

COURT

Minutes

In the Chair: Lord Penrose

Date of Meeting: 28 September 2009

Present also: Principal, Professor Steve Chapman
Dr Alex Bell
Mr Graeme Bissett
Mr Gregor Colville
Professor Dugald Duncan
Mr Simon Eltringham
Mr Neil Fraser
Mr Allan Gray
Dr Jennie Hansen

Mr Iain McLaren
Ms Shonaig Macpherson
Dr Robbie Mochrie
Dr Alan Parsley
Ms Jane Queenan
Professor James Ritchie
Mr David Robinson
Professor Andy Walker
Mr Ed Weeple

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
Professor Alan Prior
Ms Shirley Campbell
Dr Victor De Lima for item 200
Dr Sue Cobbett for item 200
Mr Craig Pender for item 201
Mr Peter Kerr for items 197 and 199
Lorna Kirkwood-Smith (clerk)

186 APOLOGIES

Apologies were received from Baroness Susan Greenfield, Mr Malcolm Durie, Councillor Tim McKay and Dr Judith McClure.

187 NEW MEMBERS

The Chairman welcomed to the meeting Dr Alex Bell, Mr Gregor Colville, Mr Allan Gray, Dr Jennie Hansen, Ms Shonaig Macpherson, Mr Iain McLaren, Professor James Ritchie and Mr David Robinson who were attending their first meeting of the Court as new members.

188 MINUTES OF THE PREVIOUS MEETING

Approved the minutes of the meeting of Court held on 29 June 2009.

189 MATTERS ARISING

EBS: REVIEW OF GOVERNANCE ARRANGEMENTS

The Chairman confirmed discussions were ongoing with the EBS Board Chairman and other relevant colleagues. These were providing a firm basis for substantial future progress in relation to reaching an agreement on future governance arrangements, and he hoped that, with Court's further patience, significant progress towards a resolution would be made over the next month or so.

DUBAI CAMPUS UPDATE

The Secretary of the University confirmed that Agreement had been reached with the Dubai Campus Academic Infrastructure Provider (AIP) in relation to extension of the current agreement for a further five years, although there was likely to continued pressure from the AIP for future negotiations with a view to changing the terms of the Agreement. This proposal was currently being resisted by the University.

The Secretary confirmed that the most up-to-date indication of student numbers at the Dubai Campus was ~1,300 (headcount) / 850-900 FTEs in 2009/10. Campus operations had made a surplus, net of shared profits with the AIP, in the region of £700k in addition to exchange rate gains of £200k in 2008/09. A substantial surplus was expected in 2009/10.

In response to a request, the Secretary of the University agreed to provide Court members with a summary written financial overview of Dubai Campus operations for information.

190 OBITUARY (Paper Ct1/09/001)

Court received and noted with sadness an obituary notice relating to the death, on 12 July 2009, of Dr John Snowdon, former Senior Lecturer in Physics in the School of Engineering & Physical Sciences.

191 COMMUNICATIONS FROM THE CHAIRMAN

The Chairman drew attention to the well attended Court Induction session held on 8 September 2009.

The Chairman sought and received support from the Court membership to take forward plans to design a development programme for members of Court.

192 COMMUNICATIONS FROM THE SENATE (Paper Ct1/09/002)

Received a report from the Senate Business Committee:

Modifications to Ordinance 37: Approved Teachers and Tutors

Approved a recommendation by the Senate Business Committee, acting on behalf of the Senate, for modifications to Ordinance 37: Approved Teachers and Tutors.

Annual Quality Assurance Report for the Scottish Funding Council

Approved an Annual Institutional Statement on Quality Assurance and Internal Subject Review arrangements undertaken within the University in 2008/09, for submission to the Scottish Funding Council as a component of the required annual institutional reporting. Noted that the report had been previously approved by the Quality Enhancement and Standards Committee, PME and the Senate Business Committee and had been presented to the Audit Committee for information.

Other items reported by the Senate Business Committee for information

Noted.

193 COMMUNICATIONS FROM THE PRINCIPAL AND THE PLANNING & MANAGEMENT EXECUTIVE (Paper Ct1/09/003)

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:

- indicative student numbers in 2009/10. While student registrations were still ongoing, the most up-to-date figures indicated an increase of 7% against the previous year's population and 2% above target for Scottish campus-based numbers, an increase of 20% against the previous year's population and 23% above target for Dubai campus numbers; and an indicative fee income surplus above budget in 2009/10 of £490k. Scottish campus-based overseas numbers had failed to meet ambitious targets and would be the focus of further attention over the coming year; meanwhile, the current year shortfall had been compensated by significant growth in Dubai campus numbers;
- growing pressure on front-line student services as a result of growth in the student population would be given particular consideration in the 2009/10 planning round;
- further consideration would be given to means to achieve targeted growth in research postgraduate student numbers;
- work being taken forward with Schools and in partnership with the student body to bring about ongoing incremental improvements in areas of weakness highlighted in NSS results. Poor results were not universal across all programmes and it was believed a range of factors lay behind the results;
- positive news for the Scottish higher education sector in the Scottish Government Draft Budget announcement. This highlighted, against a real-terms reduction of 0.9% in the overall budget, a real-terms increase for higher education of around 2%. This increase would be reduced when certain ring-fenced allocations were accounted for however, against the earlier expectation in the sector of a real-terms reduction in funding, the Draft Budget provided very welcome news. The Principal highlighted the need for the sector to demonstrate commitment in the period ahead to use of funding to promote higher education aims while maintaining firm constraint on pay costs. The current Employers' Association pay offer stood at 0.5%. The Principal confirmed his intention to take up membership of the UCEA Board.

194 UNIVERSITY 5-YEAR PLAN: STRATEGY UPDATE (Paper Ct1/09/004)

Received and noted an update report from the Deputy Principal (Strategy & Resources) on implementation of the University's 5-Year Plan. The report highlighted:

- a relatively strong financial position, bolstered by the University's RAE gains, research grants and contracts income and buoyant student recruitment in 2009/10; however, forward planning would take account of the considerably more challenging external environment expected from 2010 onwards as a result of downward pressure on public expenditure;
- the locus for academic investment represented by the 'Research Pools' and 'Topical Themes. While Research Pools were attracting continued SFC funding, the level of this was reducing with corresponding increasing pressure on the University's budget;
- preparations currently underway by the five Topical Themes to prepare business plans for second round funding. A sixth Topical Theme, 'Creativity, Design and Innovation', was under development;
- plans and progress made by Professional Service Themes supported by a proportion of investment funding which had been brought forward from the next financial year. The 'People Theme', which was focused on organisational development, was expected to make the largest impact on delivery of the strategy;
- completion of the second cycle of performance reviews. The Deputy Principal (Strategy & Resources) confirmed that summary information on the outputs of performance reviews would be shared with the Court at future meetings;
- conclusion of the Voluntary Severance Scheme and redeployment/restructuring planning, which had enabled total salary savings of £4.5m p.a. with all costs met within financial year 2008/09;
- the rate of recruitment of individuals of the required quality to Topical Theme academic positions was behind plan. A "head-hunting" sub-group of the Strategy Working Group, led by the Deputy Principal (Research and KT), had been established to address this issue;
- agreed allocation of the SFC-administered Capital Infrastructure Fund (CIF) over 2008 and 2009. A substantial proportion of CIF was being allocated to improvement of the estate with a focus on health and safety priorities, long-term maintenance and refurbishment of teaching space.

In response to a question raised, the DP(Strategy & Resources) highlighted that, in general, there appeared not to be a conflict between concentration of effort in the direction of research earnings and institutions' ability to deliver high quality teaching and see this reflected in good NSS results: on the whole, the benchmark 1994 Group demonstrated particular strengths in both areas.

195 REPORT FROM THE STAFFING STRATEGY COMMITTEE (Paper Ct1/09/005)

Received and noted a report from the Staffing Strategy Committee relating to its meeting held on 27 August 2009. In the absence of the Convener, the report was presented by the Chairman of Court.

The Chairman drew attention to the first reports of progress on strands of People Theme work received by the Committee and the update received on further staff savings achieved over the summer period.

The Chairman also confirmed that the Committee had considered a draft Conflict of Interest Policy which had been referred back to the Infrastructure Board for further development.

196 REPORT FROM THE FINANCE COMMITTEE (Paper Ct1/09/006)

Received and noted a report from the Finance Committee relating to the meeting of the Committee held on 16 September 2009. A recommendation in relation to Residences Project was presented for approval and dealt with under 197 below. All other items were presented for information. The Convener drew attention in particular to the following:

- the financial risk posed by slower than planned recruitment to new academic Topical Theme positions and the consequent slowing of growth in income generating capacity;
- the expected future negative impact on the University's accounts of increasing pension liabilities;
- the importance of ongoing dialogue with EBS in relation to the review of governance arrangements: the relationship between the University and the School in terms of enabling good governance was of primary concern; however, it was important also to clarify the financial arrangements between the two bodies. The impending decision on whether to commit to the Residences Project and the expected scrutiny of financial governance arrangements by the Bank provided additional impetus to achieve an early resolution. This matter would be considered further by the Committee in the context of the Annual Accounts and Financial Statements which would be approved by the Committee at its November meeting;
- plans of the Committee, at its next meeting, to review its Terms of Reference. As these were closely associated with those of the Audit Committee, an opportunity would be taken to consider the Terms of Reference in the context of their alignment to those of the Audit Committee.

197 RESIDENCES PROJECT (Paper Ct1/09/007)

Received and approved a recommendation from the Finance Committee that the University should progress to the next phase of the Residences Project. Noted that the recommendation had been approved by PME and, subject to Finance Committee consideration and approval of the financial aspects of the project, endorsed by the Estate Strategy Committee at their meetings in September 2009.

Noted that the cost of the next phase - "Scheme Design - stage D" of the RIBA Plan of Work would be in the region of £400k and would involve commissioning Capita Symonds to develop the preferred design option in detail and to initiate the procurement notification period and planning notification processes.

Court received a presentation by the Director of Estate & Building Services on evolving design themes for both Riccarton and Galashiels sites, providing an indication of the design routes that would be developed further informed by stakeholder feedback.

The Convener of the Finance Committee highlighted the necessity of moving forward with plans to replace residential accommodation and highlighted that, in the current climate, which was no longer favourable in terms of partnership opportunities involving third-parties, and in the light of willingness of banks to lend to support this kind of project, the option of self-management and financing of the project was considered the most tenable. On this basis, and on the understanding that further clarity will be provided in the full business case to be presented for consideration in due course, the Finance Committee had been content to approve progression to the scheme design phase. The Convener urged that management ensure that project costs are pinned down at an early stage, that the business case is fully fleshed-out, that competitive banking quotes are sought to identify the most favourable possible borrowing option, and that the next phase is progressed at a reasonable pace to take advantage of prevailing market conditions. The Convener also emphasised the need to ensure that a robust governance structure is established to support the project.

Court noted that clarification of the proportion of project finances committed to servicing the debt and the relevant key parameters for income generation should be included in the business plan, noting that the currently strong demand indicated by 95%+ occupancy levels was expected by Management to continue. There was an opportunity to tailor the capacity of the new residences to exploit prevailing market opportunities.

198 REPORT FROM THE ESTATE STRATEGY COMMITTEE (Paper Ct1/09/008)

Received and noted a report from the Estate Strategy Committee relating to the meeting of the Committee held on 15 September 2009. The Convener drew attention in particular to:

- the Committee's endorsement of the proposal to progress to the next phase of the Residences Project and the Committee's support for a thorough consultation process, led by the Project Board, using the student experience as a focus to inform the decision on the preferred design. The Committee expected to be kept informed of developments;
- key issues reported in the Estate Office Annual Report including highlighted budgetary pressures impacting on estate investments. This highlighted a need, in the context of the University's strategic objectives, to prioritise and resource investments in customer-facing facilities;
- plans by the Committee to consider the Committee's Terms of Reference at its meeting in November 2009 with a view to presenting updated Terms of Reference at the meeting of Court in December 2009.

