIDIARY COMPANIES

Company	Reg No	Status	L
Edinburgh Business School	SC 173556	Active	Sir R Reid K G Lumsden G Kennedy A Roberts A Kitchin A C Walker J E L Simmons S G Kay J Fernie
Edinburgh Conference Centre Limited	SC 101320	Active	P L Wilson M S M Thornto S G Kay J E L Simmons R Fraser
Heriot-Watt Trading Limited	SC 132919	Active	P L Wilson C G Greig D Hall R Fraser
Heriot-Watt Properties Limited	SC 150131	Active	P L Wilson A C Walker R Fraser
Heriot-Watt Sports Village	SC 204327	Active	P L Wilson J E L Simmons R Fraser
SCOT Innovation & Development Limited	SC 085415	Dormant	P L Wilson R Fraser
The Scottish Director Centre Limited	SC 143869	Dormant	P L Wilson R Fraser
Interactive University Press Limited	SC 120831	Dormant	P L Wilson R Fraser
The Scottish College of Textiles Limited	SC 096763	Dormant	P L Wilson R Fraser

DELEGATION OF POWERS : FINANCE1/ **Expenditure authorisation limits for members of PME**

- | | | | |
|----|----------------|---|---|
| a. | Over £100,000 | - | PME and then to Finance Committee |
| b. | Up to £100,000 | - | Principal |
| c. | Up to £25,000 | - | Deputy Principal (Resources/Secretary
Director of Finance) |
| d. | Up to £1,000 | - | Vice-Principal
Deputy Principal (Research)
Deputy Principal (Learning & Teaching) |

2/ **Cheque Signatories**

Principal
Secretary
Director of Finance
Senior Financial Accountant
Senior Management Accountant

Cheques under £7,500 – any one of the above.

Cheques over £7,500 – any two of the above.

Ct7 – 30 June 2003

Court

In the Chair: Mr Gavin Gemmell

Present also: Principal John Archer

Professor Brian Austin
Mr Graeme Bissett
Mr David Brew
Mr Douglas Brown
Dr Doug Clark
Mr J Dignan
Mr David Guest
Mr Stefan Kay
Ms Janet Lowe

In attendance: Professor Andy Walker, Deputy Principal
Professor Gareth Owen, Assistant Principal (Borders)
Professor Brian Wherrett, Dean of the University
Mr Peter Wilson, Secretary of the University
Mr Robert Fraser, Director of Finance
Mr Peter Kerr, Director of Estate & Building Services
Mr Richard McGookin, Director of Planning
Mrs Mairi Thornton, Director of Corporate Affairs
Mr Alastair Hood, Assistant Secretary

Mr Paul Gregory, Director of Planning & Development, Scottish Borders Council

Mr Michael Breaks, Convener, Equal Opportunities Committee
Mr John Paterson, Commission for Racial Equality Scotland

Minutes

Date of Meeting: 30 June 2003

Dr Judith McClure
Ms Halla Mohieddeen
Professor John Simmons
Dr Ian Steel
Dr Roy Summers
Professor John Swaffield
Mr Tony Taylor
Professor Adrian Todd
Dr Stan Zachary

105 WELCOME

The Chairman welcomed to the meeting Mr M L Breaks and Mr J Paterson, present for item 108 below.

106 APOLOGIES

Apologies for absence were intimated from the Rt Hon The Lord Mackay of Clashfern, Professor Eilbeck, Dr Greig, Mr Jobson, The Hon Lord Johnston, Professor Jowitt, Mr McDowell, Mr Morrison, The Rt Hon Lord Penrose, Mr Robinson, Ms Savage, Councillor Scobbie and Professor Viney.

107 QUEENS BIRTHDAY HONOURS

The Chairman, on behalf of the Court, congratulated Dr McClure on her being created a Commander of the Order of the British Empire in the Queen's Birthday Honours.

