



Queen Margaret University
EDINBURGH

UNIVERSITY COURT

UNCONFIRMED Minutes of the meeting held on 5 April 2017

PRESENT

Dr Frances Dow CBE (Chair)
Dr David Banks
Carolyn Bell
Jim Bradshaw
Dr Richard Butt
Professor Graham Caie CBE
Colin Duffus
Dr Anthony Falconer OBE
Cynthia Guthrie
Frank Lennon OBE

Jackie Macdonald
Ken McGarrity
Linda McPherson
Margaret O'Connor
Megan Richardson
Dr Eurig Scandrett
Heidi Vistisen
Professor Petra Wend
Dr Laura Young MBE

IN ATTENDANCE

Carol Brennan	Acting Dean of School of Arts, Social Sciences and Management
Professor Fiona Coutts	Dean of School of Health Sciences
Gordon Craig	Head of Planning
Malcolm Cutt	Director of Operations and Finance
Steve Scott	Director of Campus and Commercial Services
Irene Hynd	University Secretary (Secretary)
Gerry O'Hare	Governance Adviser (Minute Secretary)

1 WELCOME AND APOLOGIES

The Chair welcomed members and those in attendance to the meeting. Apologies were noted from Miller McLean.

The Chair advised that Heidi Vistisen, President of the Students' Union, was due to demit office prior to the next Court meeting on 28 June 2017. The Chair extended the Court's appreciation to the Student President for her work on the Court and her constructive approach to working with the University.

2 CONFLICTS OF INTEREST

There were no conflicts of interest declared. In the interests of transparency, the Chair reminded Court that she represented the interests of the Scottish Chairs on the UCEA board. Dr Scandrett advised that he would take up the position of Vice President of UCU Scotland in May 2017.

3 DETERMINATION OF OTHER COMPETENT BUSINESS

- (a) There was no other competent business determined.
- (b) There was no business arising from the Items for Information.

4 MEMBERSHIP OF THE UNIVERSITY COURT

Members APPROVED recommendations from the Nominations Committee for appointment to vacancies in the lay membership of the University Court as follows:

Appointed for a period of office of three years with effect from 28 June 2017 (listed in alphabetical order):

- *Elaine Acaster*
- *Sarah Phillips*
- *Andrew Scott*

Members NOTED that a further recruitment round would take place in the summer/autumn to recruit to the two vacancies remaining to be filled in the calendar year.

5 CHAIR'S REPORT

- 5.1 The Chair reported that she had attended a meeting of the Committee of Scottish Chairs (CSC) on 7 March 2017. The Committee had received an update from Ian Marchant, Convener of the Steering Group responsible for the revision of the Scottish Code of Good Higher Education Governance. There would be one further meeting of the steering group before the launch of a public consultation on the group's recommendations in April 2017.
- 5.2 The CSC had also discussed phase 2 of the Scottish Government's Enterprise and Skills review. The general view expressed by CSC members had been that the Government's approach had been overly directive and that the review outcomes were, potentially, not aligned fully to the needs of further/higher education or to the skills needs of the economy. Phase 1 of the review had recommended the creation of a new Scotland-wide statutory board to co-ordinate the activities of Scottish Enterprise and Highlands and Islands Enterprise, as well as Scottish Development International, Skills Development Scotland and the Scottish Funding Council. A new enterprise body for the South of Scotland had also been recommended. While present governance arrangements for each of the constituent agencies would be retained, the new 'super board' would provide strategic oversight.
- 5.3 On behalf of the Court, the Chair congratulated Dr Laura Young on being chosen as the Evening Times' Scotswoman of the Year.

6 PRINCIPAL'S REPORT

Members RECEIVED a detailed report from the Principal (COURT (17) 10).

In addition to those matters highlighted in the report, the Principal provided further information on the following:

- The University was communicating with all staff on the implications of Brexit and making the information available on the University's intranet. A session on Immigration Issues for

EU Nationals would be delivered to interested staff by a partner from Brodies LLP on 11 April. In the matter of EU students, the Scottish Government had announced that EU nationals commencing a course of study in 2018/19 would have their tuition fees paid for the duration of their course.