199 ANNUAL REPORT OF THE ESTATE OFFICE (Paper Ct1/09/009)

Received and noted the Annual Report of the Estate Office for 2008/09, supported by a presentation from the Director of Estate & Building Services. Noted the profile of the estate, scope of activities, achievements in the year and performance indicators providing management/other costs and space-per-student v. peer group data. Noted also SMART objectives set for the coming year.

Discussion touched on:

- the need to identify the optimum balance between cost efficiency and risks associated with e.g. restrictions on maintenance spend;
- further work needed to understand where efficiency gains could be achieved in use of space, in particular there was a need to re-evaluate requirements in the light of changes to teaching practice;
- a reduction over recent years in the number of security patrol staff which had contributed over the summer period to sub-optimal cover for this function.

200 ANNUAL REPORT OF THE UNIVERSITY HEALTH SERVICE (Paper Ct1/09/010)

Received and noted the Annual Report of the University Health Service for 2008/09, presented by the Physician-in-Charge, Dr Victor De Lima, accompanied by Dr Susan Cobbett. The following were highlighted:

- the general and other medical services provided in the year, issues arising, and statistical overviews of practice activities, the main medical conditions identified on students' pre-entry health questionnaire screening and diagnoses necessitating hospital admissions during the year;
- reduced facilities for medical registration at student registration due to changes in the University registration process which had resulted in substantially fewer students being NHS registered than in the previous year and was disadvantageous both to the Health Service and to new students. This was highlighted as an issue worthy of review;
- notable developments in the service during the year, which included involvement in a small number of H1N1 influenza cases. With a further wave of cases expected in the autumn, the Service was preparing to become involved if necessary in a mass immunisation programme;
- In common with other equivalent services, the University Health Service was experiencing difficult times largely due to non-conformity of the patient profile with those to which the NHS Contract was primarily geared. However, this situation was helped through the excellent working relationships the Service had with the University and, through the HWU Students Association, with the student population;
- future loss of savings made through prescribing initiatives. In future these would not be passed to the Health Service where traditionally they have been used towards, for example, purchase of equipment for patients.

201 ANNUAL REPORT OF THE OCCUPATIONAL HEALTH & SAFETY COMMITTEE (Paper Ct1/09/011)

Received and noted the Annual Report of the Occupational Health & Safety Committee, presented by the University's Head of Health and Safety, Craig Pender. The following were highlighted:

- statistical and performance data relating to accidents and fire incidents reported in the year and training provision;
- monitoring and policy development with the Occupational Health & Safety Committee structure reported to be operating effectively. The report highlighted fire safety inspections and fire awareness training activities in the year;
- following a review of the existing health and safety policy, a new policy and procedures, designed to meet current and future strategic development needs were expected to be launched in September 2009;
- University and School/Section level activities designed to manage health and safety.

Court noted a reported encouraging decrease for the third year running of accidents, both in terms of frequency and severity, and noted the potential benefit to the University in terms of future levels of insurance cost of improving health and safety management.

202 ANNUAL REPORT FROM THE UNIVERSITY'S COLLECTIONS COMMITTEE (Paper Ct1/09/012)

Received and noted the Annual Report 2008/09 from the University Collections Committee.

The Secretary of the University requested that any observations or comments on the report be relayed to the Committee via the Secretary of the University.

203 RISK REGISTER SUMMARY (Paper Ct1/09/013)

Received and noted a summary of the University's Risk Register, as at August 2009, highlighting the top 6 risks identified, directions in movement since the previous review of the Register and risks which had been removed from the Register in recent months, either, as in the case of increased pension liabilities, because the issue was no longer a risk but had crystallised, or because the risk had been substantially reduced.

The Director of Finance & IS/IT confirmed that a risk map would be developed which would highlight for Court the development and direction of risks.

Court members were invited to feed any further comments on risk to the Director of Finance & IS/IT for consideration at the next meeting of the Risk Management Strategy Group.

204 REPORT FROM THE AUDIT COMMITTEE (Paper Ct1/09/014)

Received and noted a report from the Audit Committee relating to the meeting of the Committee held on 11 September 2009. All items were presented for information. The Convener highlighted the following in particular:

- appreciation of the work over a number of years of the former Convener of the Committee, David Woods, who had left the business of the Committee in good order;
- assurances from management received by the Committee in relation to broad engagement of University

- staff with policies / policy compliance;
- continuing concerns of the Committee in relation to governance and accounting issues between the University and EBS;
- the Committee had been assured that appropriate actions were being taken forward to address issues highlighted by NSS results;
- the Committee had been assured by appreciable progress being made to reduce the backlog of Internal Audit actions and plans in place to prioritise and complete the remainder;
- agreement by the Committee to schedule an additional autumn meeting to enable sufficient time to be allocated to consideration of governance of the Annual Accounts and Financial Statements, in particular the corporate governance statement. The Committee expected to consider a report on the review of EBS governance arrangements at this additional meeting and also at the joint meeting of the Audit and Finance Committees in November 2009.

205 REPORT FROM THE NOMINATING & REVIEW COMMITTEE (Paper Ct1/09/015)

Received a report from the Nominating & Review Committee.

1 MEMBERSHIP OF COURT, COURT COMMITTEES AND THE GENERAL CONVOCATION:

1.1 Membership of the Court:

Approved a recommendation that Dr Judith McClure be invited to rejoin the membership of the Court for a period of three years from 1 August 2010.

Approved a recommendation that Mr Ray Perman be invited to rejoin the membership of the Court for a period of three years from 1 August 2010.

All other matters noted.

1.2 Membership of Court Committees:

Approved a recommendation that Mr David Robinson be invited to Chair the Audit Committee from 1 August 2010.

Approved a recommendation that Mr Ray Perman be invited to join the Finance Committee as a lay member until 31 July 2010 and as a member of Court from 1 August 2010 to 31 July 2013.

Approved a recommendation that the following be invited to join the membership of the Estate Strategy Committee with immediate effect:

- Mr Malcolm Durie
- Professor Jim Ritchie

Approved a recommendation that Dr Alexander Bell be invited to join the membership of the Staffing Strategy Committee with immediate effect.

Approved a recommendation that the following be invited to join the membership of the University Collections Committee with immediate effect:

- Dr Jennie Hansen
- Professor Alison Harley
- Professor Martin McCoustra

Approved a recommendation that Professor Dugald Duncan be invited to join the membership of the Emergency Committee of Court.

All other matters noted.

1.3 Membership of the Ordinances and Regulations Committee:

Approved a recommendation to seek the reappointment of Ms J Bisacre from 1 August 2010.

All other matters noted.

1.4 Court appointments to the General Convocation in terms of Statute XI (Para 1): RSE/Learned & Professional Societies/Research Institutes (clause 4(g))

Approved a recommendation that the following should be invited to renew their membership for a further three

years from 2010 to 2013:

- Mr R Bowie (Faculty of Actuaries)
- Professor R T Beaty (Royal Academy of Engineering)
- Mr S Thompson (Chartered Institute of Bankers)

All other matters noted.

1.5 Court appointments to the General Convocation in terms of Statute XI (Para 1):
Heads of Educational institutions in Scotland (clause 4 (i))

Approved a recommendation that the following should be invited to renew their membership for a further three years from 2010 to 2013:

- Depute Principal Greg Irving, Telford College
- Principal B Lister, Stevenson College
- Principal E McIntyre, Borders College

All other matters noted.

1.6 Court appointments to the General Convocation in terms of Statute XI (Para 1):
Headmasters and Headmistresses of Schools (clause 4 (j))

Approved a recommendation that the following should be invited to renew their membership for a further three years from 2010 to 2013:

- Mrs D Bartholomew, Ross High School, Tranent
- Mr J B Brown, Peebles High School
- Mr G Edwards, George Watson's College
- Mr G N D Gray, Erskine Stewart's Melville School
- Ms K M Prophet, Firhill High School
- Mr A Jaster, Lasswade High School.

All other matters noted.

1.7 Court appointments to the General Convocation in terms of Statute XI (Para 1):
RSA, RSSA and other such associations in Scotland determined by the Court (clause 4(k))

Approved a recommendation that the Scotch Whisky Association and Scottish Chamber Orchestra be invited to renew their membership for a further three years from 2010 to 2013, while approaches are made by the Committee to appropriate senior figures in Scottish Enterprise and sport.

All other matters noted.

1.8 Court appointments to the General Convocation in terms of Statute XI (Para 1):
Members of the Common House of Parliament (clause 4(l))

Approved a recommendation of no change in this category of membership.

1.9 Court appointments to the General Convocation in terms of Statute XI (Para 1):
Religious and cultural bodies (clause 4(n))

Approved a recommendation that the following be invited to renew their membership for a further three years from 2010 to 2013:

- The Roman Catholic Church
- The Norwegian Consulate
- The Church of Scotland – St Giles
- The Church of Scotland – Currie Kirk
- The Jewish Congregation
- The Consulate of India
- Scottish Episcopal Church

Approved a recommendation that an approach be made to the Honorary Consul of Bangladesh to join the General Convocation in this category of membership.

All other matters noted.

1.10 Court appointments to the General Convocation in terms of Statute XI (Para 1):
Other persons appointed by the Court (clause 5(b))

Approved recommendations that:

- an approach be made to Ms P Henton to renew her membership for a further three years from 2010;
- Mr R Everest (formerly of BP) be approached in respect of one of the long-term vacancies in this category of membership;
- further nominations be sought from Court Committee members in relation to three remaining vacancies. Noted that as, Honorary Consul of Bangladesh, a request to extend his membership would be made under category 4(n) above.

All other matters noted.

2 REVIEW OF THE CHARTER & STATUTES: GENERAL CONVOCATION & COURT

Noted that the Nominating & Review Committee had noted that the University had been looking at a model similar to that being introduced at Stirling University. However, this model is being reviewed in light of recent challenges from the academic community and discussions between the Scottish Government and the Privy Council.

3 GOVERNANCE ARRANGEMENTS IN RELATION TO FILLING OF MEMBERSHIP VACANCIES: CUC GUIDANCE

Agreed in principle that the Court should adopt the guidance provided in the CUC 'Guide for members of Higher Education Governing Bodies in the UK' in particular in relation to guidance on publicising of vacancies both within and outside the institution when these arise. Agreed that, in the light of the challenging period ahead and, consequently a need at the current time to ensure a reasonable level continuity in the membership of Court, advertising of Court vacancies should held in abeyance for a period of two years. In the meantime, Court agreed to renew memberships as recommended by the Nominating & Review Committee in its September 2009 report.

206 COURT SCHEDULE OF BUSINESS: STRATEGIC ISSUES (Paper Ct1/09/016)

Noted and approved the proposed annual forward schedule of Court business dealing with key strategic issues for 2009/10.

207 ANY OTHER COMPETENT BUSINESS

STAFF SURVEY

In response to an enquiry on the timing of the reporting of the results of the Staff Survey, the Director of People and Organisational Development confirmed that it was hoped to report on the outcomes of the Survey at the meeting of PME late in October and to Court, via the Staffing Strategy Committee, at its meeting in November 2009.

208 DATE OF NEXT MEETING

The next meeting will take place on Monday 14 December 2009.