The Court also noted with pleasure the conferral of Honours on other members and associates of the University as follows:

Professor G H O Palmer, School of Life Sciences – OBE
Professor R Beaty, Member of Convocation – OBE
Dr Elizabeth Blackadder, Honorary Graduate – DBE
Dr John Tusa, Honorary Graduate – Knighthood

108 RACE EQUALITY POLICY AND TRAINING

The Court received a presentation by Mr J Paterson on the obligations laid upon all public bodies, among which were included Universities, as institutions in receipt of public funds, by the provisions of the Race Relations (Amendment) Act 2000. The Court had received prior to the meeting copies of the University's Race Equality Policy document, and a guide on the duty to promote race equality, produced for further and higher education institutions by the Commission, together with performance guidelines. The material on which Mr Paterson based his presentation forms Appendix A hereto.

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The Court noted in particular:

- the new positive duty – termed the General Duty – to have due regard to the need to eliminate racial discrimination, promote equal opportunities and good race relations, and to be proactive to prevent discrimination
- the four specific duties for HE/FE institutions
 - prepare and publish a written Race Equality Policy Statement
 - assess the impact of the Policy
 - monitor admission and progress of students, and recruitment and career progress of staff
 - publish the results of the monitoring
- the role of the Commission and the Funding Council in supporting institutions in promoting good practice

In discussion the Court noted that the results of institutional action were to be interpreted in terms of individual circumstances, and notional targets would be a matter for Universities and colleges to take a view on in the future. They should concentrate initially on the validity of their processes rather than on outcomes. There would need to be a means of sharing best practice across the various sections of public and institutional activity. In response to the diversity of experience there would be an incentive to incorporate all equality matters into policy documents, and it was noted that public policy was moving towards the creation of a single authority to deal with the generality of these issues.

109 MINUTES

The Minutes of the meeting of the Court held on 26 May 2003 were approved.

110 SPORTS ACADEMY

With reference to Ct96/02-03 the Court received a report on progress to date in negotiations with the receiver appointed to deal with the affairs of Melville Dundas, and on actions taken by the Estate Office to minimise delay on the contract. These matters are set out in Appendix B hereto, including a summary estimate of the total anticipated cost of the works. It was noted that the University's prime concern remained the timing on the programme both in terms of the availability of the facilities for the Sports Science courses and of the condition and progress of the playing surfaces in relation to the planting season.

111 INTERNAL AUDIT SERVICE – APPOINTMENT

With reference to Ct101/02-03 it was noted that interviews with interested organisations would be held on 9 July 2003.

112 Communications from Principal and Planning & Management Executive (Agenda Paper A)

The Court received information and briefing from the Principal on the following areas:

STUDENT NUMBERS

PME had recently noted assumptions regarding student numbers underlying the 2003/04 budget, and a risk appraisal based on current recruitment activity. Assumptions included modest growth in undergraduate student numbers, both home and overseas, a more marked increase in overseas taught postgraduate numbers and a significant increase in off-campus students.

STRATEGY OPPORTUNITIES DAY

A further event on similar lines to that reported to the Court in May was to be held in early July.

KEY PERFORMANCE INDICATORS

It had been agreed that the three main University Boards should take forward development of KPIs for the University, and should submit initial proposals by October 2003. Court members expressed a desire that these measures be clearly tied to strategic plan indications, and noted with approval that the deadline of February envisaged for finalisation of the indicators would permit co-ordination with the planning cycle.

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SRIF2 INVESTMENT PROGRAMME

The university had recently submitted to SHEFC proposals for investment under the second round of Science Research Infrastructure Funding which would be available from 2003-2006. Confirmation of funding plans was expected from SHEFC in mid-July.

HERIOT-WATT UNIVERSITY ENERGY ACADEMY

PME had endorsed in principle a proposal for a strategic focus, under the above working title, for the University's activities in energy and related areas, to be developed by a working group in consultation with the appropriate University Boards.

ICIT ORKNEY

A detailed review by a working group led by the Vice-Principal of activities at Orkney was underway and would be influenced by the academic implications of the University's strategic priorities, particularly in the field of energy. A decision was also awaited from Orkney Health Board on proposals for the future provision of hyperbaric facilities.

SPORTS ACADEMY

PME had closely monitored the progress of events set out in Appendix B hereto.

STAFF SURVEY REPORT

A report on the SHEFC-funded employee attitude survey conducted in February-March 2003 was to be considered initially by PME, and a working group established to plan follow-up actions. It was noted that there had been a good participation rate and that the conclusions would be widely publicised. Members of Court would be particularly interested in any evident trends in opinion arising from the exercise.

