

COURT

Minutes

In the Chair: Lord Penrose Date of Meeting: 29 September 2008

Present also: Principal Professor Anton Muscatelli Dr Alan Parsley
Mr Graeme Bissett Mr Ray Perman
Ms Ruth Bush Ms Jane Queenan
Professor Dugald Duncan Dr John Sawkins
Mr Malcolm Durie Dr Gillian Thomson
Mr Neil Fraser Professor Adrian Todd
Dr Judith McClure Mr Ed Weeple
Councillor Tim McKay Mr Ewan Wood
Dr Robbie Mochrie Dr David Woods

In attendance: Professor Patrick Corbett, Head, Institute of Petroleum Engineering
Professor Bob Craik, Deputy Principal (Learning & Teaching)
Professor Gavin Gibson, Deputy Principal (Research & Knowledge Transfer)
Professor Doug Greenhalgh, Head, School of Engineering & Physical Sciences
Professor Phillip John, Dean of Science and Engineering
Professor Julian Jones, Deputy Principal (Strategy & Resources)
Mr Richard McGookin, Director of Planning
Mr Phil McNaull, Director of Finance & IS/IT
Professor Bob Reuben, Convener OH&SC, for item 99
Mr Craig Pender, Head of Health & Safety, for item 99
Dr Victor De Lima, University Physician, for item 100

84 APOLOGIES

Apologies were received from: Baroness Susan Greenfield, Mr James Maguire, Mr Andrew Muirhead, Ms Yvonne Savage and Professor Andy Walker.

85 MINUTES OF THE PREVIOUS MEETING

Approved the minutes of the meeting of Court held on 23 June 2008.

86 MATTERS ARISING

There were no matters arising.

87 WELCOME TO NEW MEMBERS

The Chairman welcomed the following new members attending their first meeting of the Court:

- Professor Dugald Duncan, School of Mathematical & Computer Sciences;
- Ruth Bush, President of the Heriot-Watt University Students' Association;
- Ewan Wood, Secretary, Executive Committee of Heriot-Watt University Students' Association.

88 COMMUNICATIONS FROM THE PRINCIPAL AND THE PLANNING & MANAGEMENT EXECUTIVE (Paper A)

Received and noted a report from the Principal and the Planning & Management Executive on a range of news topics of current interest and involvement of the University. In addition, the Principal relayed the following additional items of news:

Joint Future Thinking Task Force on Universities (JFTTFU)

There had been a meeting of the Task Force in the previous week. In the early part of the summer a stakeholder event had been held at Glasgow Caledonian University. Comments from this well attended, multi-representational meeting had been fed back to the Task Force membership.

A tri-partite framework including University representation, the Scottish Funding Council (SFC) and Government had been mapped out and the terms of reference and operational aspects of the planned

framework were under development. Within this framework two main funding streams were envisaged:- a general fund to support "core" activities; and an incentive focused "horizon" fund, aligned to strategic Government-led priorities.

In response to a comment from the Court membership, the Principal confirmed that there was no expectation of the Task Force HEI representatives of any increase in central funding ahead of the next Spending Review. HEI representative contributions to the debate had focused on what the sector could contribute nationally in the future and the future funding that would be needed to support this contribution and maintain a competitive position.

Student numbers update:

The Principal provided a current update on student numbers following the main registration event. The report included the previously confirmed student population in 2007/08:

- ~ 6,700 student FTEs at Scottish campuses (incl UK/EU/OS/ft/pt);
- ~ 400 student FTEs at the Dubai Campus;
- ~ 3,000 distance and distributed learning (DDL) FTEs (including Edinburgh Business School);
- Totalling to a full headcount population of ~ 19,000 students

(reserved business)

89 STRATEGY REVIEW UPDATE

Received an update presentation by the Deputy Principal (Strategy & Resources) on the Strategy Review process, a copy of which is appended to the minutes of the meeting. The Deputy Principal provided a reminder of activities and progress over the past year, key planning assumptions and next steps.

Key issues highlighted included a shortfall against planned research income in 2008/09 of £0.5m which, combined with the net effect of the predicted shortfall in student numbers, would leave a £1.25m gap between actual and budgeted income. The Deputy Principal emphasised the imperative to invest in areas of potential growth through transfer of resources from areas in which the University has no realistic expectation of growth: the forthcoming autumn planning round meetings would be pivotal in terms of these investment/disinvestment decisions and planning to ensure that the current year budget is met. Highlighted critical issues included making high quality academic 'Topical Theme' appointments, reshaping Professional Support Services and adherence to the Financial Plan. The Deputy Principal reminded members of Court of the December (17th) date for release of the results of the RAE 2008.

Court received a supporting financial planning update from the Director of Finance & IS/IT, a copy of which is appended to the minutes of the meeting. This highlighted: the scale of the investment required to support the Strategy; the challenge in securing the significant savings necessary - projected at £4m in the year; and the need to further raise awareness amongst the staff of the University of the scale of the challenge and the need for radical change in the short term.

Comments and observations in discussion highlighted:

- the intention of the University to achieve redundancies on a voluntary basis. However, the option had always been open to move to compulsory redundancies should the required level of savings not be found through voluntary means. Redundancies would be accepted only in targeted areas of the business;
- the contribution to growth in student numbers by Study Group. The target plan was for 50 students in the first year over three intake points and Study Group were expected to achieve close to target;
- data on 2008/09 student admissions had heightened visibility of areas of failing recovery and hard decisions on those loss-making areas of the business would need to be taken within the next few months. The main focus would be on Postgraduate Taught Courses and on some areas of research activity. No major change to undergraduate provision was envisaged, including any withdrawal from a whole programme area;
- it was too early to judge progress against targets in respect of DDL provision which provided for multi points of entry throughout the year.

Court reaffirmed its support for the strategic direction of the University and the moves planned by University management to implement the Strategy without dilution, including the cost-cutting necessary to free up essential investment funds.

90 COMMUNICATIONS FROM THE SENATE (Paper B)

Received a report from the Senate Business Committee.

Approved a recommendation, in terms of Ordinance 39: Procedures for Disciplinary Tribunal, that the following be appointed as members of the academic or academic-related staff nominated by the Senate to Disciplinary Tribunals:

- Professor D Duncan, School of Mathematical and Computer Sciences
- Dr M Lawson, School of Mathematical and Computer Sciences

Approved a recommendation, in terms of Ordinance 16: Appointment of Academic Staff, that Dr P Green, School of Life Sciences, be promoted to Professor with effect from 1 August 2006.

91 REPORT FROM THE EMERGENCY COMMITTEE OF COURT (Paper C)

Received and noted items of business dealt with by the Committee on behalf of the Court in August 2008, namely:

- confirmation of a Special Resolution in respect of Ordinance 26: Heads of Departments;
- approval of a recommendation from the Senate Business Committee for the promotion to Professor of Dr B S Richards, School of Engineering & Physical Sciences.

92 REPORT FROM THE AUDIT COMMITTEE (Paper D)

Received and noted a report from the Audit Committee relating to its meeting held on 26 August 2008.

The Secretary of the University highlighted Item 2 of the report on Risk Management which confirmed that new members of Court were being sought to serve on the Risk Management Strategy Group. Court members were invited to direct any expressions of interest to the Secretary of the University.

93 REPORT FROM THE ESTATE STRATEGY COMMITTEE (Paper E), ANNUAL REPORT OF THE ESTATE OFFICE AND ESTATES STRATEGY

Received and noted a report from the Estate Strategy Committee relating to its meeting held on 16 September 2008.

Received and noted the Annual Report of the Estate Office for 2007/08. The Convener of the Committee highlighted:

- reported performance measures - 'Performance Indicators', many of which were favourable for Heriot-Watt compared to the peer group average;
- significant support of the Office in development of the Estate Strategy and work planned in the coming year to assist with development of an implementation plan;
- the impact of condition and compliance work and new compliance legislation which continued to add to the workload of the Estate Office.

Comments and observations made in the course of discussion highlighted the delay in completion of the Postgraduate Centre. Penalty clauses in the contract had been agreed by the University on the basis of a balance of risk of potential delay in completion of the project v. risk to initial acceptance of the contract by a suitable contractor. The penalties were therefore not severe.

94 ESTATE STRATEGY

Received and approved an Estate Strategy presented by the Estate Strategy Committee. This was considered in the context of the update on the wider Strategy by the Deputy Principal (Strategy & Resources) and the Report of the Finance Committee. Noted that the document had been prepared by Drivers Jonas on behalf of and with the support of the University and the Estate Strategy Committee.

The attention of Court was drawn to:

- the Strategic Estates Options and Appraisal setting out a range of strategic options considered for the optimum solution for the University's estate. Court endorsed selection of Option 2, 'to develop the

- estate in accordance with the existing Capital Plan’;
- prioritisation of projects within the Estates Strategy in which New Residences at the Edinburgh Campus and SBC, compliance and maintenance works and a space management project had been assessed as immediate priorities;
- building options for the Hugh Nisbet Building;
- the substantial amount of information on residences costs and the market that the University had been able to draw on in respect of the residences proposals. The project had also been considered independently;
- the residences project would not proceed on the basis of plans involving any cross-subsidisation. The rental charged for the residences was expected to pay for the buildings over their lifetime and contribute to the University’s bottom line. The University would proceed with the residences project on the basis that its income would be ring-fenced and that all operating and financing costs would be covered from this income stream;
- building costs were presented as rough estimates as, until there was approval to proceed further with project plans, it would not be wise to invest the finance required to develop more detailed costings: in due course, however, the Court would be presented with properly detailed and costed business cases for further consideration and approval.

Court confirmed its support for the overall direction of the Strategy and agreed that work should proceed further to progress the capital project planning and development of the business case in respect of the residences project, noting the dependence of the project on the University’s ability to realise planned increases in revenue subject to further review of the risks which would be assessed by Finance and Estate Strategy Committees and Court at their meetings in November and December with further mapped and mile-stoned stage-gates put in place as the procurement process moves towards a final commitment. Conditions included: high quality project management; thorough and realistic capital cost estimations including detailed assessment of loan costs and assessment of other costs, in particular, loss of current rental income; effective procurement methodology; and robust risk management of the project. (Noted also M95 below).

Approved development of a procurement plan in respect of the prioritised list of other projects presented on page 68 acknowledging that progress with project planning and procurement will be through a stage-gated process of review and approval of business cases over a managed timetable and by following the University’s project management methodology.

Court agreed that:

- the recommended review of the existing structure, roles and responsibilities of Estate and Building Services, as detailed on page 10 of the strategy document, be undertaken;
- the University should consider options for updating the Asset Valuation and Fire Insurance Valuation in light of the recommendations set out within the Estates Strategy;
- the University should proceed to the procurement phase in respect of an Estate Management System.

95 REPORT FROM THE FINANCE COMMITTEE (Paper F)

Received a report from the Finance Committee relating to its meeting held on 8 September 2008, presented with supplementary papers. The main items reported within the report of the Committee were an update on the Committee’s consideration of activities associated with the Strategic Plan and the integrated cash and capital plan in respect of plans to replace student residences at the Edinburgh and Galashiels campuses. These items were considered in detail under items M89 and M94 above.