COURT

Minutes

In the Chair:	Lord Penrose	Date of Meeting: 14 December 2009
Present also:	Principal, Professor Steve Chapman Dr Alex Bell Mr Graeme Bissett Mr Gregor Colville Professor Dugald Duncan Mr Malcolm Durie Mr Simon Eltringham Mr Neil Fraser Mr Allan Gray Dr Jennie Hansen Mr Murray Hope	Ms Shonaig Macpherson Dr Judith McClure Mr Iain McLaren Dr Robbie Mochrie Dr Alan Parsley Ms Jane Queenan Professor James Ritchie Mr David Robinson Professor Andy Walker Mr Ed Weeple
In attendance:	Ms Shirley Campbell Professor Bob Craik Professor Philippe De Wilde Professor Doug Greenhalgh Professor Philip John Professor Julian Jones Mr Richard McGookin	Mr Phil McNaul Professor Alan Miller Mrs Kathy Patterson Professor Garry Pender Professor Alan Prior Mr Peter Wilson Lorna Kirkwood-Smith (clerk)

209 APOLOGIES

Apologies were received from Baroness Susan Greenfield and Councillor Tim McKay.

210 NEW MEMBER

The Chairman welcomed to the meeting Murray Hope who was attending his first meeting of Court as the Students Association representative on Court elected by the Council of the Students Association.

211 MINUTES OF THE PREVIOUS MEETING

Approved the minutes of the meeting of Court held on 28 September 2009.

212 MATTERS ARISING

REVIEW OF CHARTER & STATUTES

The Secretary of the University confirmed that a meeting of the Charter & Statutes Review Working Group would be convened in the near future. The University of Stirling model would be reviewed in detail and in the context of potential suitability of the model to Heriot-Watt. It was intended that a recommendation would be developed for presentation to the Court at its meeting in March 2010.

213 COMMUNICATIONS FROM THE CHAIRMAN

The Chairman confirmed that there were no items to report other than those which were relevant to items which were included in the Court agenda.

214 COMMUNICATIONS FROM THE SENATE (Paper Ct2/09/17)

Received a report from the Senate:

Establishment of a unit to manage the Dubai Degree Entry Programme

Approved a recommendation by the Senate for the establishment of a unit to manage and deliver the Dubai Degree Entry Programme. Noted that, in terms of Statute XII, the unit was regarded as 'delegacy' and, as such, its establishment required the approval of the Court on the recommendation of the Senate.

Recommendations from the Academic Promotions Board (Senior Promotions)

Approved recommendations with effect from 1 August 2009 as follows:

Surname	Title/Initial	School	Promotion to
Rynne	Dr B	Mathematical & Computer Sciences	Professor
Trinder	Dr P	Mathematical & Computer Sciences	Professor
Mair	Dr J	Life Sciences	Professor
Towers	Dr N	Management & Languages	Professor
Chrisp	Dr M	The Built Environment	Professorial Fellow
Tinker	Dr C	Management & Languages	Reader
Hadfield	Dr R	Engineering & Physical Sciences	Reader
Wang	Dr C-X	Engineering & Physical Sciences	Reader

Conferral of the title Professor Emeritus

Approved, in terms of Ordinance 18: Professor Emeritus, a recommendation that the title of Professor Emeritus be conferred upon Professor I Grant, School of the Built Environment.

Other items reported by the Senate Business Committee for information

Noted.

215 **COMMUNICATIONS FROM THE PRINCIPAL AND THE PLANNING & MANAGEMENT EXECUTIVE (Paper Ct2/09/18)**

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 highlighted:

- successful graduation ceremonies held recently in Dubai, Singapore, Kuala Lumpur and Hong Kong;
- the success of SCHOLAR in winning a Herald Newspaper Digital Business Award;
- plans for student-facing services investments were progressing. 24 hour opening of the Library at exam time had already been introduced and this additional facility had proved popular since its introduction;
- an Academic Search Co-ordination Group and Search teams had been established to provide effective support for the University's academic recruitment efforts. While use of professional head-hunters could be useful on occasion, academic members of staff were in the best position, through their networks, to identify high quality potential academic recruits. The direct involvement of the Principal in communications with prospective appointees was considered valuable in terms of encouraging a positive outcome and was believed, therefore, to constitute good use of his time;
- the government's planned new consolidation policy in relation to funded full-time undergraduate UK/EU student numbers which would see Science, Technology, Engineering and Mathematics (STEM) and language subjects capped with a 10% margin of tolerance, with non-STEM subjects capped with a 7% margin of tolerance. The University proposed to take a phased approach to managing the necessary reduction within this category of student recruitment; contributing to an overall expected reduction in Scotland of around 200,000 STEM students. The financial impact on the University could be of the order of £0.5m; however, a clearer understanding of the impact would be developed in the current planning round when current mitigating circumstances and opportunities for diversification in income streams would be considered in detail. The University's strategy for international development would be central to the drive for diversification. The strategy was currently under development and would be presented to the Court in the near future. The Principal confirmed that he had written to the Scottish Government relaying concerns about the impact on STEM subject provision and the scale and speed of the planned changes. Court was reminded that a £1m contingency element was already included in the University's 2010/11 budget;
- national pay negotiations were ongoing. While there were signs that UCU would accept the employers' final 0.5% pay offer, EIS-ULA was still in dispute. 7 Scottish universities had agreed to pay the increase on account, backdated to 1 August 2009, and Heriot-Watt University planned to follow suit in January 2010.

In the course of discussion it was suggested, vis-à-vis the planned review of promotion and progression procedures, that the process associated with appeals and "lessons learned" should both be considered in the course of the review.

216 EDINBURGH BUSINESS SCHOOL GOVERNANCE REVIEW

Noted an oral update from the Principal on progress of the review of governance arrangements between the University and Edinburgh Business School (EBS).

Noted that proposed revised Memorandum and Articles of Association were presented to the EBS Board in November. It was intended that a final proposed revision would be presented to the Court at its meeting on 22 March 2009. In the meantime the Memorandum and Articles of Association would be considered by a small group of Court members led by the Chairman and would be presented to initially to the Audit Committee. The Principal highlighted the intention to consider how to manage the commercial arm presented by EBS operations and to integrate the School's strategy with the University's 5 year Plan. It was the University's intention to consult with the EBS Board on a planned internal audit of the School's operations and audit terms of reference would be prepared for this purpose. Noted that the Panmure House investment would be considered in the course of the review.

The Convener of the Finance Committee highlighted the need to resolve the matter of the legal status of banking arrangements to the satisfaction of all stakeholders to establish a basis for moving forward and, in the shorter term especially, in relation to new banking arrangements which the University would enter into in connection with the Residences Project.

The Convener of the Audit Committee highlighted the possibility that an additional meeting of the Audit Committee might need to be convened to consider the outputs of the review ahead of the meeting of the Court in March 2010.

217 COURT: STATEMENT OF PRIMARY RESPONSIBILITIES (Paper Ct2/09/19)

Received and noted a draft Statement of Primary Responsibilities of Court prepared in response to CUC published guidance in February 2009 and to a recommendation from the University's Internal Auditor. The following comments were made:

- a request to check in para 12 whether "construct" was the intended terminology;
- an observation relating to para 15 which implied constraint on the decision-making of the Court by the powers of the Senate, and a request to review the wording to provide further clarity; and
- a request to standardise wording, in particular in relation to clarifying powers of the Court to "approve".

Agreed to consider a revised draft of the Statement at the next meeting of the Court on 22 March 2010.

218 COURT: REMUNERATION COMMITTEE AND COMMITTEE TERMS OF REFERENCE (Paper Ct2/09/20)

Approved formal adoption of the University's Remuneration Committee as a recognised Committee of Court in terms of Statute XII: The Court, Clause 11(1), and approved the proposed Terms of Reference of the Committee, subject to amendment as detailed below. Agreed:

- removal of "or above" at the end of paragraph a); and
- to retain the currently agreed composition of the Committee.

219 FINANCE COMMITTEE: REVISED TERMS OF REFERENCE (Paper Ct2/09/21)

Approved proposed revised Terms of Reference of the Finance Committee.

Court discussed whether it was necessary or desirable in terms of the authority of the Committee "to authorise, if appropriate, proposed material expenditure which is not included in the annual budget", to set a threshold figure to define the meaning of "material". It was agreed, on balance, that the Terms of Reference as presented should stand; however, the Chairman advised that it would be useful, at a given point in the year, for the Finance Committee and University management to develop a shared understanding of how this should be interpreted in the light of prevailing circumstances. The Convener of the Finance Committee confirmed that consideration would be given to this matter at the next meeting of the Committee.

The Convener clarified the intention that the practice of appointing a lay member as Convener of the Finance Committee will remain.

220 SPECIAL RESOLUTION: MODIFICATIONS TO ORDINANCE 37: APPROVED TEACHERS AND TUTORS) (Paper Ct2/09/22)

Court renewed approval of the Special Resolution as required for the amendment to Ordinance 37: Approved Teachers and Tutors, under the terms of Article 25(1) of the Charter.

221 UNIVERSITY 5-YEAR PLAN: STRATEGY UPDATE (Paper Ct2/09/23)

Received and noted an update report from the Deputy Principal (Strategy & Resources) on implementation of the University's 5-Year Plan. The Deputy Principal highlighted:

- recent positive announcements in relation to SFC funding for SUPA2 and MASTS research pools;
- ongoing planning meetings in relation to Topical Themes. Scoping work on a sixth Theme, 'Creativity, Design & Innovation', was underway;
- work underway to finalise the School of Life Sciences plan following review of the School;
- investments made in Professional Services Theme proposals;
- additional investment being made in student-facing services in the current year;
- the continuing cycle of annual financial and academic performance reviews; and
- the establishment of an Academic Search Co-ordination Group and Search Teams.

222 DUBAI CAMPUS UPDATE (Paper Ct2/09/24)

Received and noted an update report on Dubai Campus progress, issues arising and future plans presented by the Secretary of the University in response to a request made at the meeting of the Court held in September 2009.

Noted, in response to a point raised by a Court member in relation to the length of the extension to the present agreement, i.e. 10 years - thereby establishing a total commitment to the operation for 15 years from the present time, confirmation from the Secretary of the University that the 5 year extension originally proposed would be insufficient commitment in relation to ability of the AIP to raise the necessary finance for a new Campus building. Five years would have to be committed by the University simply to meet teach-out obligations in the event of a decision to phase out operations at the Campus. This left a remaining planning horizon of 10 years.

Noted that the University intended to seek further legal advice before committing to a revised agreement. Noted also that a full business plan had yet to be completed: this would be informed by discussions the Secretary of the University would undertake in the near future with individual Schools. It was intended that the business case would be presented to the Court at its meeting on 22 March 2010.

In response to a request, the Secretary of the University agreed to provide extracts of the draft agreement relating to the respective responsibilities of the AIP and the University to David Robinson.

In response to a question raised about the wider current economic risks in Dubai centring on Dubai World, the Secretary confirmed that University management had looked at this closely. Currently much of the economic risk was centred on investments other than property and there appeared to be limited risk to Freezone activities. The magnitude of impact on student recruitment if substantial cuts were made in the wider areas of development in the emirate could not be estimated; however, there were no signs currently of an adverse affect, with prospective January 2010 intake looking buoyant. Student numbers planning was based on the assumption of current Dubai World problems being resolved over the next few years.

Noted that the final report from the Internal Auditor on the Dubai Campus would be received by the Audit Committee at its meeting in March 2010.

223 REPORT FROM THE STAFFING STRATEGY COMMITTEE (Paper Ct2/09/25)

Received and noted a report from the Staffing Strategy Committee relating to its meeting held on 18 November 2009. All items were presented for information.