- At its next meeting, the Main Committee of Universities Scotland would discuss the sector's approach to a second independence referendum. It was important that the sector's charity status was not compromised, so it was expected that the sector would maintain the neutral stance adopted during the 2014 referendum. It was recognised that this did not preclude individual staff members from expressing personal views. Universities Scotland would issue advice/FAQs prepared in 2014 on the subject.
- Joint negotiating meetings had taken place between UCEA and the five sector trade unions on 30 March and 4 April. At the first meeting, UCEA had put an offer of a 1.2% pay increase on the table, which was increased to 1.5% at the 4 April meeting. There would be a further negotiating meeting on 27 April.

7 MINUTES

- 7.1 The minutes of the meeting held on 8 February 2017 (COURT (17) MINS 01) were APPROVED.
- 7.2 Members RECEIVED the notes of the Court Away Days held on 8 and 9 February 2017.
- 7.3 MINUTE REDACTED – The record of discussion under Minute 7.3 is exempt from disclosure under Section 33 (1) (b) of the Freedom of Information (Scotland) Act 2002.

8 SCOTTISH FUNDING COUNCIL

8.1 Outcome Agreement

Members RECEIVED a further iteration of the Queen Margaret University Outcome Agreement (OA) being negotiated and developed with the SFC for 2017-20 (COURT (17) 12). Members NOTED that the final version, with only minor amendment to the version circulated to the Court, had been signed off by the Chair of Court and submitted to the SFC by the required deadline of 31 March 2017. The final version would be published on the SFC's website in May.

Members considered the widening access targets contained in the Outcome Agreement, and acknowledged the good work being undertaken by the University in this area. Members commented that the wording of the Outcome Agreement in this area was excellently expressed and they would be concerned about changes made to this by the SFC during further negotiations with the University.

8.2 SFC Outcome Agreement Funding – Indicative Allocations

The Scottish Funding Council had released details of indicative funding allocations for 2017/18 on 10 February 2017.

Members NOTED that overall funding from teaching and research was £77k higher than in 2016/17. However, this was largely accounted for by the increase in Research Excellence Grant funding of £136k, as the final element of the transitional funding increase resulting from the REF 2014 worked its way through the system. The University, along with all but one

of the other post-92 universities, had lost funding as a result of the change in methodology for calculating teaching funding, comprising the tightening of tolerance bands. Overall funding for 2017/18 was around £200k lower than had been assumed in the financial forecasts submitted to SFC in June 2016.

Members NOTED that there was no visibility in terms of future funding beyond 2017/18, with indicative funding allocations made on a single year basis only. In progressing future planning, a number of funding scenarios would be considered, but it was reasonable to assume that there would be no increase in funding over the next three years.

9 FINANCIAL UPDATE

9.1 Management Accounts for the six months to 31 January 2017

Members RECEIVED the Quarter 2 management accounts for the six months to 31 January 2017 (Court (17) 14).

The Director of Operations & Finance reminded members that the interim financial update provided at the last meeting had indicated a possible shortfall of up to £600k in tuition fee income against budget, and had included actions to be implemented by the Executive Board to control and reduce expenditure against the budget in 2016/17. The deterioration in the financial outturn for 2016/17 had been confirmed, and had arisen primarily from reduced tuition fees for 'on campus students', a reduction in the anticipated net contribution from research and knowledge exchange projects and an increase in interest payable.

The SFC had indicated recently its intention to claw back funding of £370k in relation to unfilled places in 2015/16 for students progressing from the Academies programme. Such clawback would be contrary to the previous agreement between the University and SFC. The University had appealed to the Cabinet Minister and to the SFC on the matter, and an outcome was awaited. The clawback had not been included in the Q2 Forecast.

The Convener of the Finance and Estates Committee advised that the FEC had scrutinised the management accounts carefully and that the Committee had been assured that the University would be able to implement the savings required to comply with the loan covenant for 2016/17.