PROMOTIONS TO READER

On the recommendation of the PME, the Court approved the undernoted promotions to Reader with effect from 1 August 2003:

Dr A Beard	School of the Built Environment
Dr P Jenkins	School of the Built Environment
Dr I Currie	School of Mathematical & Computer Sciences

The recommendation had been approved by the Principal & Deans Committee acting on behalf of Senate.

113 Communications from the Senate (Agenda Paper B)

The Court approved the following proposals by the Senate:

113.1 REVISION TO ORDINANCE 4

Paragraph 4 of Ordinance 4 revised in relation to exemption and accreditation of prior learning.

113.2 REVISION TO ORDINANCE 25

Additional paragraph 7.1 relating to the conferral of title of Honorary Fellow.

113.3 PROCEDURE FOR ELECTION OF DEANS

With reference to Ct31.3/02-03, which envisaged the appointment of Deans of the University on the basis of election involving all of the academic community, procedure as set out in Agenda paper B, and to be embodied in Ordinance 12.

113.4 REVIEW OF THE SENATE

Recommendations on the role, composition and content of the business of the Senate, together with the following detailed provisions for their implementation in academic year 2003-04.

A committee of the Senate should be established in terms of Statute XIII. This Committee would have the full delegated authority of the Senate and its terms of reference and membership would be approved in terms of Regulation 17. The membership proposed by the Working Group would be applied and a process of election would be introduced in terms of the aforementioned Regulation. It was noted that the Senate would retain sovereignty and that in terms of Regulation 17, the proposed committee would be required to report to the

Ct7 – 30 June 2003

Senate at least once per year. It was proposed that in June 2004, the committee would report on its operation, making a recommendation for a modification to Statute XIII if deemed to be operating successfully.

It was noted that the membership of the Senate for 2003-04 had been determined by election and that this membership would be retained throughout 2003-04. It was noted further that the membership of the committees of the Senate would remain the same for 2003-04 (except where vacancies had occurred) and that these committees would report to the new committee.

It was agreed that this arrangement would allow the functioning of the committee to be evaluated prior to seeking the approval of The Privy Council to modify the composition of the Senate in terms of Statute XIII.

In approving these measures the Court noted the wish of the University to recognise the influence of changes, both within the University and in external circumstances, and to achieve greater representative relevance in the composition of Senate, and clarity of communication between the Senate and the Court.

The Court noted the following matters communicated by the Senate:

113.5 ELECTION OF MEMBERS FROM THE SENATE TO THE COURT

In terms of Ordinance 14 governing the election to Court of members of the Senate, the following members of the Senate had been duly elected for a period of three years from 1 August 2003:

Professor R J M Craik
Professor J Howie

113.6 HONORARY APPOINTMENTS

In terms of Ordinance 23, the Principal and Deans Committee had approved the following Honorary Appointments:

<u>Name</u>	<u>School</u>	<u>Appointment</u>	<u>Period of Appointment</u>
Professor V Z Enolskii	Mathematical and Computer Sciences	Honorary Professor	Reappointed for three years from 1 August 2003
Dr J E Hesselgreaves	Engineering and Physical Sciences	Honorary Research Fellow	Reappointed for three years from 1 August 2003
Dr S McCulloch	Engineering and Physical Sciences	Honorary Research Fellow	Three years from 1 August 2003
Dr I Russell	Life Sciences	Honorary Professor	Three years from 1 August 2003
Professor A G Rutherford	Life Sciences	Honorary Professor	Reappointed for one year from 1 August 2003
Dr R R Mather	Engineering and Physical Sciences	Honorary Senior Lecturer	Three years from 1 August 2003

114 Finance Committee – Report (Agenda Paper C)

The Court noted information on the following topics arising from a meeting of the Committee on 16 June 2003.

114.1 SYSTEM PROCUREMENT

The Committee had received a presentation on the progress and methodology of the procurement process for the replacement of the financial system. The project was on target for live implementation on 5 January 2004, and was within the budget of £900k over 2 years set by PME. The new system represented a key component

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in the evolution of the University's IS/IT strategy, and the IS/IT Steering Group would have a continuing supervisory role.