The Convener drew attention in particular to:

- discussion at the meeting in relation to items for inclusion in the Committee's Annual Report to Court in March 2010;
- the welcome development of the recent appointment of Shirley Campbell as Director of People & Organisational Development;
- positive progress in relation to the work of the People Theme Team and the direct engagement of the Principal with People Theme developments;
- an overall positive impression by the Committee over the year of the University's concern for the welfare of its staff in challenging times; and
- the importance of the Staff Survey and its outcomes. The results gave rise to some concerns, in particular in relation to the views expressed by the manual and trade staff group and there was an opportunity to open up debate on the issues raised.

224 STAFF SURVEY RESULTS (Paper Ct2/09/26)

Noted a presentation by the Director of People & Organisational Development (POD) of the results, in summary, of the Staff Survey 2009 which had been designed by the People Theme Team in conjunction with 'Positive People'. The Director of POD drew attention to results' highlights: areas where feedback was positive, as well as those where there was an evident need for improvement.

Noted that a Principal/University wide communication plan had been agreed and noted proposed future steps, to:

- agree University wide actions and cascade results to School, Professional Services and Leadership teams by the end of December 2009;
- run engagement sessions for manual and trade staff led by the Principal and engagement sessions with other staff in January 2010;
- undertake local action planning and ongoing communication of University and local actions through 2010; and
- run a shorter version of the Staff Survey again in October 2010 with a target participation rate of 55% (+11% on 2009) and a target 'Overall Satisfaction' rate of 65% (+8% on 2009).

In response to concerns raised by Court members in relation to low-lying levels of dissatisfaction, the Director of POD emphasised the importance and role of engagement sessions with staff in order to better understand the underlying issues. The engagement sessions would also help to clarify staff interpretation of some of the questions: for example, in relation to survey reference to a 'safe environment'. Without clarification this could potentially be an indicator of Health & Safety concerns. It was suggested that engagement sessions for manual and trade staff should be timetabled to fit in with non-standard shift patterns and that smaller sized groups were more likely to encourage staff to participate in discussion. In response to a question raised about stress and work-life balance feedback the Director of POD highlighted the potentially positive impact of flexible working arrangements, as one way to address these issues.

Court members were invited to direct any further questions on the Staff Survey results to the Director of POD.

225 ACADEMIC PROMOTIONS (SENIOR PROMOTIONS) 2009 (Paper Ct2/09/27)

Approved, in terms of Ordinance 16, the following senior academic promotions:

Surname	Title/Initial	School	Promotion to
Robertson	Dr J	Mathematical & Computer Sciences	Senior Lecturer
Wiese	Dr A	Mathematical & Computer Sciences	Senior Lecturer
Geiger-Boschung	Dr S	Institute of Petroleum Engineering	Senior Lecturer
Mackay	Dr E	Institute of Petroleum Engineering	Senior Lecturer
Fawkner	Dr S	Life Sciences	Senior Lecturer
De Pedro Ricoy	Dr R	Management & Languages	Senior Lecturer
Galloway	Dr L	Management & Languages	Senior Lecturer
Dewar	Dr S	Life Sciences	Senior Teaching Fellow
Cumber	Dr P	Engineering & Physical Sciences	Senior Teaching Fellow

226 RESIDENCES PROJECT UPDATE (Paper Ct2/09/28-28b)

Received and noted an update report from the Residences Project Board on progress of the Residences Project and proposed next steps. Court also received and noted extracts of a 'Stage B+' report by Capita Symonds on the design development carried out in November and December 2009 and a report on the Residences Project from the Estate Strategy Committee.

Approved the establishment of a project Overview Board and the proposed remit of the Board. Noted that the Board would have no delegated authority and would act on behalf of the Court, reporting to the Court and to Court committees as appropriate. Noted the remit of the Board to review the Residences Project and to provide a governance perspective to the Residences Project Board on the status of the project and the operational effectiveness of the Project Board. It was observed that further clarification was required in the description of the membership of the Overview Board. While the Board might need to be made more tightly focused in its membership, the intention to include four lay members should stand.

The Director of Finance & IS/IT highlighted:

- ongoing work with Capita Symonds, Quayle Munro and the University's solicitor;
- the increase in capital costs from £48 million in the 2009 plan to a more robust estimate of £56.6 million in the latest plan;

- that the full business case would be presented to the Court at its meeting on 22 March 2010; and
- in response to a question raised by a member of Court, that the Project was designed in phased stages which would enable re-phasing or curtailment of the Project in the event of any future adverse change in the University's financial position.

227 REPORT FROM THE FINANCE COMMITTEE (Paper Ct1/09/29-29b)

Received and noted a report from the Finance Committee relating to the meeting of the Committee held on 16 November 2009.

Received and noted an Annual Report 2008/09 from the Finance Committee.

The Convener highlighted in particular:

- against a challenging economic environment, successful conclusion of the voluntary severance scheme, currently positive operating results with effective financial management in place;
- the need to sustain operating performance augmented with planned surpluses generated from Theme investments. This would be essential in order to support a project of the magnitude of the Residences Project which with an estimated cost of £57 million would add very substantially to the University's debt liabilities;
- the importance of very tight control over the Residences Project within clearly set financial parameters. While the Committee was confident that the Project planning was being well managed, nevertheless the projected costs of the Project had increased;
- reliance on an early resolution of EBS governance issues of the banking arrangements that would need to be put in place to support the Residences Project; in particular the position of the cash balances held by the School in relation to the University's bank borrowing.

Wider discussion focused on issues of:

- the need to manage student debt effectively;
- projections which indicated that the impact on bank debt of the Residences Project would be substantial but appeared, in the context of the overall capital plan, to be within the University's capacity to finance. The Convener confirmed that the projections had been reviewed by the Finance Committee and were considered sensible. However, there was an obvious need to track progress against targets closely to ensure delivery against planned bottom lines, including notably, returns from Theme investments. Contingency figures would continue to feature in the five-year plan as a cushion against increasing future risk;
- the further consideration that would be given by the Audit Committee in relation to the Edinburgh Conference Centre and other trading companies. Attention was drawn to the Audit Committee report on agreement that the role of the subsidiaries within the corporate structure needs to be considered including the possibility that these might be brought together under one trading subsidiary with gift aiding of profits to the University.

The Chairman of Court expressed particular thanks on behalf of the Court for the significant amount of work undertaken by the Convener and other members of the Finance Committee over the past year.

228 REPORT FROM THE JOINT MEETING OF THE AUDIT AND FINANCE COMMITTEES (Paper Ct2/09/30)

Received and noted a report relating to the joint meeting of the Audit and Finance Committees held on 16 November 2009. All items were presented for information.

229 ANNUAL ACCOUNTS AND FINANCIAL STATEMENTS 2008/09 AND MANAGEMENT REPRESENTATION LETTER (Paper Ct2/09/31)

Received and approved Annual Accounts and Financial Statements for the year ended 31 July 2009 subject to very minor changes to be implemented. It was also agreed that the statement on page 4 in relation to overseas campuses be altered to indicate aspiration rather than planned intent.

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 2009.

Received and approved the proposed Management Representation letter for the University's External Auditor in connection with the audit of the group and parent University financial statements of the University.

230 ANNUAL REPORT OF THE ENDOWMENTS COMMITTEE (Paper Ct2/09/32)

Received and noted an Annual Report 2008/09 from the Endowments Committee. All items were presented for information.

The Convener confirmed that the main purpose of the Endowment Funds was to provide for student scholarships, bursaries and prizes. In relation to arrangements to appoint suitable fund advisors/managers through a formal EU tendering process, the Convener confirmed that the University was in a position to move ahead to make an appointment.

231 REPORT FROM THE ESTATE STRATEGY COMMITTEE (Paper Ct2/09/33)

Received and noted a report from the Estate Strategy Committee relating to the meeting of the Committee held on 25 November 2009. All items were presented for information. The Convener drew attention in particular to:

- the report from the Committee on the Residences Project; highlighting in particular the matter, for further consideration, of the role and position within the University of a Senior Professional Construction Project Manager;
- current issues being raised with the contractor in relation to the Postgraduate Centre;
- information received by the Committee in relation to Carbon Reduction Commitment legislation;
- current re-drafting of the Committee's Terms of Reference, following discussion at its November meeting; and
- completion of SBC co-location work. The Convener expressed thanks on behalf of the Committee for contributions to the success of the project by the Director of Campus Services and other University colleagues.

232 UNIVERSITY RISK REGISTER SUMMARY (Paper Ct2/09/34)

Received and noted a summary of the University's Risk Register, as at December 2009, highlighting the top 7 risks identified, directions in movement since the previous review of the Register, and risk areas which had been removed recently from the Register as a result of substantial reduction in the risks.

The Director of Finance & IS/IT, in response to a question, confirmed that as the Residences Project was not yet live, it did not appear in the Risk Register; furthermore, it would not do so in future unless it was determined that controls on the Project were insufficient to support effective management of the risks.

233 REPORT FROM THE AUDIT COMMITTEE (Paper Ct2/09/35-35b)

Received and noted a report from the Audit Committee relating to the meeting of the Committee held on 16 November 2009. All items were presented for information. The Convener highlighted the following in particular:

- particular focus on the EBS Memorandum and Articles of Association. The Committee was concerned that an early resolution be brought about and acknowledged with appreciation the direct attention that the matter was being given by the Chairman of Court and the Principal;
- the Committee's report on the findings of the Internal Audit Report relating to the review of arrangements for keeping the Fixed Asset Register up to date. This highlighted, in the view of the Committee, a wider issue of Finance Office capacity in relation to the volume of its current obligations;
- receipt by the Committee of an interim Internal Audit report on Dubai; and
- given the weight of the Committee's agenda, a proposal to schedule an additional meeting of the Committee in the early part of the coming year.

The Convener also confirmed that the Audit Committee had declined an invitation to nominate a representative to attend meetings of the Residences Project Oversight Board, observing the need of the Committee to retain its independent position.

Received and noted an Annual Report 2008/09 from the Audit Committee.

234 DATE OF NEXT MEETING

The next meeting will take place on Monday 22 March 2010.

COURT

Minutes

In the Chair: Lord Penrose

Date of Meeting: 22 March 2010

Present also: Principal, Professor Steve Chapman
Dr Alex Bell
Mr Graeme Bissett
Mr Gregor Colville
Professor Dugald Duncan
Mr Malcolm Durie
Mr Simon Eltringham
Mr Neil Fraser
Mr Allan Gray
Dr Jennie Hansen
Mr Murray Hope

Ms Shonaig Macpherson
Councillor Tim McKay
Mr Iain McLaren
Dr Robbie Mochrie
Dr Alan Parsley
Ms Jane Queenan
Professor James Ritchie
Mr David Robinson
Professor Andy Walker
Mr Ed Weeple

In attendance: Ms Shirley Campbell
Professor Bob Craik
Professor Gill Hogg
Professor Philip John
Mr Peter Kerr
Mr Richard McGookin
Mr Phil McNaul
Ms Theresa Merrick

Ms Ruth Moir
Mrs Kathy Patterson
Professor Garry Pender
Professor Alan Prior
Professor Simon Stewart
Mr Peter Wilson
Ms Lorna Kirkwood-Smith (clerk)

Sir Bob Reid, Professor Keith Lumsden and
Dr Moira Storey were present for item 239.

235 APOLOGIES

Apologies were received from Baroness Susan Greenfield and Dr Judith McClure.

236 OBITUARY (Paper Ct3/10/36)

Eileen Broughton

Court noted with sadness notice of the death on, 14 January 2010, of Eileen Broughton, a long-term member of the University's General Convocation.

237 MINUTES OF THE PREVIOUS MEETING

Approved the minutes of the meeting of Court held on 14 December 2009.