The Committee, at its next meeting in November, would consider current year operational projections, in particular those relating to the required cost reductions and strategy implementation, to maintain a clear view of actual and prospective income, expenditure and cashflows.

Overview Strategic Plan paper

Approved in principle the Integrated Cash/Capital Plan and the consequent increases in borrowing levels to a peak of around £71m by 2012/13 that the University’s capital plan would require, conditional on:

- the University’s normal rigorous review of individual business cases and project plans that would be required by PME for each major capital project reflected in the 10 year plan;
- the operating performance of the University’s business and in particular its cash generation, being sufficient to generate the operating cash flow assumed in the detailed 5-year plan;
- the use of effective programme and project planning for all major projects.

Residences Progress update paper

Approved. Discussed under M94 above. Court noted the acceptance of the residences proposal and the conditions on this as detailed in the Report of the Committee's meeting in September 2008.

Management Accounts Executive Summary paper

Noted.

International Swap Dealers Association, Inc (ISDA) Master Agreement paper

Approved an ISDA Master Agreement dated 7 August 2008 between Lloyds TSB Scotland plc and Heriot-Watt University.

Through the Chair, the Finance Committee reported that the University had been offered by its bankers Lloyds TSB Scotland plc (the "Bank"), the opportunity to formalise its swap arrangements as detailed in the ISDA Master Agreement dated 7 August 2008 (the "agreement"), a copy of which was presented to the meeting.

The University Court considered carefully the terms of the agreement and were unanimously of the opinion that it would be in the commercial interest and to the benefit of the University to enter into the agreement.

It was unanimously resolved that:

1. it was to the commercial benefit and advantage and in the best interests of the University to accept the terms of the agreement;
2. the form of the agreement now produced to the meeting is hereby approved, subject to any amendments detailed below; and,
3. The Right Honourable Lord Penrose and Mr Peter Wilson being Chairman of the Governing Body, the University Court, and the Secretary of the University respectively are hereby authorised to sign and deliver the agreement on behalf of the University incorporating such amendments to the form of the agreement produced to the meeting as may in the absolute discretion of such officers be agreed by them, their signatures being conclusive evidence of their agreement to such amendments.

Noted that up until June 2007 the agreement had been covered by the main 'transactional banking agreement' between Lloyds TSB Scotland plc and Heriot-Watt University. Since the University had changed the provider of the majority of its banking services to Barclays Bank plc it had been concluded in discussions between Lloyds TSB and the University that this arrangement should be formalised in a separate ISDA Master Agreement.

Edinburgh Business School paper

Noted completion of the purchase of Panmure House by Edinburgh Business School and plans for refurbishment of the building.

REPORT FROM THE NOMINATING & REVIEW COMMITTEE (Paper G)

Received a report from the Nominating & Review Committee relating to its meeting held on 22 August 2008.

Noted items confirmed as completed, in hand, or to be the subject of a recommendation to the Court at a later date.

Approved:

Court:

- a request that the membership of Mr Andrew Muirhead be held in abeyance until August 2010;
- a recommendation that Dr Judith McClure be invited to sit in attendance at meetings of Court from March 2009 until March 2010 – the period throughout which Dr McClure must stand down from the membership following completion of 6 years' service, and before she becomes once more eligible to be selected to the membership.

Staffing Strategy Committee:

- a recommendation that Dr Judith McClure be formally approved as Convener of the Staffing Strategy Committee from September 2008 until March 2010;

Estate Strategy Committee:

- a recommendation that Mrs Jane Queenan be appointed to the membership of the Committee until 31 July 2011;

Court Emergency Committee:

- a recommendation that Mr Ed Weeple be appointed to the membership of the Committee until 31 July 2010;

Ordinances & Regulations Committee:

- a recommendation that Dr J J Raemaekers be formally approved as Convener of the Committee until 31 July 2011;
- a recommendation that Professor Brian Wherrett be appointed, as the third Court appointee to the Committee, until 31 July 2011.

General Convocation:

- proposals for the appointment of members to vacancies in those categories of membership of the General Convocation to which the Court is entitled to appoint.

The Secretary of the University confirmed that a previously presented paper on the Joint Negotiating & Consultative Committee by Mr Ed Weeple would be considered again in the context of a planned review of the Charter and Statutes (minute 101 below).

96 REPORT FROM THE STAFFING STRATEGY COMMITTEE (Paper H)

Received and noted a report from the Staffing Strategy Committee relating to its meeting held on 8 September 2008.

In advance of presentation of an annual report from the Committee to Court in December 2008, the Secretary of the University provided a brief oral update on key HR issues in the past year, including:

- near completion of Stage 1 of Framework Agreement implementation;
- the departure in recent months of key members of the HR team including the Director. Mr Keith Ross had recently joined the University as Interim Director of HR and was concentrating on prioritisation of work plans, internal restructuring to deliver on priorities and review of longer terms requirements of the department. The University was working to a deadline of May 2009 for the appointment of a new permanent Director of HR.

The Convener confirmed that, regardless of current difficulties, the Committee was keen to play a part in supporting the University's Strategy, and drew the attention of the Court to planned review of the Committee of its Terms of Reference and future priorities.

97 RISK REGISTER (Paper I)

Received and noted a summary of the University's Risk Register as reviewed and updated by the Risk Management Strategy Group on 12 August 2008. Noted that the Audit Committee had reviewed the full Risk Register at its meeting in August and no issues had been raised.

In response to a comment made on Risk 10 and adverse changes in the University's liabilities vis-a-vis pension contributions, the Director of Finance & IS/IT confirmed that an updated USS Actuarial Valuation was due in March 2009. Early indications were that an increase in employers' contributions would be sought. It also appeared likely that terms and conditions for future new members in the medium- to long-term would be reviewed. It was noted also that the Lothian Pension Fund was soon to publish an update Actuarial Valuation and there was clear potential for increased liability on employers arising from this.

98 ANNUAL REPORT FROM THE UNIVERSITY COLLECTIONS COMMITTEE (Paper J)

Received and noted an Annual Report from the University Collections Committee. This incorporated a review of 2007/08 and a summary of the University Collections Management and Development Plan for 2008/09 and 2009/10.

The Convener highlighted in particular the following:

- the Report sought to give a clear statement of the purpose of the Committee;
- plans to extend use of the University collections;

- the need in the near future to identify a location for the statue of James Watt which must be moved after April 2009 from the Scottish National Portrait Gallery.

99 ANNUAL REPORT OF THE OCCUPATIONAL HEALTH & SAFETY COMMITTEE (Paper K)

Received and noted an Annual Report from the Occupational Health & Safety Committee for 2007/08. The Convener highlighted a range of activities and achievements in the year and plans for the year ahead.

Comments and observations on the report highlighted improvement over recent years in the accident rate. There was a robust system in place to record accidents and all of those reported in the last year had been minor. Accident reporting covered both the staff and the student body.

100 ANNUAL REPORT FROM THE UNIVERSITY HEALTH SERVICE (Paper L)

Received and noted an Annual Report from the University Health Service for 2007/08. The University Physician highlighted a range of key activities and achievements in the year including, inter alia, the achievement of the University in being presented with the Healthy Working Lives Award at Gold level.

Comments and observations on the report included:

- a request that it would be helpful also to report on the physiotherapy services provided within the Sports Academy;
- whether the Service felt that it could provide the right kind of support for mental health problems. The University Physician confirmed improving capacity of the Health Centre to deal with such cases. A consultant psychiatrist was available to the practice and a recently introduced Student Mental Health Policy was supported by regular communications, cross-referral and case conferencing involving appropriate colleagues within the University.

101 PROPOSED REVIEW OF CHARTER & STATUTES (Paper M)

Noted and endorsed proposals to take forward a review of some governance arrangements led by a Working Group chaired by the Secretary of the University. The review was proposed in the light of planned deregulation of arrangements announced by the Scottish Government Secretary for Education and Lifelong Learning.

The Secretary of the University confirmed that the review would be arranged in two stages: stage I would involve review of the Charter & Statutes and stage II would involve review of the relevant Ordinances & Regulations. The Ordinances & Regulations were in any case due for review in the coming year. Recommendations arising from the review would be presented to the Court in due course.

102 COURT SCHEDULE OF BUSINESS: STRATEGIC ISSUES (Paper N)

Noted the proposed annual forward schedule of Court business dealing with key strategic issues for 2008/09. The following requests were made:

- further consideration should be given to the seating format for future meetings of Court. A boardroom style arrangement would be beneficial;
- further consideration should be given to more even spreading of Annual Reports throughout the year
- it would be helpful if the Annual Report of the Staffing Strategy Committee, due to be considered at the December meeting, was placed high enough on the agenda that adequate time is given to this item.

The Secretary of the University confirmed that further consideration would be given to the requests.

103 BANKING AGREEMENTS AUTHORISATION (Paper O)

Approved a request that the Court authorise the Secretary of the University, the Director of Finance & IS/IT and the Vice-Principal to enter into any agreements with Barclays Bank plc, as detailed in an agreement paper for sign-off by the Chairman of Court and the Secretary of the University.

104 DATE OF THE NEXT MEETING

The next meeting will take place on Monday 15 December 2008.

COURT

Minutes

In the Chair: Lord Penrose Date of Meeting: 15 December 2008

Present also: Principal Professor Anton Muscatelli Mr Ray Perman
Mr Graeme Bissett Ms Jane Queenan
Ms Ruth Bush Professor John Sawkins
Professor Dugald Duncan Dr Gillian Thomson
Mr Malcolm Durie Professor Adrian Todd
Mr Neil Fraser Mr Ed Weeple
Dr Judith McClure Professor Andy Walker
Dr Robbie Mochrie Mr Ewan Wood
Dr Alan Parsley Mr David Woods

In attendance: Professor Bob Craik, Deputy Principal (Learning & Teaching)
Professor Philippe De Wilde, Head, School of Mathematical & Computer Sciences
Professor Gavin Gibson, Deputy Principal (Research & Knowledge Transfer)
Professor Doug Greenhalgh, Head, School of Engineering & Physical Sciences
Professor Phillip John, Dean of Science and Engineering
Professor Julian Jones, Deputy Principal (Strategy & Resources)
Mr Richard McGookin, Director of Planning
Mr Phil McNaull, Director of Finance & IS/IT
Ms Theresa Merrick, Director of Corporate Communications
Ms Ruth Moir, Director of International Development
Mrs Kathy Patterson, Academic Registrar & Deputy Secretary
Mr Keith Ross, Interim Director of HR

105 APOLOGIES

Apologies were received from: Baroness Susan Greenfield, Mr James Maguire, Ms Yvonne Savage and Councillor Tim McKay.

106 MINUTES OF THE PREVIOUS MEETING

Approved the minutes of the meeting of Court held on 29 September 2008.

107 MATTERS ARISING

LOCATION OF FUTURE MEETINGS OF COURT

The Secretary confirmed, with reference to minute 102, that further consideration would be given to an alternative location for future meetings of the Court.