114.2 BUDGET PREPARATION PROGRESS REVIEW

The Committee had received a report from the External Auditor on a review of the process undertaken relating to the preparation of the University's budget for 2003-04, and had noted summary conclusions as follows:

- a reasonable budget preparation process had been undertaken involving budget holders at school/administrative department levels leading to an accurate consolidated budget based on school and departmental returns
- although sensitivity analysis had not been undertaken, key risks had been closely identified
- the budgets did not contain formal contingencies but had been prepared on a generally cautious basis

The Committee had also noted a number of procedural recommendations for future years.

114.3 MANAGEMENT ACCOUNTS

The Committee had noted management accounts to 30 April 2003 and had noted

- an overall surplus for the 9 months of £1091K which was better than budget by £2116K, an improvement on the March figure (£1863K) of £253K.
- a forecast outturn deficit of £348K reflecting the impact of exceptional restructuring costs on the forecast operating surplus of £402K. This figure had been achieved despite some £1534K of unbudgeted expenditure
- a continuing and encouraging underlying improvement, founded on the achievements of all sectors of the University
- that assumptions underlying the cash flow position had been examined and corrected

114.4 SHEFC MONITORING REPORT

The Committee had noted the terms of the report on the third quarter to 30 April 2003 submitted to SHEFC.

114.5 EDINBURGH BUSINESS SCHOOL

The Committee had noted a document setting out the financial and contractual relationship between the University and EBS, to permit an assessment of risk to be made. The implications of this paper had been taken into account in the Committee's discussion of the budget and borrowing requirements.

114.6 INTERACTIVE UNIVERSITY

The Committee had noted an interim statement prepared by the Deputy Principal (Resources) setting out the current state of financial arrangements, obligations and relationship between the Interactive University and the University.

The Committee had noted the importance of determining the outstanding issues, and of stabilising the limits and proportions to apply to income flow as between the parties.

114.7 STRATEGIC PLAN AND BUDGET

The Committee had:

- noted a draft annual Strategic Plan return for submission to SHEFC, indicating a projected surplus in 2003-4 of £212k, together with targets for subsequent years of £800k and £1.3m.
- noted that areas of risk related to overseas student numbers, and continuing uncertainty regarding the likely commercial performance of Catering & Residences.
- noted a detailed monthly cash flow for the period to 2005-6.
- discussed the relationship between the expected cash flow requirements and the levels of borrowing facilities currently in place.

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- noted that no discretionary capital spend other than wholly externally funded projects would be authorised until income sources, particularly student numbers and fee income, had been confirmed.
- discussed the financial relationship between EBS and the University.
- agreed, in the light of expected patterns of demand on the University's cash resources, that the Finance Office, in consultation with Mr Bissett and Mr Gemmell, investigate the implications of seeking a further overdraft facility of £3m, capable of extension to £6m, in the expectation that the group should be able to meet its obligations within current borrowing limits. The maintenance of such a further facility would be reviewed by the Finance Committee on a regular basis.

114.8 SCHOOL OF MATHEMATICAL & COMPUTER SCIENCES

The Committee had noted a proposal for the construction of an extension to the Earl Mountbatten Building to house the School, at an overall cost of £3.3m of which general University funds of £850k had been identified in the draft budget for 2003-4. The Committee had approved the proposal and had agreed to recommend it to the Court.

The Court approved the recommendation.

115 Staffing Strategy Committee – Report

114.9 PROBATIONARY CONDITIONS

With reference to Court 103.2/02-03, the Court approved the Probationary Conditions set out in the Appendix to Agenda Paper D.

115 STRATEGIC PLANNING DOCUMENTS – 2003

The Court received, as Agenda Paper E, Strategic Planning documentation due for submission to SHEFC within the next ten days, and comprising

- i an analysis of the University's profile and interaction with its environment in education and policy terms, touching on the market for student entrants and growth in external programmes; research competitiveness; the outcomes to date of restructuring and of the Scottish Borders Campus review; and new influences in the policy environment driven by Scottish Executive and UK national issues.
- ii the updated Strategic Plan, set in an analytic framework
- iii financial forecasts and budget presented in the template required by SHEFC

It was noted that the main development from the previous year's submission was the more detailed elaboration of the Learning & Teaching Strategy; together with the treatment accorded to the discussion of risk, and the pattern of research resources. The emphasis also reflected the requirement for reporting on equal opportunities, access, enhancement of Learning and Teaching, and research and knowledge transfer imposed by SHEFC in the recently introduced 'New Condition of Grant.'