238 MATTERS ARISING

REVIEW OF THE CHARTER & STATUTES

The Secretary of the University referred to the report at the December 2009 meeting of the Court in relation to a planned meeting of the Charter & Statutes Review Working Group to consider the University of Stirling model of revised Charter. The Working Group had subsequently met and produced a draft revision to the University's Charter.

The Secretary advised Court on the proposal that provision relating to the Convocation, currently contained within Article 7 of the Charter and in Statute XI, should be transferred to an Ordinance. It was proposed that reference in the Charter would state that the University shall engage with its broader communities and that the University may prescribe in the Ordinances the conditions of such engagement. Noted that the Court would be responsible, within the terms of a new Ordinance, for deciding the future composition and size of the Convocation.

The Secretary of the University confirmed that the Convocation, at its annual meeting on 17 March 2010, had been consulted on the proposals and had confirmed its agreement to the proposed changes. The Secretary confirmed that the University would continue to consult and to seek legal advice, and would seek consideration of the proposed changes by the Privy Council. A draft of the proposed Charter & Statutes

revision would be presented at the June 2010 meeting of the Court. It was further proposed that Court would be invited to approve a Special Resolution at its meeting in October 2010 and that, in compliance with the terms of Article 26 of the Charter, the resolution of the Court should be reconfirmed at its meeting in December 2010.

239 EDINBURGH BUSINESS SCHOOL (EBS) (Papers Ct3/10/37a/b)

Noted the following documents and presentations in relation to Edinburgh Business School and the relationship between the School and the University:

- Heriot-Watt University and the Edinburgh Business School: A Shared Vision, presented by the Principal and the Director of EBS. Oral presentation by the Principal;
- Edinburgh Business School: Graduate School of Heriot-Watt University, presented by the Director of EBS;
- Introduction by the Chairman of the EBS Board (oral); and
- Presentation by the Director of EBS (oral).

Noted that the purpose of discussion was to update the Court on work undertaken by the Principal and the Director of EBS to establish a foundation for future joint working and alignment of vision and strategy that would be to the mutual benefit of EBS and the University. It was also intended to update the Court on progress made in relation to revision of the current EBS Memorandum and Articles of Association which the University's External Auditor had recommended be reviewed in the light of changes in charity law. Before discussion was opened up the Vice-Principal and Mr Graeme Bissett declared a potential conflict of interest as non-Executive members of the EBS Board.

Court noted that no representation was being made to change fundamentally the nature of the current operational relationship between EBS and the University, but noted and endorsed the approach, as detailed in the 'Shared Vision' document presented to the Court. This defined the shared commitment of the Principal and the Director of EBS.

Noted, in relation to the current EBS Memorandum and Articles of Association (M&A), which the Audit Committee had been charged by Court with reviewing, that there remained some issues outstanding which prevented completion of a revision at the present time. Discussions would continue, subject to oversight by the Audit Committee, with the intention that work would be completed in the near future. The Convener of the Audit Committee confirmed that the document as it stood had been considered by both the Internal and External Auditors and the University's solicitor, and that due process and due diligence had been adhered to throughout the process. In relation to any remaining changes to the current draft Articles of Association approval would be through University management, the EBS Board and the Audit Committee, with a subsequent application to OSCR for regulatory approval.

While, as reminded by the Chairman, it was the role of the Court to ensure that due diligence and good governance principles had been followed in relation to the review and revision of the current M&A through the oversight of the Audit Committee, Court members agreed that it would be useful to receive information which would help members to understand fully the implications of the changes proposed.

Agreed, that the Court should receive and have an opportunity to comment on a summary at its meeting in June 2010. This should detail any significant changes between the original M&A and the new Articles of Association and provide an assessment of the practical, operational, accounting and financial implications of adopting the amended Articles of Association. Agreed that the summary report should be presented by the Audit Committee. It was agreed also that arrangements to seek OSCR approval should be delayed until after the Court meeting in June 2010.

Presentations provided at the meeting and key points arising in the wider discussion are detailed below:

Introduction by Sir Bob Reid

Sir Bob Reid, Chairman of the EBS Board, by way of scene and context setting, updated the Court on the history of EBS, outlining the development of the School as a semi-independent body with its own clear business strategy, while operating within the normal academic framework governed by the Senate. Over the years the School had developed to reach the top world-wide for distance learning business education. Programmes were now offered in a range of languages with scope for growth and development. In conclusion Sir Bob Reid highlighted the shared success of both EBS and the University and the assets accrued for both parties through the EBS operation.

'A Shared Vision', oral presentation by the Principal

The Principal presented a paper 'Heriot-Watt University and the Edinburgh Business School: A Shared Vision' which described the commitment of the Principal and the Director of the Business School to work together for the mutual benefit of both School and University. The Principal highlighted that it was critical to establish alignment between both bodies, in particular in relation to international activities and delivery of the University's International Strategy, in which the School had a major role. The University's positioning as "Scotland's international university" depended on EBS. In making reference to the paper the Principal

highlighted further:

- plans of the Board of EBS to prepare an annual five year plan for the future development of the School;
- engagement of the School with the University's wider management structure and controls;
- past examples of research and inter-school activities and future collaborative opportunities;
- the importance and operational scale of the International Centre for Examinations (ICE) which served the whole of the University; and
- charitable activities undertaken by the School.

Presentation by the Director of EBS:

The Director of Edinburgh Business School presented an overview of the development of Edinburgh Business School since its establishment. Over the years the School had developed its course provision in a highly competitive environment. The School's suite of masters courses was complete and resources had been directed in recent years to the development of language translations. In recent years the DBA had been developed, growing to become the largest of its kind in the world. This, coupled with the School's research resources provided a platform for future research developments and engagement with the University's key strategic themes.

Open discussion:

Wider discussion focused on:

- communications between the School and the rest of the University. In common with other Schools more could be done to forge new internal collaborative links; however, there were many examples of excellent and productive relations between EBS and other parts of the University;
- the five-year plan which would set out priorities and appropriate (speculative) targets;
- the current structure of the relationship between the School and the University. Noted that the model at HWU, which had established EBS as a semi-independent business operation while being governed in academic matters by the Senate, was not uncommon in the sector. No case was being made for a fundamental change in the nature of the relationships between the two bodies; and
- the vision document as the basis for a memorandum between the Director of the School and the Principal. Noted the intention that the document will be a living document, flexible, evolving over time and setting out the ongoing co-operation agreed between the Principal and the present Director of the School.

240 BUSINESS TRANSACTED SINCE THE LAST MEETING: REPORT OF THE EMERGENCY COMMITTEE (Paper Ct3/10/38)

Received a report from the Emergency Committee of Court, noting approval by the Committee on 11 January 2010 of the promotion to Reader of Dr Richard Weidmann, School of Mathematical & Computer Sciences.

241 REPORT FROM THE NOMINATING & REVIEW COMMITTEE (Paper Ct3/10/39)

Approved the following recommendations presented by the Nominating & Review Committee:

- the appointment of Mr Allan Gray to the Staffing Strategy Committee with immediate effect for the period until 31 July 2012;
- the appointment of Professor Dugald Duncan to the Finance Committee with immediate effect for the period until 31 July 2011; and
- the appointment of Mr Gregor Colville to the Finance Committee with immediate effect for the period until 31 July 2012.

242 COURT: STATEMENT OF PRIMARY RESPONSIBILITIES (Paper Ct3/10/40)

Approved a draft Court 'Statement of Primary Responsibilities'. Noted that the Statement had been revised in the light of comments received at the December 2009 meeting of the Court and subsequently in the period between the December and March meetings of the Court. Noted that arrangements would be made to publish the Statement on the University's website and to include it in the next update of the Handbook for Court members. It was proposed that the Statement should be reviewed by the Court annually.

In response to a question raised, the Secretary of the University confirmed that he would provide information to Court Members on Public Insurance Liability arrangements in respect of members of the Court.

243 RESIDENCES PROJECT BUSINESS CASE (Paper Ct3/10/41)

Received a Business Case for the Residences Project, 'Stage D proposal to the Court', a report from the Residences Overview Board and a presentation by the Director of Finance & IS/IT. Court also received, by way of the regular report from the Finance Committee, confirmation of the Committee's approval that the Business Case be presented for the approval to the Court subject to further recommended iterations to finalise the Case. Noted that the Business Case document presented the case for an investment of £37.5 m

for the construction of 552 new bed spaces of residential student accommodation at the Edinburgh and Galashiels Campuses with the intention of the University to secure a loan of £32.4 m repayable over 25 years from the date of the first repayment.

Approved the recommendation that the University should move to the next stage of the Project, i.e. involving procurement of a construction contractor for the separate Edinburgh and Scottish Borders Campus sites, and procurement of a Financing Workstream aimed at ensuring that the University obtains funding for the project at a competitive rate and on competitive terms and conditions. Approval did not extend at this stage to authorise entering with a contractual agreement.

The Director of Finance & IS/IT delivered a presentation to the Court which highlighted the scale of the project, the strategic context and rationale for replacement of current residences, key features of the design brief and contracting arrangements, evaluation of the project and pattern of projected cash-flow (after maintenance charges) over the life of the buildings, the impact on the University's debt profile, impact on Hospitality Services' operating position, project risks and governance controls. In conclusion the Director of Finance & IS/IT highlighted the importance of the investments to Heriot-Watt as a 'campus University' with growth ambitions, and to resolving current needs and risks. The evidence provided in the Case confirmed affordability of the project within the cash-flow of Hospitality Services.

In response to questions raised in relation to risks, the Director of Finance & IS/IT confirmed: the intention to negotiate a fixed rate of interest for the lifetime of the loan; a contingency element was included in costs and there was scope to reduce costs through re-design if this need arose – however the priority would be to secure the necessary resources through budget control within Hospitality Services. Budget plans for Hospitality Services were under development and the availability of a good standard of residential accommodation for conference visitors would be critical to the success of future conference business; the University's experience was of strong demand for high-end student accommodation and under-provision against demand for campus accommodation at present. There were no other large providers of suitable accommodation in Galashiels; and the relevant senior officers of the University would be responsible for delivering effective project management, including through the appointment and induction of a Project Manager. The Director of Finance & IS/IT reminded Court that provision of residential accommodation through a third party had been considered and rejected as an option at an earlier planning stage. The current Business Case was believed to represent an optimum approach for the University.

Discussed the project governance structure as outlined in the Business Case document and discussed the role of the Audit Committee in relation to the Project. Agreed that it would be helpful for Court to be reminded of the roles and responsibilities of the Overview Board. Agreed that there should be discussion at the next meeting of the Audit Committee to consider the necessary controls surrounding the procurement phase of the Project and to report back to the Court at its June 2010 meeting.

244 DUBAI PROJECT BUSINESS CASE (Paper Ct3/10/42)

Approved a proposal, presented by the Secretary of the University, to extend the present Agreement with Eikon, the University's Infrastructure Partner (IP) in Dubai, by 10 years to establish a 15 year commitment by the University. Noted that this level of commitment would enable the IP to raise the required funding for the proposed new Campus development. The Secretary of the University confirmed that the IP would bear the full cost of the new campus buildings which would accommodate up to 2,500 full time students during standard teaching hours and an equivalent number during evenings and weekends.

Approved a draft letter to be sent to Eikon agreeing to the 10 year extension (but not at the present time to a 10 year rolling horizon for the Agreement). (Reserved section: Ref Section 30, FOI(S)A).