108 OBITUARY (Paper A)

The Court noted with sadness, notice of the death, on Friday 3 October 2008, of the Right Hon Lord Thomson who had been Chancellor of the University from 1977 until 1981.

Noted that a memorial service would be held on Tuesday 13 January 2009 at 11.00 am at St Martin in the Field's Church, Trafalgar Square, London.

109 BUSINESS CONDUCTED SINCE THE LAST MEETING: REPORT FROM THE EMERGENCY COMMITTEE (Paper B)

Received a report from the Emergency Committee of Court and noted approval by the Committee of the following items of business in October 2008:

Promotion to Professor

On the recommendation of the Senate Business Committee, acting on behalf of the Senate, in terms of Ordinance 16:

- Dr J Sawkins, School of Management and Languages

Promotion to Reader

On the recommendation of the Senate Business Committee, acting on behalf of the Senate, in terms of Ordinance 16:

- Dr M Sohrabi, Institute of Petroleum Engineering
- Dr N Dunse, School of The Built Environment

110 COMMUNICATIONS FROM THE CHAIRMAN OF COURT

The Chairman confirmed that he had recently attended a seminar for new governors in Scottish HEIs provided by the Leadership Foundation for Higher Education (LFHE). The Chairman encouraged new members of Court to consider similar courses offered by the LFHE, and highlighted also seminars offered by KPMG.

The Chairman highlighted progress made by the Joint Future Thinking Task Force on Universities, in particular establishment of the Tripartite Group. It was hoped that a first meeting of the Group would take place in February 2009. The Court would welcome receipt of regular updates on future progress from the Principal and PME.

111 COMMUNICATIONS FROM THE PRINCIPAL AND THE PLANNING & MANAGEMENT EXECUTIVE (Paper C)

Received and noted a report from the Principal and the Planning & Management Executive on a range of news topics of current interest and involvement of the University. The Principal highlighted in particular:

- the recent appointment of Ms Ruth Moir as Director of International Development with particular responsibility for the initiation, implementation and management of the University's international strategy;
- recent strong performance in terms of the value of research grants and contracts proposals and awards; and
- recent overseas graduation ceremonies. Further cost/benefit analysis would be undertaken by the University in respect of these events; but they were believed to provide significant returns in terms of PR value to the University.

112 COMMUNICATIONS FROM THE SENATE (Paper D)

Received a report from the Senate Business Committee:

Professor Emeritus

Approved a recommendation, in terms of Ordinance 18: Professor Emeritus, that the title Professor Emeritus be conferred upon the following:

- Professor K J Brown, School of Mathematical and Computer Sciences (from 1 January 2008);
- Professor J A Swaffield, School of the Built Environment (from 1 October 2008);
- Professor V Craig, School of Management and Languages (from 1 October 2008).

Quality Assurance and Enhancement: Role of the Court

Approved a report, prepared for submission to the Scottish Funding Council, describing the role of the Court in relation to quality assurance and enhancement.

In the course of discussion on this item it was agreed that it would be helpful in order to promote better understanding among the membership of Court as to its role and responsibilities with reference to quality assurance and enhancement, for the University to develop the reporting mechanism in relation to the Court.

The Deputy Principal (Learning & Teaching) agreed to give further consideration to annual reporting via the Senate and PME, providing information on issues and risks, and clarifying the respective roles and responsibilities of Senate and PME in relation to quality assurance and enhancement. It was agreed that the report should be designed to support informed debate by the Court and to assist the Court to clarify its role.

Proposed new Ordinance and Policy: Academic Partners

Approved a proposed Ordinance and Policy on Academic Partners for onward presentation to the Ordinances and Regulations Committee for relevant consideration of detailed aspects.

Other items reported by the Senate Business Committee for information

Noted.

113 STRATEGY REVIEW PROGRESS REPORT (Paper E)

Received a presentation from the Deputy Principal (Strategy & Resources) on the University Strategy Review (Appendix A appended to the minutes).

Received also a supplementary paper which provided an update on the Strategy Review with particular reference to: aspects of implementation and impact on the University's operational plans; progress; and next steps.

Observations and questions arising from the presentation included:

- how the process of Voluntary Severance linked to termination of courses and re-distribution of resources. The Deputy Principal confirmed the need for further analysis when all applications have been received and in the light of target savings;
- in the event of having to move to a Compulsory Severance Scheme, the involvement of the Staffing Strategy Committee in the required consultation phase. The Principal confirmed that consideration of a possible need to move beyond the present voluntary scheme was at an early stage and the current aim was to raise awareness of Court members;
- the criticality of RAE results to the strategy. A request was made for a timely summary of the results to be shared with members of Court following national publication.

On an invitation from the Chairman, Court reaffirmed its support for the University's Strategy. In this regard it was noted that while there were different perceptions of the Strategy across the institution, negative perceptions appeared very largely driven by understandable concerns about future resource decisions rather than the strategic aims and objectives of Focus on the Future which had broad support. It was proposed that Court support for the University's strategy should be made explicit in staff communications.

The Chairman went on to invite Court to re-affirm the requirement, under the Strategy, to make pay savings in areas making financial losses and hence the need to continue with the Voluntary Severance Scheme. Court confirmed its support in this regard.

Substantial discussion took place on the matter of formal consultation in relation to the potential need for a number of compulsory redundancies. The closing date for applications under the Voluntary Scheme had not yet been reached and the period for applications would be extended for a further two weeks until 15 January. The current scale of Voluntary Severance applications indicated the possibility of a shortfall, with a very light number of applications from a few Schools in particular. The Interim Director of HR confirmed that, depending on the number of compulsory redundancies sought, the statutory period of consultation with Trade Unions would be between 30 and 90 days. Court noted that this process of consultation could, with the immediate approval of Court, be started in January 2009, or be delayed until March when, if the need for compulsory redundancies had been established, approval could be given at its meeting on 23 March 2009. A few concerns were raised in relation to an earlier launch of the formal consultations phase.

The Chairman invited Court to consider its preparedness to approve commencement by the University of consultation with the Trade Unions in January 2009 should it be found following the close of the Voluntary Severance Scheme that there had been an insufficient response to achieve the agreed savings. A narrow majority was established of those who showed hands in an invited vote, with 7 to 5 in favour of early commencement of formal consultation with the Trade Unions. In the light of the narrowness of the majority, the Chairman confirmed his judgement that Court should consider a more fully prepared case for commencing redundancy consultation, should this be necessary, at its meeting in March 2009.

Court noted that, in the meantime, senior management of the University would continue work on a separate preparatory phase including, inter alia, discussions with Schools and Professional Support Sections through

the planning round, and discussions with Trade Unions. Discussion with the latter would, until the formal consultation phase, be limited to inviting the Trade Unions to encourage their memberships in relation to the Voluntary Scheme. The University would endeavour through both the preparatory and consultation phases, to seek to identify appropriate ways to minimise the scale of any potential compulsory redundancies.

114 PEOPLE MANAGEMENT STRATEGY

Noted and endorsed a presentation from the Interim Director of HR on the developing People Management Strategy (Appendix B appended to the minutes).

The Interim Director of HR confirmed plans for the finalised Strategy to be presented for the approval of PME at its meeting in February 2009 and the approval of Court at its meeting in March 2009.

115 REPORT FROM THE STAFFING STRATEGY COMMITTEE

Received and noted a report from the Staffing Strategy Committee relating to its meeting held on 24 November 2008. In the absence of the Convener of the Committee, the report was presented by Professor John Sawkins.

Professor Sawkins highlighted in particular: endorsement of the People Management Strategy at its meeting; revised costings to be presented in terms of the 'People' Theme aimed at delivering the strategy; and ongoing work of the Committee to review its Terms of Reference.

116 REPORT FROM THE FINANCE COMMITTEE (Paper G)

Received and noted a report from the Finance Committee relating to its meeting held on 17 November 2008.

Received and noted an Annual Report 2007/08 from the Finance Committee.

The Convener of the Committee highlighted in particular external factors, challenges and risks associated with implementation of the University's Strategic Plan, in particular in relation to investment and disinvestment planning, which combined to create a complex and challenging scene. The Committee would maintain close monitoring and evaluation of the University's financial position throughout the period ahead and improvements in the quality of financial reporting had and would continue to support this process.

117 ANNUAL ACCOUNTS AND FINANCIAL STATEMENTS 2007/08 (Paper H)

Received and approved Annual Accounts and Financial Statements for the year ended 31 July 2008 subject to amendments to the final published version listed below. Court noted that the Accounts and Financial Statements had been previously approved at the joint meeting of the Finance and Audit Committees and PME in November 2008. Proposed amendments to the final draft included:

- inclusion of references in pages 11, 51 and 52 to the Collections and JNCC (UCU)/(EIS/ULA) Committees; and
- inclusion of reference to schools and colleges in the stakeholder list on page 4.

118 TREASURY POLICY (Paper I)

Noted and endorsed a new Treasury Policy. Noted that the purpose of the Policy, which applied to the entire Heriot-Watt Group covering both the University and all of its subsidiary companies, was to identify, mitigate, manage and control financial risks.

119 REPORT FROM THE AUDIT COMMITTEE (Paper J)

Received and noted a report from the Audit Committee relating to its meeting held on 17 November 2008.

Received and noted an Annual Report from the Audit Committee for the 12 month period to 17 November 2008.

The Convener of the Committee drew attention in particular to:

- pressure over the past year on the available staff resources to complete work on the recommendations made by the external auditors. However, as at the end of October 2008 the backlog of work had been almost wholly cleared.
- concerns about the consistency of governance across the University, in particular in relation to subsidiary companies, notably the Edinburgh Business School (EBS). A review of the School's Memorandum and Articles of Association was underway with a view to resolving current concerns. In relation to this point the Secretary of the University confirmed that a revised Memorandum and Articles of Association paper had been received. A new membership structure had been proposed for the EBS Board. The Secretary of the University confirmed that details of the proposed new arrangements would be shared with Court members ahead of its meeting in March 2009. The Convener of the Audit Committee highlighted also the need for agreement in respect of future audit arrangements relating to the School;
- the intention in the coming year to give more attention to the matter of the University's pension liabilities. This was of particular relevance and increasing importance in the light of the current financial climate.

(Addendum: The Secretary of the University disseminated draft revised EBS Memorandum and Articles of Association to Court members on 18 December, inviting comments from members by 16 January 2009.)

120 REPORT FROM THE JOINT MEETING OF THE AUDIT AND FINANCE COMMITTEES

Received and noted a report relating to the joint meeting of the Audit and Finance Committees held on 17 November 2008.

121 RISK REGISTER

Received and noted a presentation (Appendix C appended to the minutes) by the Director of Finance & IS/IT on the University's Risk Register and a Risk Register Report.

The Chairman of Court drew attention to the rather informal arrangement for inclusion of members of Court on the Risk Management Strategy Group. It was recommended that further consideration be given to establishing a more formal membership arrangement.

In response to a question relating to the capture of external risks associated with the global economic climate, the Director of Finance & IS/IT confirmed that a process was in place to identify and to consider risks highlighted in School and Section level Risk Registers.