The Court noted the emphasis throughout the documentation on a continuum of development based on the University's core strengths and retaining flexibility to promote progress into areas of perceived advantage.

Observations by members on the documents included reference to

- the desirability of the University's continuing to derive maximum advantage from its physical environment and its inter-relation with local business and social communities
- advances in monitoring progress in relation to previous year or against targets, a topic which was being addressed in the development of key performance indicators to be introduced into the next cycle of revision. Whereas the emphasis in recent planning cycles had been on financial performance, comparators and readily identified reference points were being progressively introduced in all areas
- a welcome for the systematic treatment of teaching and learning issues and the support accorded to staff development. These aspects were exemplified in such measures as prizes for excellence in teaching, promotion among staff of membership of the Institute of Learning and Teaching in Higher Education, and the support offered to probationary staff

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The Court noted with pleasure that agreement had been reached with Borders College on the co-location of Higher and Further Education provision on the Borders Campus.

The Principal expressed warm appreciation to the Director of Planning, Mr McGookin, for his work on the drafting and subsequent refining of the documentation.

The Court approved the Financial Forecasts and the accompanying Planning statements for submission to SHEFC.

116 STUDENT APPEAL TO COURT

The Moderator for Appeals, Mr D H Guest, had considered an appeal to the Court by a candidate for the degree of PhD against the recommendation of the examiners that he be awarded the degree of Master of Philosophy.

The student had appealed to the Senate, and the issues had been considered by an ad hoc Committee of the Senate.

In the light of all the evidence and the thoroughness of the prior enquiries, the Moderator had concluded that there was no prima facie case for further consideration of the appeal and had informed the student that the appeal had been refused.

The Court noted the outcome of the investigation.

117 RETIRAL OF MEMBERS OF COURT

The following would have demitted office as members of Court before the next scheduled meeting in September 2003. Details of their current periods of office were as follows:

Professor A C Todd	Served from 1 August 2000 to 31 July 2003 as a member elected from the Senate
Professor C Viney	Served from 1 August 2000 to 31 July 2003 as a member elected from the Senate
Mr D A M Brown	Served from 1 August 2000 to 31 July 2003 as a member elected from the full time staff other than academic or related
Ms H Mohieddeen	Served from 1 August 2002 to 31 July 2003 ex officio as President of the Heriot-Watt University Students Association
Mr S McDowell	Served from October 2002 to 31 July 2003 as a member appointed by the Council of the Students Association
Mr A J Morrison	Served from 1 August 2000 to 31 July 2003 as a member appointed by the Graduates Association
Mr C Robinson	Served from July 2000 to 30 June 2003 ex officio as Honorary President of the Heriot-Watt University Students Association
Dr C G Greig	Served from 1 August 1993 to December 1997 as a member of the Finance Committee. Served from December 1997 to 31 July 2003 as a member of the Court co-opted by the Court, and as Convener of the Finance Committee
The Hon Lord Penrose	Served from 1 August 1997 to 31 July 2003 as a member of the Court co-opted by the Court
Dr R Summers	Served from 1 August 1997 to 31 July 2003 as a member of the Court co-opted by the Court, and from 1 August 1999 as Convener of the Audit Committee

The Chairman, on behalf of the Court and the University, thanked those members retiring from the Court for their several contributions to the work of the Court, and made particular reference to the positive role of the members of the Students Association.

118 RELATIONSHIP WITH EDINBURGH COLLEGE OF ART

In response to a question, it was reported that the past year had seen the integration of staff from the School of Planning and Housing of the College into the University's School of the Built Environment, to the mutual advantage of the School and of the staff concerned. The relationship between the University and the College, now designated by SHEFC as a Small Specialised Institution, would continue on the recently instituted basis of validation of courses by the University. Any fundamental change to this arrangement would require a three year period of notice between the two institutions.