The Secretary reported that procedures, as set out in the University's letter to Eikon of 14 April 2009, had been followed in relation to the progress of the design and build of the new Campus. An agreed design team had been employed and the most recent design, reviewed by the University's Director of Estates Services, was considered to be of a high standard and specification, and able comfortably to accommodate the planned student numbers at the Dubai Campus for the next 5 to 10 years. Court noted reported planned income and expenditure and student numbers assumptions over the period to 2019/20. The Secretary confirmed that the rationale for the case for a new campus development was built on success to date and encouraging signs that prospects for further growth in student numbers remained good over at least the short to medium term. The Secretary highlighted that current campus facilities could stretch to accommodate projected growth in student numbers in 2010/11 but not beyond.

245 REPORTS FROM THE STAFFING STRATEGY COMMITTEE (Papers Ct3/10/43-44-45)

Received and noted a report from the Staffing Strategy Committee relating to the meeting of the Committee held on 12 February 2010 and the Annual Report of the Committee for 2009. In the absence of the Convener the reports were presented by the Secretary of the University.

In response to a question about actions which had been taken following the outcomes of the 2009 Staff Survey, the Director of People and Organisational Development confirmed that PME had agreed the top three University-wide priorities for action. Aligned with each a programme of activities and initiatives had been developed and progress against these would shortly be communicated within the University. In addition, actions had been identified at local level within Schools and Professional Support Services and these were also being progressed. The Director reported that bespoke activities had been arranged in relation to manual/trade/catering and that the Principal had engaged staff in discussions to focus on the key issues. The Principal highlighted, in relation to a question raised at the December 2009 meeting of the Court, that it had been ascertained that 'safe in job' responses had been based on interpretation of the question by staff as relating to job security.

CONFLICT OF INTEREST POLICY

Approved a revised Conflict of Interest Policy, noting that the revised policy had undergone detailed scrutiny by the Staffing Strategy Committee and the University's solicitors before receiving the approval of the Planning and Management Executive at its meeting in December 2009. The policy document set out the policy and procedures for managing and/or declaring a conflict of interest situation within the University.

246 REPORT FROM THE FINANCE COMMITTEE (Paper Ct3/10/46)

Received and noted a report from the Finance Committee relating to the meeting of the Committee held on 2 March 2010. Noted item 1 of the report: Residences Project, for approval which was dealt with under 243 above. The Committee had approved the draft Business Case for the Residences Project for onward presentation to the Court.

The Chairman thanked the Convener of the Finance Committee who was standing down from the membership for his valued and excellent service to the Committee over a number of years.

247 REPORT FROM THE ESTATE STRATEGY COMMITTEE (Paper Ct3/10/47)

Received and noted a report from the Estate Strategy Committee relating to its meeting held on 11 February 2010.

No comments or observations were made on the report.

248 HEALTH & SAFETY POLICY STATEMENT (Paper Ct3/10/48)

Approved an updated Health & Policy Statement, subject to suggested revisions in relation to implementation arrangements to be notified to the Secretary of the University by Mr Gregor Colville. The aim of the policy was to provide a framework for the management of health and safety throughout the University's undertakings.

249 REPORT FROM THE AUDIT COMMITTEE (Paper Ct3/10/49)

Received and noted a report from the Audit Committee relating to the meeting of the Committee held on 4 March 2010. Noted item 1 of the report in relation to Edinburgh Business School, for approval which was dealt with under 239 above.

The Convener highlighted in particular the completed Internal Audit Reports which had been received by the Committee in relation to four functional areas of the University. The Internal Auditor had confirmed satisfaction with all of the management responses in each case. The Convener also highlighted work by the Committee to keep under continual monitoring and review reports of incomplete audit actions. The Convener commented that reorganisation planned within the Finance Office had a specific focus in matching of staff resources to handle audit recommendations and enabling swifter completion of associated actions.

250 ANNUAL REPORT FROM THE JOINT NEGOTIATION AND CONSULTATIVE COMMITTEE (UCU) – JNCC (UCU) (Paper Ct3/10/49b)

Received and noted an Annual Report from the JNCC (UCU) for 2009.

The Chairman of Court indicated that he wished, at a future date, to schedule a discussion with the Court to ascertain the view of members on the effectiveness of the JNCC. In particular consideration should be given to whether the Committee ought to report within the Court structure, given that its work was associated with a management function rather than one of governance. The Vice-Principal confirmed also that concerns relating to the constitution of the Committee, in particular to its limited representation, had been raised previously with the Committee.

The Secretary of the University confirmed that the new Secretary of the University Designate, in her first months in post, would undertake a review of the committee structure as well as a review of professional support services across the University. Both would coincide with the ongoing review of the Charter & Statutes and a range of recommendations would be forthcoming, including in relation to the functional area associated with the present JNCC.

251 COMMUNICATIONS FROM THE CHAIRMAN OF COURT

There were no other communications from the Chairman of Court besides those already arising in the course of business.

252 COMMUNICATIONS FROM THE SENATE (Paper Ct3/10/50)

Received a report from the Senate:

Appointment of Vice-Principal

Approved a recommendation by the Senate, in terms of *Ordinance 32: Appointment of Vice-Principal*, that Professor Julian D C Jones be appointed as Vice-Principal from 1 August 2010 to 31 July 2012.

Noted that Professor A C Walker's period of office as Vice-Principal would come to an end on 31 July 2010 when he will have completed the maximum term permissible. The Principal acknowledged the excellent contribution that Professor Walker had made to the University in his role as Vice-Principal.

Office of Vice-Principal (Dubai)

Approved a recommendation for the establishment of the office of Vice-Principal (Dubai) with responsibilities to manage the affairs of the Dubai Campus. Noted that the responsibilities and authority delegated by the Principal to the Vice-Principal (Dubai) and the relationship between the office holder and the senior staff of the University would be defined in a Memorandum of Agreement.

Noted that, as the office would be established under the provisions of Statute VI, a new Ordinance would be required. In addition, *Ordinance 32: Appointment of Vice-Principal* would require modification to ensure that there is a clear distinction between the office of Vice-Principal of the University and the office of Vice-Principal (Dubai). The Secretary of the University confirmed that the proposed revisions to the Ordinances would be presented by Special Resolution to the Court at its meeting in September 2010 and, in terms of Article 26 of the Charter would be re-presented to confirm the resolution of the Court at its meeting in December 2010.

Noted the recommendation by a member of the Court and the Audit Committee that the views of the University's Internal Auditor be sought in relation to the planned Memorandum of Agreement as an independent check to ensure that it will deliver against good governance principles.

Conferment of the title Professor Emeritus

Approved, in terms of *Ordinance 18: Professor Emeritus*, a recommendation by the Senate that the title of Professor Emeritus be conferred upon Professor A Roberts, Edinburgh Business School, from 1 January 2010.

Other items reported for information

Noted.

253 COMMUNICATIONS FROM THE PRINCIPAL AND THE PLANNING & MANAGEMENT EXECUTIVE (Paper Ct3/10/51)

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 to the items included in the report the Principal reported:

- the successful launch event for the Converge project held recently at Edinburgh Castle;
- recent top and runner up prizes to two HWU spin-out companies in the 2010 Alba Innovation Challenge;
- a gold medal win for the third year in a row of the HWU Karate Team in the BUCS Karate Championships;
- a recent Royal Society of Edinburgh fellowship award to Lord Penrose and three others to Heriot-Watt staff in the 2010 fellowship awards round to HWU colleagues;
- the appointment of Ann Marie Dalton, Secretary of the University Designate who would take up position on 4 May 2010. Gradual handover arrangements would be in place until the retirement of the current Secretary in December. The Principal thanked Lord Penrose and Mr Ed Weeple for their contributions to the recruitment and selection process for the new Secretary of the University;

- current review of the USS pension scheme chaired by Sir Andrew Cubie. Negotiations would conclude in April with a view to implementing new arrangements from October 2010;
- the recent Students Association elections which had seen Simon Eltringham and Murray Hope re-elected in 2010/11 as President and Senior Vice-President of the Students Association respectively.

254 DATE OF NEXT MEETING

The next meeting (Court Away Day and regular meeting) will take place on Monday 17 May 2010.

COURT

Minutes

In the Chair: Lord Penrose

Date of Meeting: 17 May 2010

Present also: Principal, Professor Steve Chapman
Dr Alex Bell
Mr Graeme Bissett
Mr Gregor Colville
Professor Dugald Duncan
Mr Simon Eltringham
Mr Neil Fraser
Dr Jennie Hansen
Mr Murray Hope

Ms Shonaig Macpherson
Mr Iain McLaren
Dr Judith McClure
Dr Robbie Mochrie
Ms Jane Queenan
Professor James Ritchie
Mr David Robinson
Professor Andy Walker
Mr Ed Weeple

In attendance: Ms Shirley Campbell
Professor Bob Craik
Ms Ann Marie Dalton
Professor Phillippe De Wilde
Professor A Harley
Professor Philip John
Professor Julian Jones

Mr Richard McGookin
Mr Phil McNaull
Professor Alan Miller
Ms Ruth Moir
Mr Peter Wilson
Ms Lorna Kirkwood-Smith (clerk)

255 APOLOGIES

Apologies were received from Baroness Susan Greenfield, Mr Malcolm Durie, Mr Allan Gray, Councillor Tim McKay and Dr Alan Parsley.

256 OBITUARY (Paper Ct4/10/52)

The Court noted with sadness the death, on 10 March 2010, of Philip Harper, retired professor of the Department of Physics and previous Dean of the Faculty of Science. Noted plans to hold celebration of Philip Harper's life on 22 May 2010.

257 MINUTES OF THE PREVIOUS MEETING

Approved the minutes of the meeting of Court held on 22 March 2010.

258 MATTERS ARISING

There were no matters arising.

259 COMMUNICATIONS FROM THE CHAIRMAN OF COURT

The Chairman highlighted regular update meetings held between the Principal and himself. Members of the Court, in particular lay members, had a useful opportunity, via communication with the Chairman of Court, to relay any questions they would like to be raised at one of these meetings, (Reserved section for reasons of data protection).

260 5-YEAR PLAN UPDATE

Received and noted a presentation from the Deputy Principal (Strategy & Resources) which provided an update on development of the revised 5-Year Plan and underlying key planning assumptions. Noted key changes impacting on operational planning since the 2009 plan and the University's responses to address these. Key features of the Plan included:

- an assumption from 2011 onwards of flat cash minus 2% p.a. funding from the Scottish Funding Council, equivalent to a 15.4% real terms reduction over 5 years. In addition, in relation to post-election reduction in public expenditure, an extrapolation of an estimated £750 k negative impact on the University which was factored in to the Plan;
- in relation to compliance with the Focus on the Future Strategy, growth of the academic base and academic income would be achieved in the plan, while the target for provision of investable surplus

- would have been achieved were it not for the factor of reduced SFC grant funding;
- a reported planned surplus in 2010/11 of just under £1m which Court was invited to consider given the slim margin of tolerance this provided on the financial bottom line;
- the budget was generally compliant with two areas of concern: level of research intensity and the need for tight expenditure control in relation to professional support services;
- while the Plan provided continued scope for investment, realistic levels of contingency and allowance for decreases in the SFC grant, concerns were highlighted in the presentation of very limited margin for drift in core budgets including scope for unplanned expenditure. In addition, no provision had been made yet for replacement of R/CIF funding and there remained a risk of cuts to future public expenditure beyond those anticipated.

In the course of discussion the following key points and observations were made:

- the percentages of research income against total income were associated with current staff only and were indicative of lack of growth in the population of principal investigators across Schools and a relative shortage of high value research grants. There was, however, a significant opportunity to achieve an improved position through planned high quality academic appointments, through the EU-funded Converge initiative and through work with existing staff to generate new interdisciplinary research projects. Noted potential to adopt an absolute target value for research income. This would eliminate the potentially negative impact on the percentage-focused benchmark by growth of international teaching; and
- the required level of contingency had been determined through iterative processes with Schools and on the basis of three year forward look data from the research order book and from most reasonable expectations in relation to recruited student numbers. Cushioning of the Plan provided by the contingency element could be bolstered in a worst case through slow-down in investment spend.