122 RISK MANAGEMENT POLICY (Paper M)

Noted and endorsed a Risk Management Policy, noting that the Policy had been approved by PME at its meeting in November 2008. Noted that the Policy formally acknowledged the commitment of the University to risk management, with the aim of ensuring that every effort is made by the University to manage risk appropriately, to maximise potential opportunities and to minimise the adverse effects of risk.

It was observed, in respect University policies more widely, that it would be helpful if the University ensured that these were presented in as concise a style as possible and readily accessible; for example, helpful references could be included in the Handbook for Court members of those policies of particular relevance and interest to Court members.

123 REPORT FROM THE ESTATE STRATEGY COMMITTEE (Paper N)

Received and noted a report from the Estate Strategy Committee relating to the meeting of the Committee on 26 November 2008.

Approved submission to the Scottish Funding Council, of the University's Estate Strategy which had been approved at the meeting of the Court on 29 September 2008. Court requested that Estate Strategy be submitted accompanied by a caveat statement confirming the live status of the document which would be subject to regular ongoing review.

The Convener drew attention in particular to: the Scottish Government's rejection of the case for a change to a simpler format for Energy Performance Certificates; progress on the SBC Co-location Project; completion of SRIF 3 projects; and delay on the completion and handover of the Postgraduate Centre.

In respect of the Postgraduate Centre, the Secretary of the University confirmed ongoing work to resolve snagging issues. The Centre was expected to be handed over in December 2008 following which there would be a period of several months during which the building would be fitted out.

124 REPORT FROM THE NOMINATING & REVIEW COMMITTEE (Paper O)

Received a report from the Nominating & Review Committee.

Approved the following recommendations of the Committee:

- Mr Iain McLaren, Non-Executive Director of Cairn Energy Plc, to be appointed to the lay membership of the Finance Committee, with immediate effect, for the period until 31 July 2011.
- Professor Alan Prior to be appointed to membership and chairmanship of the Ordinances & Regulations Committee as an appointee of the Court, with immediate effect, for the period until 31 July 2011.

125 ROLE OF THE COURT IN OVERSEEING QUALITY ASSURANCE AND ENHANCEMENT

This item was approved under 112 above.

126 ANY OTHER COMPETENT BUSINESS

APPOINTMENT OF A SUCCESSOR TO PRINCIPAL ANTON MUSCATELLI

Court was notified the Principal's resignation from the University as of 1 October 2009 to take up the post of Principal and Vice-Chancellor of the University of Glasgow.

The Secretary of the University confirmed, in terms of Ordinance 27: Appointment of the Principal, that the selection committee should, in addition to the Chairman of Court, consist of four members of the Court appointed by the Court and four members of the Senate appointed by the Senate.

Court approved, in terms of the Court appointees, a recommendation presented by the Secretary of the University that the following be invited to join the selection committee: Mr G Bissett; Mr D Woods; Dr A Parsley; and Dr J McClure.

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

127 DATE OF NEXT MEETING

The next meeting will take place on Monday 23 March 2009.

COURT

Minutes

In the Chair: Lord Penrose Date of Meeting: 23 March 2009

Present also: Principal Professor Anton Muscatelli
Mr Graeme Bissett
Ms Ruth Bush
Professor Dugald Duncan
Mr Malcolm Durie
Mr Neil Fraser
Mr James Maguire
Dr Judith McClure
Councillor Tim McKay
Dr Robbie Mochrie (for first hour of meeting)

Dr Alan Parsley
Ms Jane Queenan
Professor John Sawkins
Ms Yvonne Savage
Dr Gillian Thomson
Professor Adrian Todd
Mr Ed Weeple
Professor Andy Walker
Mr David Woods

In attendance: Professor Bob Craik
Professor Philippe De Wilde
Professor Gavin Gibson
Professor Doug Greenhalgh
Professor Alison Harley
Professor Gill Hogg
Professor Philip John
Professor Julian Jones

Mr Phil McNaul
Ms Theresa Merrick
Ms Ruth Moir
Mrs Kathy Patterson
Professor Garry Pender
Mr Keith Ross
Mr Peter Wilson
Ms Lorna Kirkwood-Smith (clerk)

128 APOLOGIES

Apologies were received from: Baroness Susan Greenfield, Mr Ray Perman and Mr Ewan Wood.

129 MINUTES OF THE PREVIOUS MEETING

Approved the minutes of the meeting of Court held on 15 December 2008.

130 MATTERS ARISING

AUDIT COMMITTEE ANNUAL REPORT TO COURT: DECEMBER 2008

The Chairman drew attention to errors in the record of attendance at meetings of the Audit Committee contained in page 3 of its Annual Report to Court in December 2008. A replacement page was tabled for members.

CHANGE TO STYLE OF THE COURT AGENDA

The Chairman drew attention to an experimental change to the style of the Court agenda in relation to strategy-related topics. The aim was to introduce a thematic approach to Court's consideration of the items for discussion with the aim, over time, of instituting a wider change in the style of the Court agenda. The Chairman advised that the effectiveness of this approach would depend on underpinning closer interaction and planning involving the committees of Court. Court members were invited to feed any comments they had on this new approach back to the Chairman.

131 BUSINESS CONDUCTED SINCE THE LAST MEETING: REPORT FROM THE EMERGENCY COMMITTEE (Paper A)

Received a report from the Emergency Committee of Court and noted approval by the Committee on 25 February 2009 of the following item of business:

Memorandum & Articles of Association, Edinburgh Business School (EBS)

The Committee had agreed to instruct University management to undertake a fundamental review of the corporate structure of EBS in relation to the University. This decision was in accordance with a recommendation of the Audit Committee agreed at its meeting held on 2 February 2009.

Noted an update from the Secretary of the University who confirmed, in connection with the last paragraph of the report, that a meeting had been scheduled to take place early in April with the Director of the School and

its Business Director.

132 COMMUNICATIONS FROM THE CHAIRMAN OF COURT

The Chairman confirmed his intention to agree with the Secretary of the University an appropriate form of words for inclusion in future Court agenda papers to guide members of Court in respect of any relevant declarations of conflict of interest. This was of particular relevance to consideration of papers requiring Court approval.

The Chairman confirmed the inclusion of the Chairman of the Scottish Committee of Chairmen in the membership of the Scottish Government/SFC/HE Sector *Tripartite Advisory Group*. Any member of the Court who had an issue that they wished to raise with the Group from a governance perspective could do so via the Chairman of Court.

In the context of formal communications/induction arrangements between the Scottish Funding Council (SFC) and himself as Chairman of a governing body, the Chairman reminded members of Court of the extent of their responsibilities, as members of the Court, for the proper use of public funds. Members of Court were asked to familiarise themselves with the SFC Financial Memorandum which clarified the expectations of Government and the SFC. The Chairman confirmed that he would report back to the Court following a scheduled formal meeting with the Chairman of the SFC.

133 COMMUNICATIONS FROM THE SENATE (Paper B)

Received a report from the Senate Business Committee:

Professor Emeritus

Approved a recommendation, in terms of Ordinance 18: Professor Emeritus, that the title Professor Emeritus be conferred, with immediate effect, upon Professor I R C Hirst, School of Management & Languages.

Chair of Ordinances & Regulations Committee

Approved a recommendation, in terms of Regulation 28: Ordinances & Regulations Committee, that Professor R H Wardman, through extension to the maximum period of appointment, be reappointed as the Chair of the Ordinances & Regulations Committee for the period from 1 May 2009 to 30 September 2010, temporarily replacing Professor A A Prior.

Recommendations from the Academic Promotions Board (Senior Promotions)

Approved recommendations, in terms of Ordinance 16: Appointment of Academic Staff, for the following appointments from 1 August 2008.

Name	School/Institute	Promotion to
Dr N Taylor	Mathematical and Computer Sciences	Professor
Dr G Lord	Mathematical and Computer Sciences	Professor
Dr Y Petillot	Engineering and Physical Sciences	Professor
Dr M Taghizadeh	Engineering and Physical Sciences	Professor
Dr Ya Wang	The Built Environment	Professor
Dr D Davies	Petroleum Engineering	Professorial Fellow
Dr L Jack	The Built Environment	Reader
Dr J Hong	Engineering and Physical Sciences	Reader
Dr A Ireland	Mathematical and Computer Sciences	Reader
Dr A White	Mathematical and Computer Sciences	Reader
Dr A Marks	Management & Languages	Reader

Other items reported by the Senate Business Committee for information

Noted.

134 COMMUNICATIONS FROM THE GENERAL CONVOCATION (Paper C)

Received a report of communications from the General Convocation arising from the 42nd annual meeting held on 11 March 2009:

Membership of the Court

Noted that no nominations had been received following a call for nominations to fill the vacancy in the category of membership of the Court of members appointed by the Convocation, to replace Dr Judith McClure following expiry of her period of office. Noted that the Secretary of the University had gained the approval of the General Convocation for the Nominating & Review Committee of the Court to consult further with the Convocation membership with a view to securing the nomination of a suitable representative to serve on the Court. Approval by the Convocation would be sought by correspondence.

Review of the Charter & Statutes

Noted that the Secretary of the University had received the endorsement of the General Convocation for the University to prepare a full proposal such that provision relating to the General Convocation, which is currently contained in Article 7 of the Charter and in Statute XI, be transferred to an Ordinance. Noted that the proposal would be presented to the General Convocation for approval at its annual meeting in March 2010. Noted that this matter had arisen in the context of wider considerations of the current internal review of the Charter & Statutes which had come about as a result of deregulation of governance arrangements in Scottish HEIs.

The Secretary highlighted the need, when reviewing options for change, to consider the relationship between the General Convocation and the Court in particular in relation to General Convocation appointments to the membership of the Court.

Noted that both of the above matters would be discussed further at a meeting of the Nominating & Review Committee (Court) planned to take place in April 2009.

135 COMMUNICATIONS FROM THE PRINCIPAL / PME (Paper D)

Received and noted a report from the Principal and the Planning & Management Executive on a range of news topics of current interest and involvement of the University. This Principal highlighted in particular:

- new staff appointments. In addition to those listed in the report, recent new Heads of Schools included Professor Alison Harley, School of Textiles & Design and Professor Gary Pender, School of the Built Environment ;
- Review of the School of Life Sciences. PME, at its meeting on 19 March 2009, had approved the remit and scope of the planned review. The Principal confirmed that the review would focus on academic coherence in terms of the configuration of learning and teaching and research activities and was not intended to duplicate or to bolster existing processes such as the performance review or the implementation of activity recovery plans through staff reductions. The outcomes of the review would be reported to PME and to Court at their meetings in June 2009;
- Main Grant funding from the SFC. A small increase in main grant funding for research (QR funding) was anticipated and had been built into the University's financial planning; however, it was doubtful if a real terms increase in grant funding for teaching would be announced. There were signs, in particular in the light of the £500m p.a. efficiency savings over the next two years called for by the Government in its pre-budget announcement, of significant constraints on the budget for Scottish HE in the years to come.