Noted that a final iteration of the 5-Year Plan would be presented to Court for approval at its meeting on 28 June 2010.

261 COMMUNICATIONS FROM THE SENATE (Paper Ct3/10/53)

Received a report from the Senate:

Library Committee: proposed change to chair

Approved a recommendation by the Senate that the Librarian be appointed as a member of the Senate under the category prescribed in Statute XIII, paragraph I (vii), '*holders of academic posts to be determined by the Court on the recommendation of the Senate provided that there shall be not more than six members in this category*'.

Court noted that one of the recommendations of a recent internal review of the Library was that an independent Chair should be appointed to the Library Committee. At present the Librarian is the Chair of the Committee. In terms of *Regulation 17: Standing Committees of the Senate*, the Chair would be appointed by the Senate and the Librarian would continue to be a member of the Committee. Noted that if the Librarian was not the Chair of the Committee, the condition prescribed in Statute XIII: The Senate, would not permit the Librarian to be a member of the Senate. In order for the Librarian to continue to be a member of the Senate the Librarian should therefore become a member under the category prescribed in Statute XIII, paragraph I (vii).

Conferment of the title of Professor Emeritus

Approved a recommendation of the Senate, in terms of *Ordinance 18: Professor Emeritus*, that the title of Professor Emeritus be conferred upon the following former members of staff of the School of Management and Languages:

- Professor P G Hare
- Professor W Keogh
- Professor M Sharwood Smith.

Approved a recommendation of the Senate that the Senate Business Committee, acting with the delegated authority of the Court, should confer the title of Professor Emeritus. Noted that this reflected the procedures approved by the Court some years ago permitting the Committee to approve honorary titles. Agreed that the proposed procedure as specified in *Ordinance 18: Professor Emeritus* be amended to accommodate this change.

Other items reported for information

Noted.

**262 COMMUNICATIONS FROM THE PRINCIPAL AND THE PLANNING & MANAGEMENT EXECUTIVE
(Paper Ct4/10/54)**

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 to the items included in the report the Principal highlighted:

- a planned UCU ballot of its members on 28 May 2010 in relation to the USS review; and
- the current status of 2010 pay-round negotiations. The joint trade unions had submitted a demand for a 4% increase, while the employers had increased their offer from 0.25% non-consolidated to 0.4% non-consolidated.

263 REPORT FROM THE NOMINATING & REVIEW COMMITTEE (Paper Ct4/10/55)

Received a report from the Nominating & Review Committee.

1. Membership of the Court

Approved the recommendation of the Nominating & Review Committee that the University should advertise externally for members of the Court in the category of members co-opted by the Court. Noted the expiry, on 31 July 2010, of the membership of Mr Ed Weeple, who was not eligible for reappointment, plus one vacancy. The Chairman thanked Mr Weeple for his highly valued contribution over recent years to the work of the Court.

Noted information on the current status of membership relayed by the Committee in relation to:

- the City of Edinburgh appointment;
- members appointed by the General Convocation;
- members appointed by the Senate. Noted that Professor Brian Robertson has been elected by the Senate to be its representative on the Court for a period of 3 years from 1 August 2010 in place of Dr R Mochrie;
- members of staff of the University in the category of academic/academic related staff;
- member of staff of the University in the category of staff not on academic and academic-related scales;
- members appointed by the Graduates' Association of the University; and
- member representatives of the HWU Students Association.

Noted that while Mr Graeme Bissett's membership of the Convocation had expired, he was eligible to retain membership of the Court for a further year until 31 July 2011 and could do so in the category of co-opted member. Agreed to invite Mr Bissett to consider rejoining the membership of the Court until 31 July 2011. (Addendum: Mr Bissett subsequently confirmed his intention not to rejoin the membership in 2010/11).

2. Membership of Court Committees

- 2.1 Audit Committee:- Approved the recommendation that the University should advertise externally for members of the Court for replacement members to the Audit Committee, noting that Mr Andrew Muirhead will resume membership of the Committee when his membership of the Court is reactivated in August 2010.
- 2.2 Finance Committee:- Approved the recommendation that Mr Iain McLaren be appointed Convener of the Finance Committee with immediate effect until 31 July 2012 and that Mr Ray Perman be invited to serve as a lay member for a further two-year period until 31 July 2012.
- 2.3 Estate Strategy Committee:- Noted.
- 2.4 Staffing Strategy Committee:- Approved the recommendation that Dr Judith McClure be invited to extend her period of office as Convener to 31 July 2010, and to invite her to continue beyond that date for a period of three years from 1 August 2010 to 31 July 2013, upon her successful appointment by the General Convocation to the Court.
- 2.5 Nominating & Review Committee:- Approved the recommendation that the Conveners of the Audit and Finance Committees, Mr David Robinson and Mr Iain McLaren, be invited onto the membership of the Nominating & Review Committee until 31 July 2012, when their current period of membership expires.
- 2.6 University Collections Committee:- Noted that the Nominating & Review Committee had agreed to consider further the option of establishing a combined Endowments and Collections Committee.
- 2.7 Court Emergency Committee:- Approved the recommendation that the Conveners of the Audit, Estate Strategy and Staffing Strategy Committees be invited to join the membership of the Court Emergency Committee and that, in the future, the Conveners of the three committees form part of the regular membership of Court Emergency Committee.

- 2.8 Endowments Committee:- Noted that new Convener of the Finance Committee will become an approved ex officio member of the Endowment Committee.
- 2.9 Joint Negotiating & Consultative Committee (JNCC) (UCU):- Noted.
- 2.10 Joint Negotiating & Consultative Committee (JNCC) (EIS/ULA):- Noted.
- 2.11 Ordinances & Regulations Committee:- Noted that the Senate would make recommendations to Court in June for the appointment of Dr James Bryce as Convener of the Committee and for the appointment of Professor Jim Ritchie as the Court appointee to the Committee; both appointments to run from 1 August 2010.
- 2.12 External membership of Court Committees:- Approved the recommendation that any external member of a Court committee should be invited to join for an initial period of two years with a possible further period of one year, i.e. for a maximum period of three years. Agreed that external members of committees whose period of membership had already extended beyond three years should be advised of the agreement and should be provided with 12 months' notice: their membership to continue until 31 July 2011.

3. Review of the Charter and Statutes: General Convocation and the Court

Noted.

4. General Convocation: Court Appointments as detailed in Statute XI (Para 1)

Noted and accepted the recommendation the Nominating & Review Committee that no further action is taken on recruiting to the vacancies within the General Convocation until there is clarity on what will replace the Convocation in its current form.

264 DATE OF NEXT MEETING

The next meeting will take place on Monday 28 June 2010.

Court		Minutes
In the Chair:	Lord Penrose	Date of Meeting: 28 June 2010
Present also:	Principal, Professor Steve Chapman Mr Gregor Colville Professor Dugald Duncan Mr Malcolm Durie Mr Simon Eltringham Mr Allan Gray Dr Jennie Hansen	Mr Iain McLaren Dr Judith McClure Councillor Tim McKay Dr Alan Parsley Mr David Robinson Professor Andy Walker Mr Ed Weeple
In attendance:	Ms Shirley Campbell Professor Bob Craik Ms Ann Marie Dalton Professor Phillipe De Wilde Professor Gill Hogg Professor Philip John Professor Julian Jones Mr Richard McGookin	Mr Phil McNaull Ms Theresa Merrick Professor Alan Miller Mrs Kathy Patterson Professor Alan Prior Mr Peter Wilson Mr Stewart Smith, Deputy Registrar was in attendance during discussion on item 269 Ms Lorna Kirkwood-Smith (clerk)

265 APOLOGIES

Apologies were received from: Baroness Susan Greenfield, Dr Alex Bell, Mr Neil Fraser, Mr Murray Hope, Ms Shonaig Macpherson, Dr Robbie Mochrie, Ms Jane Queenan and Professor James Ritchie.

266 MINUTES OF THE PREVIOUS MEETING

Approved the minutes of the meeting of Court held on 17 May 2010 with the following amendments:

- under 263 an addendum note should confirm the decision of Mr Graeme Bissett not to continue his membership of the Court in 2010/11; and
- Dr Judith McClure's attendance to be recorded in relevant section of the minutes.

267 NOTES OF THE COURT AWAY DAY: 17 MAY 2010

Approved a summary report on the outcomes of the Court Strategy Away Day on 17 May 2010 as an accurate representation of discussions.

268 MATTERS ARISING

DEPARTING MEMBERS OF THE COURT

The Chairman confirmed that the following members of the Court were demitting office from 31 July 2010:

- Mr Ed Weeple
- Professor Andy Walker in his role as Vice-Principal
- Dr Robbie Mochrie (who was not present at the meeting)

The Chairman thanked these colleagues for their valued service to the work of the Court and acknowledged also with thanks the valued contribution of Mr Graeme Bissett who was not renewing his membership of the Court in the coming year.

OTHER MATTERS ARISING

There were no further matters arising.

269 REVIEW OF THE CHARTER & STATUTES (Paper Ct5/10/56)

Noted and discussed a progress and consultation report, presented by the Secretary of the University, which detailed the status of the current review of the University's Charter & Statutes. Court members were reminded that the review was being undertaken in response to deregulation of the governance arrangements of higher education institutions and the relaxation of some aspects of governance currently under the control of the Privy Council.

Noted that consultation on specific aspects of governance had taken place and the Scottish Government and the University's legal advisors had also provided comments on the current proposal. Formal feedback from the Privy Council on a preliminary draft of the proposed changes had yet to be received but was expected by early July with feedback from the Office of the Scottish Charity Regulator to follow later. Consultation with staff and with the JNCC would be arranged in August with consideration of a Special Resolution by the Senate in early September.

Noted that, prior to consultation with University staff, the Court was invited to consider the report presented which would form the basis of the consultation document. Noted that a Special Resolution would be submitted to the Court at its meeting on 4 October 2010 with reconfirmation of the Special Resolution by the Court at its meeting on 13 December. The planned timetable included submission of the Special Resolution to the Privy Council for approval in December 2010 with a final report to be submitted to the Court at its meeting in March 2011.

Noted the proposed changes to the provisions of the Charter & Statutes as detailed in the report. The Deputy Registrar reported that oral feedback from the Privy Council had thus far been favourable. One concern which had been raised was the proposal that the role of Chancellor would no longer be included in the constituency of the Court; however, a Chancellor's Assessor member of the Court was being proposed.

In response to a question about the Chancellor's Committee the intention was confirmed that this would be a Standing Committee of the Court whose Terms of Reference would be approved by the Court in the recognised way. In response to a further question about Senate appointees to the Court, the Secretary of the University agreed to report back to the Court with clarification as to whether Senate should nominate members freely from among the academic community or whether nominations would be restricted to members of the Senate only.

Court endorsed the proposed timetable and overall direction of the review and members were invited to direct any further comments they had on the proposals to the Secretary of the University.

270 EDINBURGH BUSINESS SCHOOL: REVISED ARTICLES OF ASSOCIATION (Paper Ct5/10/57)

Received and discussed a report presented by the Audit Committee in relation to the proposed revision to the 1997 Memorandum and Articles of Association (M&As) between the University and Edinburgh Business School to new Articles of Association. The report was submitted by the Committee in response to a request by the Court at its meeting in March 2010 for information which would help Court members to understand fully the implications of the changes proposed and to provide an opportunity for comment. Court received also the revised Articles of Association which highlighted material changes over the original M&As.

Following discussion on the key features and impact of the revised Articles of Association in particular Articles 24 and 34 which had given rise to concerns, Court confirmed its support for the revised Articles to be submitted for approval to the Office of the Scottish Charity Regulator (OSCR).

Court noted, in relation to the consensual advice set out in Appendix A, that the Audit Committee, at its meeting in June 2010, had reviewed the material differences between the original M&As and the latest version of the Articles. The Committee had noted comments on these by members of the Committee and the relevant professional advisers, which confirmed broad contentment with the Articles, with the exception of the revisions to Articles 24 and 34. Court noted the view of the Audit Committee that Article 24, which related to the nomination and removal of directors, on balance, passed the test in terms of governance and consolidation in that it reflected the status of EBS as an independent charity and maintained the essential rights of the University as sole Member; however, deficiencies in the drafting should be addressed. The Committee also advised, in relation to Article 34, which set out restrictions on actions of the company without the unanimous consent of the Board, that the issues arising were essentially ones of control and risk. The Principal expressed the view at the Audit Committee meeting and at the Court meeting that the risks were relatively small and manageable and should be accepted as part of the development of a more co-operative relationship between EBS and the University built on mutual trust and with the goal of achieving unanimity: the benefits of concessions in terms of Article 34 appeared on balance to outweigh any risks. It was also noted that EBS was required to develop and have approved a five-year business plan.

271 COURT MEMBERSHIP AND MEETING DATES 2010/11 AND 2011/12 (Paper Ct5/10/58)

Approved proposed Court meeting dates for 2010/11 and 2011/12:

2010/11

Monday 4 October 2010
Monday 15 November 2010
Monday 13 December 2010
Monday 7 March 2011
Monday 16 May 2011
Monday 27 June 2011

2011/12

Monday 3 October 2011
Monday 14 November 2011
Monday 12 December 2011
Monday 5 March 2012
Monday 14 May 2012
Monday 25 June 2012

Noted also the full membership of the Court in the coming session 2010/11.

The Secretary of the University highlighted plans to advertise shortly with a view to filling the two vacancies in the co-opted membership of the Court in 2010/11 by the first meeting of the new session. The Nominating & Review Committee membership would have an opportunity to review a draft advert. The Secretary also highlighted plans to consider appropriate nominations to fill three non-executive director positions on the EBS Board.

272 REVISED TERMS OF REFERENCE: ESTATE STRATEGY COMMITTEE (Paper Ct5/10/59)

Received and approved revised Terms of Reference for the Estate Strategy Committee.

273 COMMUNICATIONS FROM THE CHAIRMAN OF COURT

The Chairman updated the Court on dialogue within the CUC associated with a recent change in England through which charitable status had been attributed to previously exempt higher education institutions.

The Chairman raised the matter of skills' sets of governing bodies and the need to ensure that, in aggregate, the Court membership holds the full range of necessary skills to be effective in performing its governance role. Training and development courses were available to provide relevant support. The Chairman also commended to Court members the SCOP publication 'Getting to Grips with Being a Governor'.

274 COMMUNICATIONS FROM THE SENATE (Paper Ct3/10/53)

Received a report from the Senate relating to the meeting held on 26 May 2010:

Appointment of Vice-Principal (Dubai)

Approved, in terms of *Ordinance 45: Vice-Principal (Dubai)*, a recommendation that Professor A P Kaka be appointed to the office of Vice-Principal (Dubai) from 1 September 2010 to 31 July 2012.

Proposed revision of Ordinance 6: Graduates Association

The Secretary of the University confirmed that at a recent meeting of the Watt Club Council it had been agreed to withdraw for the time-being recommendations for modifications to this Ordinance.

Senate representation on Grievance Committee

Approved, in terms of *Ordinance 41: Grievance Procedures* (para 4.2.3), a recommendation that Professor A Prior, Acting Head, School of Life Sciences, be appointed as a member of the academic or academic-related staff nominated by the Senate to a Grievance Committee.

Establishment of a Redundancy Committee

Approved, in terms of *Statute XXV: Academic Staff* (para 11(3)), a recommendation that Professor A S Macdonald, School of Mathematical & Computer Sciences and Professor R H Wardman, School of Textiles & Design be appointed to a Redundancy Committee.

Other items reported for information

Noted.

275 COMMUNICATIONS FROM THE PRINCIPAL AND THE PLANNING & MANAGEMENT EXECUTIVE (Paper Ct5/10/61)

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 to the items included in the report the Principal highlighted:

- uncertainties in relation to the impact on Scotland and Scottish higher education of cuts in public sector spending ahead of the Comprehensive Spending Review announcement in October. While higher education would not be included in public sector pay freeze plans, there will be a widely shared expectation that pay awards in the higher education sector are appropriately not far out of line;
- a £0.5m negative impact on the University's financial position in the coming year as a result of the recent increase in VAT;
- pressures to identify affordable and sustainable USS pension scheme funding in the future. In a ballot held in May, 96% of UCU members had voted to reject the employers' proposed changes to the USS Pension Scheme. Following failure of the Joint Review Group to find an agreed solution formal proposals tabled by the employers and the UCU would be considered within the Joint Negotiation Committee (JNC) mechanism with the next meeting of the JNC scheduled to take place on 7 July 2010.
- a successful recent visit to Orkney by the Principal during which he had had an opportunity to engage with Orkney Council, Orkney College and Highlands and Islands Enterprise; and
- the increased offer by the employers in the current pay round to a 0.4% consolidated rise.

The Principal agreed to arrange a presentation on the University's Orkney based activities to the Court at a meeting in the coming session.

276 5-YEAR FINANCIAL PLAN 2010 – 2014 AND FINANCIAL COMMENTARY (Paper Ct5/10/62)

Received and approved a 5-Year Financial Plan 2010-15 presented by the Finance Committee. The Convener highlighted that considerable time had been spent reviewing the plan in detail and the final draft Plan was a reflection of a current relatively good financial position with recognition nevertheless of economically tougher times ahead. The Plan was designed to keep options open in mitigation of a deteriorating economic environment.

The Director of Finance & IS/IT highlighted principal changes affecting the 2010-2015 plan:

- an assumed reduction of 15% in SFC grant funding by year 5 of the Plan. There remained a degree of resilience in the Plan in the event that this reduction was underestimated;
- the planned review of Professional services and associated costs; and
- the key risks to the Plan which had been set out in the document. Court noted in relation to border controls on foreign nationals that an analysis of potential impact on student recruitment was underway.

The Director of Finance & IS/IT agreed in future to provide separate statements of the University and the Consolidated position in the revenue, balance-sheet and cash-flow sections of the Plan. The Finance Committee was invited to give further consideration to these presentational aspects.

Noted plans in future years to follow the pattern of presentation of the 5-Year Plan to the Court established in 2010; i.e. presentation of the final draft Plan to the Court in June preceded by a presentation at the May meeting.

277 REPORT FROM THE FINANCE COMMITTEE: 8 JUNE 2010 MEETING (Paper Ct5/10/63)

Received and noted a report from the Finance Committee relating to the meeting of the Committee held on 8 June 2010. The Convener highlighted in particular:

- the Committee's intention at a future meeting to consider TRAC at Heriot-Watt;
- the current status of the review of banking arrangements between the University and EBS as summarised in the report; and
- review of progress in achieving research income growth in the context of new academic appointments and recorded income which would become a standing item of business in the Finance Committee agenda.

The Vice-Principal highlighted the recent release by the RCUK and UUK of findings of a review led by Sir William Wakeham to implement the recommendations made by the Full Economic Costing Review published in November 2009. The implementation report published in June 2010 recommended, inter alia, a more proactive role for higher education governing bodies. The report also recommended that Funding Councils should consider how a consistent set of metrics might be applied in the context of annual accountability review processes. The SFC had yet to advise on how the Council might act on the recommendations. The Chairman advised that further consideration should be given to this topic at the forthcoming meetings of the Finance Committee and the Court.

Approved, in relation to item 4 of the report 'Review of Corporate Structure', a proposal that the Finance Committee progress further with plans designed to simplify the University's corporate structure with discretion being left to the Committee in relation to the exact dates for implementation of the changes. Noted, in the meantime, that tax advice was being sought from the University's accounting and tax advisors.

278 REPORT FROM THE STAFFING STRATEGY COMMITTEE: 18 MAY 2010 MEETING (Paper Ct5/10/64)

Received and noted a report from the Staffing Strategy Committee relating to the meeting of the Committee held on 18 May 2010.

The Convener highlighted a generally positive impression within the committee that real progress was being made by University management, with a willingness to address difficult issues in what was an overall challenging environment.

On the request of a member of the Court, the Director of People & Organisational Development agreed to provide clarification on the two areas which had been highlighted for further consideration following the reported Equal Pay Review exercise.

Noted an error in the reported pension cost sharing as reported under Item 9, 'Pension and pay matters; the employees contribution should read 35% not 60%.

279 REPORT FROM THE ESTATE STRATEGY COMMITTEE: 19 MAY 2010 MEETING (Paper Ct5/10/65)

Received and noted a report from the Estate Strategy Committee relating to the meeting of the Committee held on 19 May 2010. Noted that Item 1 of the report was presented for approval but dealt with under 272 above. The Convener of the Committee highlighted in particular:

- ongoing dialogue as reported with the contractor in relation to the Campus Roads and Recycling Centre project
- reported progress and issues arising in relation to planning applications for each of the Galashiels and Edinburgh residences blocks;
- good progress being made in relation to student facing services fund projects, in particular the Student Service Centre in the Hugh Nisbet Building;
- procurement of an Estates Information Management System and Computer Aided Facilities Management System; and
- the need to identify a replacement Chair of the Residences Overview Board following the end of Mr Graeme Bissett's membership of the Court.

280 UNIVERSITY RISK REGISTER: SUMMARY UPDATE (Paper Ct5/10/66)

Received and noted a summary report from the Risk Management Strategy Group which highlighted the identified top major risks and risks which had recently been removed from the Risk Register where operational controls had been assessed as adequate.

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

In response to an observation relating to risk 6, the Director of Finance confirmed that the potential exposure was of the order of £0.5 m.

281 REPORT FROM THE AUDIT COMMITTEE: 11 JUNE 2010 MEETING (Paper Ct5/10/67)

Received and noted a report from the Audit Committee relating to the meeting of the Committee held on 11 June 2010. The Convener of the Committee highlighted in particular:

- consideration by the Committee of the roles and responsibilities of respective Committees of Court and the Residences Oversight Board in relation to the Residences Project. This had helped clarify the role of the Audit Committee;
- increasing workload which would necessitate an additional autumn meeting of the Committee; and
- the intention of the Convener in an autumn agenda of the Committee to include further discussion on the role of the Audit Committee and the way in which the Committee manages its business.

282 ANY OTHER COMPETENT BUSINESS

VICE-PRINCIPAL

The Chairman relayed special acknowledgement and thanks to Professor Andy Walker, whose term of office

as Vice-Principal would end on 31 July 2010, for this valuable contribution over recent years to the work of the Court.

In relation to the approval of the Court for the appointment of Professor Ammar Kaka as Vice-Principal (Dubai), the Chairman also voiced thanks and appreciation to Professor Brian Smart who was retiring from his position as Deputy Principal and Head of the Dubai Campus.

MODERATOR OF APPEALS

Noted that further consideration should be given to the role of Moderator of Appeals within the University when Mr Ed Weeple stands down from his membership of the Court after 31 July 2010.

DATE OF NEXT MEETING

The next meeting will take place on Monday 4 October 2010.