136 UNIVERSITY STRATEGIC PLAN: IMPLEMENTATION UPDATE (Paper E)

Received an oral presentation from the Principal providing the background context for papers E and F which followed. The Principal highlighted: recent reaffirmation by the Court of its support for the *Focus on the Future* Strategic Plan; the targeted approach to savings which had been a feature of the Voluntary Severance Scheme from the outset; and the level of savings to be achieved in Schools (around £2m p.a. over three years) and Professional Support Services (10% over three years). While savings achieved through the Voluntary Severance Scheme were only a little way short of target, there were, nevertheless, areas of activity which remained financially unsustainable.

The Principal highlighted the recommendation in the Voluntary Severance Scheme further action paper for initiation of a formal process of consultation. PME had confirmed its unanimous support for the recommendations at its meeting in March. The Principal advised that, without implementation of the recommendations, the University would be unable to implement its strategy and would find it very difficult to achieve any clear strategic direction: new income would be diverted through cross-subsidy to support areas of under-performance rather than new investments, with a consequent additional risk to staff morale and incentivisation in areas where performance was currently strong. Given the targeted pattern of "at risk" areas, the recommendations being presented to the Court had the potential to lift the current level of risk of redundancy from around 95% of the University's staff population.

Court also received an update on implementation of the Strategic Plan by the Deputy Principal (Strategy & Resources). The report confirmed current activities in implementation of the Strategic Plan, ongoing development, through the spring planning round of the revised 5-year financial plan, and critical financial constraints in developing the plan.

Positive achievements included a good RAE outcome, a successful year in terms of research grants and contracts income, growth in other academic income and promising progress in reducing staff costs via voluntary severance. The University was able currently to continue implementation of the Strategic Plan, via the investment in new Strategic Themes; however, there remained considerable uncertainty about the University's ability to meet challenging income targets. Substantial resources could only be committed when it became clear that these targets could be met and cost cutting would be necessary if the planned income failed to materialise.

Court noted progress in Academic Theme appointments, completion of the second round performance review process including both review of School financial positions and learning and teaching quality indicators, the ongoing review of quality indicators in research, current year Opportunities Study proposals which gave rise to the possibility of a sixth Theme: 'Creativity, Design & Innovation', and the Voluntary Severance Scheme, the purpose of which was to support recovery plans, to return deficit activities to surplus or to enable discontinuation of the activity, and hence to release funds required for investment.

137 CONCLUSION OF VOLUNTARY SEVERANCE SCHEME AND RECOMMENDATIONS FOR FURTHER ACTION (Paper F)

Noted and approved recommendations, presented by the Staffing Strategy Committee, with the support of PME, for further action following conclusion of the Voluntary Severance Scheme. Following substantial discussion, the Chairman invited a show of hands in either support for, or rejection of, the recommendations as presented. The support of the Court was confirmed by a majority of 12 votes to 5.

Noted good progress made in achieving staff savings through the Voluntary Severance Scheme and general vacancy management, and the consequent benefit to the University in the context of progressing new investments in the Strategic Plan. Noted those few areas which had been identified as requiring additional savings to bring them into a financially sustainable position and which consequently had continuing staff redundancy.

Approved a timetable for commencement of a compulsory redundancy process aimed at achieving the required savings in those specific areas identified as requiring additional savings, in the absence of progress by other means. This process will include initiation of: formal consultation with Trade Union representatives and the groups of staff concerned; and establishment of a Redundancy Committee of Court to prepare for any redundancies requiring to be pursued under Statute 25. Agreed that, assuming the need continues, the compulsory redundancy process should start not later than 27 April 2009. During the intervening period and the consultation phase, staff identified as being in a redundancy situation will continue to have access, under the same terms as presently, to the Voluntary Severance scheme. Throughout the process, opportunities to avoid moving to compulsory redundancy will be explored, wherever practicable

Noted that next steps by University management will be to report to all staff the conclusions reached, ensuring that employees are aware of whether or not they are in the remaining "at risk" areas; to initiate the consultation process on the agreed timescale; and to work with the Chairs of Court and the Staffing Strategy Committee to propose membership of a Redundancy Committee and to prepare a timetable of meetings consistent with the agreed overall timetable. Noted that the University Redundancy Committee to be appointed for the selection of non-Statute XXV staff would also present its recommendations to Court for approval.

In the course of discussion the following observations were made and issues clarified:

- over the course of the formal consultation phase changes to the list of at risk areas were anticipated. The list was not expected to broaden, though there was a chance that the Trade Unions might request that the pool populations are widened. There was optimism that some at risk areas disappear from the list through additional take up from Voluntary Severance or natural staff turnover. Part of the consultation process would involve identifying opportunities for redeployment. A key focus of the University through the consultation phase would be to reduce as far as possible the risk of eventual compulsory redundancy;
- disassociation of the review of the School of Life Sciences from the post Voluntary Severance process, as confirmed in the report from the Principal in 135 above;
- savings targets confirmed for each School as set out in the paper were based on best estimates of the necessary level of savings required for Schools to meet their budget plans for 2009/10 and beyond;
- observation voiced by the President of the Students Association on the potential impact on the student experience of lowering staff morale and potential industrial action;
- observation that some staff members believe that the University has progressed too quickly to a redundancy consultation phase; and
- importance of open dialogue and proper consultation through the coming months.

138 PERFORMANCE MANAGEMENT AND CAPABILITY POLICIES (Paper H)

Received and approved Performance Management and Capability Policies, noting endorsement of the Policies by the Staffing Strategy Committee, previous approval by the PDR Project Board, the Infrastructure Board and PME and agreement with the Trade Unions. Noted that updates on progress in implementing PDR would be presented at each meeting of the Staffing Strategy Committee.

Comments from Court membership focused on desirability of wider consultation by reviewers with other members of staff to gather review evidence, and the resources required to support efficient record-keeping, whether IT or paper based.

139 REPORT FROM THE STAFFING STRATEGY COMMITTEE (Paper I)

Received and noted a report from the Staffing Strategy Committee relating to its meeting held on 9 March 2009. The Convener of the Committee highlighted in particular: the strategic importance of the Director of HR role in the longer term; development of the People Strategy on which the Committee had received regular updates; the current review of the Committee's Terms of Reference; ongoing implementation of PDR; and ongoing progress of the People Theme Team Project which was contributing to the Strategy.

The Convener expressed thanks on behalf of the Committee for the support provided to the Committee by the Acting Director of HR.

Court members made no further comments or observations on the report.

140 STAFFING STRATEGY COMMITTEE ANNUAL REPORT 2007/08 (Paper J)

Received and noted an Annual Report 2007/08 from the Staffing Strategy Committee.

The Convener drew attention to the report on Framework Agreement (FA) implementation and acknowledged negative feedback from some quarters, in particular in relation to a small element of, as yet, incomplete Phase 1 implementation. The Committee was aware that the University was endeavouring to complete this work as soon as possible.

The Director of HR confirmed that the main element for completion concerned craft workers and involved transfer from a range of industry standard negotiated pay rates to a local agreed rate: work on this area of implementation was underway. With hindsight, the scale of the task associated with FA implementation had been under-estimated at the outset and significant challenges remained.

141 RAE 2008 RESULTS (Papers K and L)

Noted a report on the performance of the University in RAE2008 providing quality profiles for each Unit of Assessment in which Heriot-Watt had made a submission and the University's comparative position against other UK universities. Noted the cautious optimism of University management that the overall positive assessment result would translate into an overall positive financial outcome, as discussed by the Finance Committee at its meeting on 27 February 2009 (Paper L).

Discussed the impact of the RAE results on the current shape of the main academic Themes of the University's Strategy. By and large, the results were compatible with the University's research aspirations as reflected in the Themes and no major change in their configuration was envisaged.

Court agreed to convey its thanks and congratulations, via the Senate, to the academic community of the University for the considerable achievement of colleagues and their success in RAE2008.

142 UNIVERSITY RISK REGISTER (Papers M and N)

Received and noted a summary of the University's Risk Register, as at 10 February 2009, highlighting the top 10 risks identified and directions in movement since the previous review of the Register.

The Director of Finance & IS/IT highlighted the closed loop process of reporting and feedback between the Risk Management Strategy Group and PME in the processes of identifying and managing risks: each risk included in the Register was "owned" by a member of PME with particular responsibility for management of the risk. Noted that the annual substantive discussion on risk was scheduled to take place at the April meeting of PME. As last year, a few lay members of the Court would be invited to join this discussion.

Noted that there was also an opportunity for members of the Court to attend meetings of the Risk Management Strategy Group. It was requested that information on the dates/times of future meetings be disseminated to the membership.

Court members were asked to direct any comments on the Risk Register and the form of its presentation to the Court to the Director of Finance & IS/IT.

143 REPORT FROM THE FINANCE COMMITTEE (Paper O)

Received and noted a report from the Finance Committee relating to its meeting held on 27 February 2009.

Tuition Fees

Approved a proposal that the Finance Committee should seek the approval of the Court that the Committee be given delegated authority by the Court to approve the setting of annual tuition fees.

Items presented for information

The Convener of the Committee highlighted in particular the influence on the work of the committee of a range of financial threats and work ongoing through the March planning round to consolidate the new 5-year plan for subsequent submission to the SFC. The background against which financial plans were being developed was a complex picture of risk, challenge and opportunities.

With the complexity and challenge of the work in mind, in particular the Residences Project, the Convener highlighted the need of the Committee and of the Court to receive clear and concise committee papers to support informed decision-making. The Chairman of Court endorsed this point.

Court members made no comments or observations on the report.

144 REPORT FROM THE AUDIT COMMITTEE (Paper P)

Received and noted a report from the Audit Committee relating to its meeting held on 2 February 2009. The Convener confirmed that the meeting had been scheduled principally to carry over some items of incomplete business from the meeting in November 2008 and to consider the matter of the Edinburgh Business School Memorandum and Articles of Association.

Audit Committee Terms of Reference

Approved revised Audit Committee Terms of Reference.

Items presented for information

The Convener drew attention to the Internal Audit Report of the ICT Strategy and progress reported by the Director of Finance & IS/IT.

Court members made no further comments or observations on the report.

Received and noted a report from the Audit Committee relating to its meeting held on 3 March 2009. The Convener highlighted in particular:

- the threat posed by the pensions issue (item 5 of the report). The University was involved in sector-level dialogue on the worsening position of pension costs, but needed also to consider internal pensions policy to manage the risks. The most recent actuarial valuations for USS and the Lothian Pension Fund (LPF) took account of improving longevity, not fund performance. In the case of the latter there was no prospect of reasonable asset performance. The Director of Finance confirmed that Dundas & Wilson had been commissioned by the University to undertake a review of the pensions issue, in particular in relation to the LPF. Court noted scope currently for the University to consider its internal arrangements vis-à-vis pensions in addition to contributing to external dialogue with trustees. The Chairman of Court highlighted the essential requirement to incorporate pension risk into current financial planning considerations. University management was asked to keep the Court informed of developments;
- extension for a further year of the KPMG's external audit contract and receipt of the auditor's Performance Self-Assessment report;
- receipt of a Strategic and Annual Internal Audit Plan for the five-year period 2008/09 to 2012/13 which included an approved reduction in the number of internal audit dates from 150 to 105 days per year. The Committee considered that the reduction in days would not pose a threat to the integrity of the audit process or control of the risks.

Court members made no further comments or observations on the report.

145 REPORT FROM THE ESTATE STRATEGY COMMITTEE (Paper Q)

Received and noted a report from the Estate Strategy Committee relating to its meeting held on 23 February 2008. The Convener highlighted that a fuller project report on Residences would be submitted to the Estates Strategy Committee and the Court at their next meetings.

Court members made no further comments or observations on the report.

146 ANNUAL REPORTS 2007/08 OF THE JNCC (UCU) AND (EIS/ULA) (Paper R)

Received and noted Annual Reports 2007/08 of the Joint Negotiating & Consultative Committee (JNCC) (UCU) and (EIS/ULA).

Court members made no further comments or observations on the reports; however, Mr Ed Weeple highlighted his submission, in 2007, of a brief paper on the role of the JNCC and asked if there had been any further consideration of this. Court noted that the role of the JNCC would be considered further as part of the ongoing Process & Organisation Theme, Review of Committee Structures project which would report later in the year.

147 ANNUAL REPORT OF THE OFFICE OF STUDENT AFFAIRS (Paper S)

Received and noted a summary Annual Report 2007/08 and major strategic issues on the agenda in 2008/09 from the Office of Student Services. The Academic Registrar & Deputy Secretary confirmed that a full version of the report was available on HWeb.

Discussed the need for consistent standards and availability of academic counselling support for students and integration with wider developments relating to feedback to students. Court noted the current largely decentralised arrangements. The Secretary of the University confirmed that the Learning and Teaching Board and PME would consider further in the context of the Learning and Teaching Strategy and would brief Court in due course.

Court members were encouraged by the Chairman to feed in any further views on student support to the Academic Registrar & Deputy Secretary.

148 ANNUAL REPORT OF FORMAL STUDENT COMPLAINTS AND APPEALS (Paper T)

Received and noted a summary Annual Report 2007/08 of student complaints and appeals. Court members were reminded that HE institutions were required by the Scottish Public Services Ombudsman to provide such a report to their governing body annually.

Court members made no comments or observations on the report.

149 ANNUAL REPORT OF THE HWU STUDENTS ASSOCIATION 2007/08 (Paper U)

Received and noted an Annual Report 2007/08 from the HWU Students Association and strategic objectives of the Association in 2009/10. The Secretary of the University commended the approach of HWUSA whose good work was evident throughout the report.

150 DATE OF NEXT MEETING

The next meeting will take place on Monday 18 May 2009.

COURT

Minutes of Extraordinary Meeting

In the Chair: Lord Penrose

Date of Meeting: 18 May 2009

Present also: Mr Graeme Bissett
Ms Ruth Bush
Professor Dugald Duncan
Mr Malcolm Durie
Dr Robbie Mochrie
Dr Alan Parsley
Mr Ray Perman

Ms Jane Queenan
Professor John Sawkins
Dr Gillian Thomson
Professor Adrian Todd
Mr Ewan Wood
Professor Andy Walker

In attendance: Mr Richard McGookin
Ms Theresa Merrick
Prof Alan Miller
Ms Ruth Moir
Mrs Kathy Patterson
Mr Peter Wilson

Lorna Kirkwood-Smith (clerk)

151 APOLOGIES

Apologies were received from: Baroness Susan Greenfield, Mr Neil Fraser, Mr James Maguire, Dr Judith McClure, Councillor Tim McKay, Principal, Professor Anton Muscatelli, Ms Yvonne Savage, Mr Ed Weeple and Mr David Woods.

152 APPOINTMENT OF PRINCIPAL & VICE-CHANCELLOR

Received the recommendation of the joint committee of the Court and the Senate, constituted under the terms of *Ordinance 27: Appointment of Principal*, to recommend the appointment of a new Principal & Vice-Chancellor.

The Chairman of Court conveyed the view of the Senate, confirming Senate's approval of the recommendation and agreement that progress should be made to confirm the appointment. The Chairman also conveyed to the Court the grounds for the decision of the joint committee in respect of the preferred candidate.

The Secretary of the University tabled a paper which outlined the process undertaken by the joint committee.

Approved the recommendation of the joint committee that Professor Stephen Chapman, currently Vice-Principal for Planning, Resources and Research Policy, University of Edinburgh, be appointed as Principal and Vice-Chancellor of Heriot-Watt University from 1 September 2009.

COURT

Minutes

In the Chair: Lord Penrose

Date of Meeting: 18 May 2009

Present also: Principal, Professor Anton Muscatelli
Ms Ruth Bush
Professor Dugald Duncan
Mr Malcolm Durie
Mr Neil Fraser
Dr Judith McClure

Dr Robbie Mochrie
Dr Alan Parsley
Mr Ray Perman
Ms Jane Queenan
Professor Adrian Todd
Professor Andy Walker

In attendance: Mr Simon Eltringham
Prof Philip John
Prof Julian Jones
Mr Keith Ross
Mr Peter Wilson

Lorna Kirkwood-Smith (clerk)

153 APOLOGIES

Apologies were received from: Baroness Susan Greenfield, Mr Graeme Bissett, Mr James Maguire, Mr Ewan Wood, Councillor Tim McKay, Ms Yvonne Savage, Professor John Sawkins, Dr Gillian Thomson, Mr Ed Weeple and Mr David Woods.

154 OBITUARIES (Paper A)

Court received and noted with sadness obituary notices relating to the following:

- Professor Tom Johnston, on 25 March 2009. Professor Johnston was Principal and Vice-Chancellor of the University from 1981 to 1988. Professor Johnston embarked upon the first of three appointments in the University in 1966 when he was first appointed to a Chair in Economics. He left the University in 1976 to work as a freelance economist and to continue his involvement in industrial relations, returning to the University to take up the office of Principal and Vice-Chancellor in 1981. He was awarded the honorary degree of Doctor of the University in 1989;
- Ian James Laing, suddenly on 7 May 2009. At the time of his death, Ian Laing was employed in the role of Group Management Accountant in the Finance Office. He joined the staff of the University in 1989 and was a graduate of the University;
- Sinclair Gray Leask, on 30 March 2009. Sinclair Leask joined the University in 1978 and was employed in the position of Controller of Catering and Residences before his retirement in 2002.

155 MATTERS ARISING

APPOINTMENT OF NEW PRINCIPAL

The Chairman confirmed, that following the Extraordinary Meeting of the Court held on Monday 18 May 2009, at which Court approved the recommendation of the Joint Committee of the Senate and the Court for the appointment of Professor Stephen Chapman as Principal and Vice-Chancellor from 1 September 2009, the Chairman would write to Professor Chapman formally to confirm the appointment.

156 MINUTES OF THE PREVIOUS MEETING

Approved the minutes of the meeting of Court held on 23 March 2009.

157 EDINBURGH BUSINESS SCHOOL, MEMORANDUM AND ARTICLES OF ASSOCIATION

Received an oral update from the Secretary of the University who confirmed recent receipt of an initial report from the University's solicitors. The Secretary confirmed that the solicitors were expected to report on recommended options in the near future, although not in time to be reported at the next meeting of the EBS Board. The report would be shared with the Court in the near future.

158 BUSINESS TRANSACTED SINCE THE LAST MEETING: REPORT FROM THE EMERGENCY COMMITTEE OF COURT (Paper C)

Received and noted a report from the Emergency Committee of Court, confirming approval of the Committee on behalf of the Court of the recommendation of the Senate Business Committee for the promotion of Dr G Couples, Institute of Petroleum Engineering, from Senior Lecturer to Professor from 1 August 2008.

159 COMMUNICATIONS FROM THE CHAIRMAN OF COURT

GUIDANCE ON GOOD GOVERNANCE

The Chairman drew attention to the recently published CUC: Guide for Members of Higher Education Governing Bodies in the UK which had been distributed to members of Court. Court noted that, as part of a review of the University's governance arrangements, the Internal Auditor had been commissioned to include an assessment of the University's compliance with the governance precepts laid out in the new CUC Guide. The Internal Audit report was due to be presented to the Audit Committee at its meeting in June 2009 and would be reported subsequently to the Court.

NEW LFHE/CUC PUBLICATION

The Chairman requested that a copy of the new LFHE/CUC publication 'Getting to Grips with Risk' should be circulated to members of the Court ahead of the meeting in June 2009.

160 VOLUNTARY/COMPULSORY REDUNDANCY UPDATE (Paper D)

Received an update from the Vice-Principal and the Interim Director of HR on progress made since the meeting of the Court on 23 March 2009.

Noted that, of the 19 separate at risk pools reported to the Court in March 2009, alternatives to compulsory redundancy had been identified in respect of 9 of these. In a further 6 of the remaining 10 pools there was reported probability that the risk of compulsory redundancy would be removed, either through voluntary redundancy, redeployment or further savings being identified. There were 4 remaining pools involving 9 individuals and a reduction of 6 posts which remained at a higher risk of redundancy.

The Vice-Principal confirmed that progress continued to be made to reduce as far as possible the potential for compulsory redundancy. A further meeting had been scheduled with the relevant trade union representatives in the week beginning 18 May. The Vice-Principal confirmed that Court would receive a further update at its meeting in June 2009 and that 31 July 2009 had been agreed as the date by which a final decision should be reached on any remaining at risk pools. Court discussion highlighted the need for appropriate balance between due process and sensitive handling of individual cases.

Approved a proposal that the Secretary of the University should undertake consultations to identify two members of the Court who would be prepared to join the membership of a redundancy committee, to be convened under the terms of Statute XXV.

161 COMMUNICATIONS FROM THE PRINCIPAL / PME (Paper E)

Received and noted a report from the Principal and the Planning & Management Executive on a range of news topics of current interest and involvement of the University. The Principal highlighted in particular:

- future challenges in relation to core SFC funding for higher education. The Scottish budget would be reported in September 2009. A Tripartite Advisory Group (TAP) technical group had been established to consider short and long term HE funding needs. The University's Director of Finance & IS/IT had been invited to join this group;
- thanks and appreciation to colleagues in Schools who contributed a healthy NSS response rate. The University had improved its position significantly in the recently published Guardian University Guide league table; however, there remained scope to improve the NSS results which contributed to the overall rank score;
- the Principal would keep Court informed of events associated with the UCU/employers' pay dispute. A ballot for industrial action had been called;
- the University's contribution to the Knowledge Exchange agenda.

162 COMMUNICATIONS FROM THE SENATE (Paper F)

Received a report from the Senate Business Committee relating to its meeting held on 1 April 2009. All items were for noting.

The Principal drew attention to the schedule for overseas graduation ceremonies which he recommended the

University should continue in the future. Efforts were made to minimise the costs associated with overseas graduations and the events were well received and very valuable in terms of the experience of international Heriot-Watt graduates and their families.

163 REPORT FROM THE NOMINATING & REVIEW COMMITTEE (Paper G)

Received a report from the Nominating & Review Committee relating to its meeting held on 20 April 2009 and approved the following recommendations of the Committee:

1. COURT

1.1 2009 vacancies in membership appointed by the graduates' association:

Mr Gregor Colville be invited to join the membership of the Court from 1 August 2009 to 31 July 2012.

1.2 2009 vacancies in membership co-opted by the Court:

- 1) Mr Iain McLaren be invited to join the membership of the Court from 1 August 2009. Mr McLaren is currently a lay member of the Finance Committee;
- 2) Mr David Robinson be invited to join the membership of the Court from 1 August 2009;
- 3) The current vacancy should be retained for a further year;
- 4) In 2010 an invitation to rejoin the membership of the Court from 1 August 2010 should be extended to Mr R Perman. Mr Perman should be invited to join the lay membership of the Finance Committee from 1 August 2009 to 31 July 2010;
- 5) Mr D Woods should be invited to join the membership of the Court from 1 August 2010 following a year out in 2009/10. Noted that a vacancy would arise from 1 August 2010 when the membership of Mr E Weeple ends. Mr Weeple would not be eligible for reappointment.

Noted other matters reported for information.

2. COURT COMMITTEES

2.1 2009 vacancies in membership of the Audit Committee:

- 1) Mr E Weeple be invited to join and Chair the Audit Committee for one year from 1 August 2009. In due course a recommendation will be made in respect of the Chairmanship of the Committee for the period 2010 to 2013;
- 2) Should he be appointed to membership of the Court, Mr David Robinson be invited to join the membership of the Committee from 1 August 2009 in replacement of Ms Y Savage.

Noted that good practice guidance (as included in the CUC Handbook for Members of Audit Committees in Higher Education Institutions), stipulated the requirement for at least one member of the Audit Committee should have recent and relevant experience in finance, accounting or auditing. The Committee was advised to ensure, in terms of its future composition, that this requirement is met.

2.2 2009 vacancies in membership of the University Collections Committee:

Court noted withdrawal of the Committee's recommendation, due to unavailability of the member of Court recommended by the Committee.

2.3 2009 vacancy in membership of the Nominating & Review Committee and increased Court representation

A further Court member be added to the composition of the Committee. Noted that there were currently 2 non- ex-officio members Mr G Bissett and Mr R Perman who would come to the end of his term of membership of Court on 31 July 2009. The Audit Committee should be invited to make recommendations as to how two vacancies might be filled from within the Court membership.

Noted other matters reported for information.

3 GENERAL CONVOCATION: COURT APPOINTMENTS

3.1 RSE/Learned & Professional Societies/Research Institutes (clause 4(g))

Renewal of the following membership expiries in 2009 for a further three years to 2012:

- Prof P Weetman, (Royal Society of Edinburgh)
- Mr A Leslie, (Royal Incorporation of Architects in Scotland)
- Prof A A I Wedderburn, (British Psychological Society)

3.2 Heads of Educational institutions in Scotland (clause 4 (i))

Following the end of the period of membership of Adam Smith College in 2011, the Head of Forth Valley College be invited to join the membership in this category. There were no vacancies arising in 2009.

3.3 RSA, RSSA and other such associations in Scotland determined by the Court (clause 4(k))

Approaches be made by the Committee to appropriate senior figures in the areas of sport and in Scottish Enterprise, inviting them to join the membership of the Convocation from 2009 to 2012.

3.4 Members of the Common House of Parliament (clause 4(l))

the membership of the Secretary of State for Scotland by sought - thereby adding East Renfrewshire to the list of parliamentary divisions approved by the Court.

3.5 Members of the Scottish Parliament (clause 4(m))

Iain Gray, MSP, be invited to join the membership and that, following further consideration by the Committee, further approaches may be made to other MSPs as the Committee deems appropriate.

3.6 Religious and cultural bodies (clause 4(n))

An approach be made to the German Consulate to join the membership. If the invitation is not accepted, the invitation should be transferred to the Spanish Consulate.

Noted other matters reported for information.

164 DATE OF NEXT MEETING

The next meeting will take place on Monday 29 June 2009.

COURT

Minutes

In the Chair: Lord Penrose

Date of Meeting: 29 June 2009

Present also: Principal, Professor Anton Muscatelli
Mr Graeme Bissett
Mr Malcolm Durie
Mr Simon Eltringham
Mr Neil Fraser
Dr Judith McClure
Dr Robbie Mochrie
Dr Alan Parsley
Mr Ray Perman

Ms Jane Queenan
Ms Yvonne Savage
Professor John Sawkins
Dr Gillian Thomson
Professor Adrian Todd
Professor Andy Walker
Mr Ed Weeple
Mr David Woods

In attendance: Professor Bob Craik
Professor Doug Greenhalgh
Professor Gill Hogg
Professor Philip John
Mr Richard McGookin
Mr Phil McNaull
Ms Theresa Merrick
Professor Alan Miller
Mrs Kathy Patterson
Professor Gary Pender
Professor Alan Prior
Mr Keith Ross

Lorna Kirkwood-Smith (clerk)

165 APOLOGIES

Apologies were received from: Baroness Susan Greenfield, Professor Dugald Duncan, Mr James Maguire, Councillor Tim McKay and Mr Ewan Wood.

166 NEW MEMBER

The Chairman welcomed to the meeting Mr Simon Eltringham, newly appointed President of the HWU Students Association.

167 MINUTES OF THE PREVIOUS MEETINGS

Approved the minutes of the meeting of Court and the minutes of the extraordinary meeting of Court held on 15 May 2009 with amendments in each case to record that an apology for absence relating to each had been relayed by Mr Ed Weeple.

168 MATTERS ARISING

EDINBURGH BUSINESS SCHOOL: REVIEW OF MEMORANDUM AND ARTICLES OF ASSOCIATION

Received an oral update on the review of the EBS Memorandum and Articles of Association from the Secretary of the University who confirmed recent receipt of a report from the University's solicitors. This provided the results of the solicitors' assessment of options for negotiation relating to the future structure of the University's relationship with EBS and highlighted risks associated with current arrangements.

Noted that, following discussion on the report with the Chairman of Court, a meeting would be scheduled as soon as possible with the Chairman of the EBS Board to discuss the implications of the report. The Chairman of the Board had been provided with a copy of the University's solicitors' report.

169 OBITUARIES (Paper A)

Court received and noted with sadness an obituary notice relating to the death, on 1 June 2009, of Dr Alison Cawsey, Senior Lecturer in the School of Mathematical & Computer Sciences. With degrees from the University of Cambridge and the University of Edinburgh, Alison Cawsey held research posts at both institutions and a Lectureship at the University of Glasgow, before joining Heriot-Watt University in 1995. She was promoted to Senior Lecturer in 2002.

170 BUSINESS TRANSACTED SINCE THE LAST MEETING: REPORT FROM THE EMERGENCY COMMITTEE

Noted that on 12 June 2009 the Emergency Committee of Court had approved the recommendation of the Nominating & Review Committee that Mr Ed Weepie be invited to join the membership of the Audit Committee with immediate effect.

171 COMMUNICATIONS FROM THE CHAIRMAN

The Chairman had no communications to relay in addition to matters already covered in the meeting agenda.

172 COMMUNICATIONS FROM THE SENATE (Paper C)

Received a report from the Senate Business Committee:

Membership of the Senate: Director of Postgraduate Studies

Approved the recommendation of the Senate that Professor B S Wherrett, in his capacity as Director of Postgraduate Studies, and under the terms of paragraph 1 (vii) of Statute XIII: The Senate, be reappointed as a member of the Senate for a further three years from 1 August 2009.

Conferment of the title Professor

Approved, in terms of paragraph 8(c) of Statute XIII: The Senate, the recommendation of the Senate that the title of Professor be conferred upon Stephen Chapman at the commencement of his appointment as Principal & Vice-Chancellor.

Other items reported by the Senate Business Committee for information

Noted.

173 COMMUNICATIONS FROM THE PRINCIPAL AND THE PLANNING & MANAGEMENT EXECUTIVE (Paper D)

Received and noted a report from the Principal and the Planning & Management Executive on a range of news topics of current interest and involvement of the University. The Principal highlighted in particular:

- the potential impact of new visa rules on recruitment of non-EU overseas students;
- Research Grants & Contracts proposals and awards which had kept pace with the previous year's underlying strong trend;
- the Staff Survey which had been developed drawing on external expertise and was consistent with the University's People Strategy objectives.

174 REVIEW OF THE SCHOOL OF LIFE SCIENCES (Paper E)

Approved recommendations, as detailed in a summary report from the Planning & Management Executive (PME), following a review of the School of Life Sciences. The report was presented by the Principal. Noted that, at its meeting on 4 June 2009, PME had approved the conclusions and recommendations in the report from the review group. The review of the School had focused primarily on the issues of academic coherence and critical mass which had an impact on financial performance.

Noted that the key recommendation, (Recommendation 1), which took into account all the available evidence, was that the School of Life Sciences remain as a separate, single School with a refocused recovery plan (Option A), and with a new School Management Team to produce and lead the implementation of the plan. Option B: 'Realignment of the Disciplines of the School', stood as a secondary recommendation, i.e. one that would be introduced if the School was unable to meet its own targets, as specified in the recovery plan to be developed under Option A. Noted that, following Court approval, the School would progress with the development of its plan, for consideration by PME at its meeting on 27 August 2009.

Discussion touched on the timescale for achieving positive change. It was anticipated that the School plan would start to achieve positive change from 2010 onwards with a critical decision point in spring 2011 on the basis of progress towards a position of financial sustainability. The autumn 2009 decision point was to assess whether the School has been able to devise a clear and realistic plan which appeared capable of delivering this aim.

Court agreed that, should there be any decision in future, through failure of the School Plan, to revert to Option B, the Senate should receive and consider any such recommendation. Court would then consider the matter further taking the view of the Senate into account.

175 COMPULSORY/VOLUNTARY SEVERANCE REPORT (Paper F)

Received and approved a recommendation presented by the Convener of the Staffing Strategy Committee and, on behalf of the redundancy consultative committee, by the Vice-Principal. The recommendation, presented as a united recommendation between University management and representatives of each of the relevant Trade Unions representing staff of the University, proposed that the Court consider and approve "Scenario 2" and the recommendation therein, presented in relation to the compulsory redundancy consultation. Noted that "Scenario 2" detailed that, "significant progress is being made towards achieving the remaining savings, but has not been concluded. This will depend critically on the extent of progress and the momentum gained. Assuming a sufficient advance has been made, the University should accept the Unions' offer to work with it over the summer period to resolve the remaining cases and achieve the required savings. This would require removal of the threat of redundancy (although the University will always retain the right to instigate a new redundancy consultation process at any time in the future). In taking this step, it should be made clear to the units concerned that the outstanding savings are still required to be found and that the original targets remain in place."

Court noted that, of the original 19 pools identified as requiring staff savings at the start of consultation process, the risk of compulsory redundancy had been removed from 14 of these. This had been achieved by finding the necessary savings through other means, including voluntary severance and redeployment. In a further 4 pools (involving a reduction of seven posts) there was a good probability that the remaining savings will be achieved, either through volunteers coming forward, redeployment or further savings identified. In all of these cases potential alternatives to compulsory dismissal had been identified and were under discussion. In two of these areas very significant progress towards a final resolution had been made in recent days, and similar recent progress had been made in the other two areas with potential new opportunities identified. A remaining single "at risk" area involved Catering & Residences where interviews were being held in the near future for a single new post (reducing the current complement by 1 post). Further discussion would take place with the candidate not appointed about alternatives to redundancy.

Court noted the value of remaining savings to be found, once realised from these five remaining "at risk" areas, is in the region of £200k. Court noted the University management view that, working in partnership with the Trade Unions, the remaining savings appeared achievable and if this were the case the objectives established by the University at the outset of the voluntary severance scheme would be met. Court consequently agreed that the compulsory redundancy processes initiated, at the Court meeting on 23 March, now be terminated and that the risk of compulsory dismissals, in this context, be withdrawn. The Chairman of Court thanked colleagues, in particular the Interim Director of HR, for the substantial effort that had been involved in achieving the current optimum position.

176 PEOPLE STRATEGY (Paper G)

Approved a People Strategy presented by the Convener of the Staffing Strategy Committee and the Interim Director of HR. Approval was conditional on consideration and approval of the Strategy document by PME which was not due to meet again until 2 July 2009. The Secretary of the University confirmed that any material alterations to the Strategy arising from PME's considerations would be reported back to the Court.

Noted that the strategy document set out the People Strategy for the University for the period 2009 to 2014, providing a broad framework for strategic direction and within which detailed operational plans with target completion dates would be developed. Court noted relevant provision had been made in the 5-Year Plan to resource the Strategy.

The Chairman expressed thanks on behalf of the Court to the Interim Director of HR for his leadership and the significant effort that had been involved in successful delivery of the People Strategy document.

177 REPORT FROM THE STAFFING STRATEGY COMMITTEE (Paper H)

Received and noted a report from the Staffing Strategy Committee relating to its meeting held on 16 June 2009.

Items for approval, 1) Voluntary/Compulsory Severance, and 2) People Strategy, were dealt with under items 175 and 176 above.

Approved revised Terms of Reference of the Staffing Strategy Committee.

Court noted, in relation to the wider issue of the composition of Court Committees, confirmation from the Secretary of the University that he would undertake a review of Regulation 19: Standing Committees of the Court, to clarify quoracy requirements of Court committees.

178 5-YEAR PLAN 2009-14 FINANCIAL COMMENTARY (Paper I)

Received and approved a 5-Year Financial Plan 2009-14 forwarded by the Finance Committee. Court noted the ambitious and challenging nature of the Plan but observed also that it set out, with a high degree of visibility, the risks and the control mechanisms that were in place to manage these.

The Director of Finance & IS/IT provided an overview of the key features of the Plan as detailed in commentary. The Director of Finance & IS/IT also confirmed, in response to a question raised about meeting the annual targets for new academic appointments, that there were opportunities throughout the period of the Plan to cut areas of discretionary spend where income targets are not met as a result of slower than planned recruitment. While, in this scenario, future growth could be delayed the University's overall financial position would be protected.

The Convener drew attention to a number of positive features of the Plan and highlighted increased confidence in the University's capacity to control costs across Schools and the Professional Services and to maintain a positive revenue line. The capability of Schools to generate the income was vital to maintaining strategic Theme and infrastructure investments and it was important to maintain staged gateway processes to control expenditure decisions, in particular in relation to capex. Gaining support from the University's bank and full understanding of the terms of future financing were both vitally important before moving to the procurement phase in relation to the Residences Project: dialogue with the bank should be taken forward as a matter of priority. The Convener also highlighted the importance over the next few months to move forward the dialogue with EBS in relation to future accounting arrangements, and highlighted the need for the University to ensure that financial reporting systems are of sufficiently high standard to meet demands in relation to management of the Plan.

179 HWU RESIDENCES PROJECT (Paper J)

Received and noted a HWU Residences Project update forwarded by the Finance Committee.

Noted the view of the Finance Committee and the Estate Strategy Committee that the University should continue with a phased development of self-build accommodation, although the option of 3rd party involvement was not yet closed off completely. Noted that PME in August 2009 and the Finance Committee and the Court at their meetings in September 2009 would consider the full business case. If approved at that point the project may progress to Phase 2 involving initiation of the tender process leading to appointment of a contractor. The Court would retain full flexibility to explore how the project should be developed until that point.

The Convener drew attention to the modular approach to the project which would enable phased delivery and financial management of the project in terms of assessing affordability at each phase.

Discussed risks in terms of those with the potential to impact on the University's ability to meet loan repayments in future. Court noted that the residences were expected to be self-financing; realistic foreseeable risks had been identified and there would be mechanisms in place for controlling these. The Convener of the Finance Committee confirmed that the Committee had considered the risks in detail and had charged University management to take forward further discussions with 3rd parties to ensure that the self-build option remains the best option for the University.

Discussed the potential for disruption to current residences business by construction work. The Secretary of the University confirmed that as the planned new residences were remote from existing residency buildings and no negative impact was anticipated.

180 REPORT FROM THE FINANCE COMMITTEE (Paper K)

Received and noted a report from the Finance Committee relating to its meeting held on 15 June 2009.

Endowments Investment and Management Policy

Approved an Endowments Investments and Management Policy, the overall objective of which was to meet the endowment objectives in line with the original intentions of donors. Noted the aim the policy is to balance capital risk with the need to generate income from these donations, for current purposes and into the future.

Dubai Campus developments

Approved a recommendation, presented by the Secretary of the University, for an extension for a further five years, with no changes, of the Agreement between Heriot-Watt University and the University's Academic Infrastructure Partner, Eikon. Noted that Eikon required this length of Agreement to obtain funding to build a new campus, and that the need to progress building to accommodate future growth was becoming urgent.

Court noted that the University was continuing to expand its operation, with the 2009/10 student intake on track with budget plans and steady growth in projected contribution to the University's financial bottom line over the period of the 5-Year Plan. On this basis, the University would, in any case, seek to extend the Agreement with Eikon. PME had reported that Dubai Campus operations lay at the centre of the University's International Strategy and noted the projected contribution of the campus to the University's financial bottom line over the period of the 5-Year Financial Plan: net income that, if lost, would need to be replaced from other sources. The option of restricting future growth in student numbers in Dubai was not considered credible.

Court noted that the full cost of the new build would be met by the Infrastructure Provider and the Secretary of the University confirmed his confidence in the University's ability to maintain a co-operative relationship with the Infrastructure Provider underpinned by appropriate agreement on service levels. The Secretary of the University also confirmed that autumn 2009 student recruitment would be reviewed prior to an extension to the Agreement being signed off.

Other items presented by the Finance Committee for information

Noted.

The Convener drew attention to item 5 of the report with regard to the potential breach of the key covenant requirement on ratio of interest payments to net operating cash-flow, and confirmed that he was content that this timing driven issue was being managed appropriately. Approaches were being made to the bank on this matter.

181 REPORT FROM THE ESTATE STRATEGY COMMITTEE (Paper L)

Received and noted a report from the Estate Strategy Committee relating to its meeting held on 17 June 2009. The Convener drew attention to:

- positive feedback in relation to completion of work on the Scottish Borders Campus Co-location Project and the Postgraduate Centre, and discussions ongoing with the contractors in each case in relation to their respective claims, as reported;
- new projects involving David Brewster/Earl Mountbatten Buildings, the Mary Burton Building and the William Perkin Building;
- the impact on the future work of Building and Estates of compliance with the UK Carbon Reduction Commitment and the establishment of a Environmental & Energy Committee to report on progress against a five year CO2 reduction plan;
- the appointment of a consultancy firm to prepare the Residences project plan for approval through the committee structure;
- the planned review by the Committee of its Terms of Reference in September 2009. The Convener advised that input from Court members on this review would be welcome.

It was suggested that it would be helpful in future reports from the Committee for references to campus buildings to include also a note of the academic disciplines represented.

182 RISK REGISTER SUMMARY (Paper M)

Received and noted a summary of the University's Risk Register, as at June 2009, highlighting the top 8 risks identified and directions in movement since the previous review of the Register.

The Director of Finance & IS/IT confirmed that where no movement was recorded against a risk, e.g. SAS project implementation, this was an indication of the view of the Risk Management Strategy Group at the time of the assessment that the risk was being managed satisfactorily.

183 REPORT FROM THE AUDIT COMMITTEE (Paper N)

Received and noted a report from the Audit Committee relating to its meeting held on 15 June 2009.

Membership of the Nominating & Review Committee

Approved a recommendation from the Committee that the following members of the Court be invited to join the membership of the Nominating & Review Committee from 1 August 2009:

- Mr N Fraser (until 2011)
- Mr Ed Weeple (until 2010)

Other items presented by the Audit Committee for information

Noted.

184 MEMBERSHIP OF COURT / COURT COMMITTEES (Paper O)

Election to the Court from the Convocation

Approved the appointment to the Court as a member nominated by the Convocation, of Shonaigh Macpherson, CBE, FRSE, subject to the approval of the Convocation for the nomination.

The Secretary of the University reminded the Court that, as no nominations had been received from the body of the Convocation for the replacement of Dr J McClure from 1 August 2009 by the time of the annual meeting of the Convocation in March 2009, Convocation had agreed to invite the Nominating & Review Committee to consult further and to make an recommendation via the Secretary of the University. Noted that arrangements would be made as soon as possible to seek the approval of Convocation for the nomination by correspondence.

Incoming new Court members

Noted the following incoming new members of the Court from 1 August 2009:

- 1 elected by the Senate:
 - Dr Alexander Bell, School of Engineering & Physical Sciences
 - Dr Jennie Hansen, School of Mathematical & Computer Sciences
 - Professor James Ritchie, School of Engineering & Physical Sciences
- 2 elected by the Graduates Association of the University:
 - Mr Gregor Colville
- 3 elected by the non-academic/related staff:
 - Mr Allan Gray
- 4 membership co-opted by the Court:
 - Mr Iain McLaren
 - Mr David Robinson
- 5 Elected by the Council of the HWU Students Association (for one year from September 2009)
 - to be confirmed.

The Chairman, on behalf of the Court, relayed thanks and appreciation for their valuable contributions to the work of the Court to the following members who were standing down at the end of July 2009:

Professor John Sawkins	(Elected by the Senate)
Dr Gillian Thomson	(Elected by the Senate)
Professor Adrian Todd	(Elected by the Senate)
Mr James Maguire	(Elected from the non-academic/related staff)
Ms Yvonne Savage	(Elected by the Graduates' Association)
Mr Ray Perman	(Co-opted member)
Mr David Woods	(Co-opted member)
Miss Ruth Bush	(Ex officio as President of the Students Association)
Mr Ewan Wood	(Appointed by the Council of the Students Association)

Membership of the Collections Committee

Approved the appointment of Mr Malcolm Durie to the membership of the University Collections Committee as Convener from 1 August 2009.

185 DATE OF NEXT MEETING

The next meeting will take place on Monday 28 September 2009.