9.2 Update on the preparation of financial forecasts

Members RECEIVED an update on the preparation of the financial forecasts for 2017/18 (Court (17) 15).

The Director of Operations and Finance informed members that at its meeting on 15 March 2017, the Finance and Estates Committee had received an update on progress towards preparing the financial forecasts and the budget for 2017/18. The Committee recognised that the financial position over the next few years would be extremely challenging. Accordingly, the Committee had agreed that a 'worst-case' financial scenario should be prepared, with the high-level impact explained to the Court. Further clarification of the mitigating actions being undertaken and being planned to ensure the financial sustainability of the University would also be provided.

Members noted that, were the assumptions underpinning the worst-case scenario to be incorporated into the forecasts, with no other actions taken to change existing activities, then there would be a gap in relation to the banking covenant of £2.9m in 2017/18, rising to £3.8m

in 2018/19. Members were advised that the probability of all of the worst-case scenario assumptions being realised was very unlikely.

Following the Court Away Day sessions on financial sustainability, discussions had taken place, led by the Deputy Principal, to determine how best to move forward the actions required to ensure the financial sustainability of the academic portfolio over the medium term, and to move towards a position whereby the University returned to a surplus over a period of three years. It was proposed that the action would take the form of a series of work streams, and include short, medium and long-term actions.

In the short term, the focus would be on actions to contain levels of expenditure for the remainder of the financial year. This would include deferring expenditure where possible without compromising the safe and effective operation of the University, and not filling posts that became vacant, other than where these are business critical.

In the short term, the University would continue to engage with Barclays in relation to rewording of the banking covenants as a consequence of the implementation of FRS102. The basis for these negotiations was 'no detriment' to the University or Barclays under any newly agreed terms. The University was also pushing for 'smoothing' of the measurement of compliance over a period of three years. If agreed, this would allow some leeway in terms of the timing of the move towards a long-term financially sustainable position, and would allow change to take place in a considered and orderly way.

The medium term actions (to be completed in the following year) would focus on reviewing the areas of programme architecture, course portfolio, market analysis, KPIs, physical space requirements and fees structure. The analysis of academic areas would review both academic and financial performance, and the support provided by the professional services areas would be reviewed and benchmarked to ensure it is appropriate. The medium term actions would inform longer term actions to establish a more efficient academic portfolio, supported by the appropriate levels of professional services and infrastructure.

In response to a query, the Principal confirmed that the Executive had communicated to staff the increased financial pressures under which the University was operating. As well as written communication to all staff, the Principal and Deputy Principal had been attending departmental meetings to answer staff questions directly. Both had been impressed by the level of engagement from staff. The focus of the Principal's strategic briefing in June would also be on the University's financial sustainability. The key challenge was to enable staff to manage their existing workload, while making efficiency savings and protecting staff morale. Efficiency savings were not just concerned with generating cost savings but included savings in staff time and ensuring everyone was working efficiently.

The Chair of Court thanked members of the Finance and Estates Committee for the rigorous scrutiny of the budget. She expressed her confidence that the Executive was handling the situation appropriately and keeping staff informed. Finance and Estates Committee would continue to exercise close scrutiny and would schedule additional meetings if necessary.

10 KEY PERFORMANCE INDICATORS (KPIs)

Members RECEIVED the mid-year report on KPIs.

The Head of Planning highlighted key points from the report. Of the financial indicator projections available at present, historical cost surplus as percentage of turnover was forecast to be of concern. As the overall forecast income had reduced, the percentage of funding from SFC grant as a proportion of the small denominator had increased. Income

from tuition fees and collaborations was forecast to be below target. While tuition fee income was forecast to be significantly below target, student numbers were forecast overall to be slightly above target due to the mix of students' fees status being different from the target figures.

As previously reported, the number of SIMD20 and articulation students recruited was below target. There was an acceptance that SIMD20 students were being recruited by the research-intensive institutions, and that all universities were competing for the same limited pool of candidates.

According to data from HESA prepared for the main league tables, the University's tariff rate had dropped to 339 (below the target of 355). Entry requirements for programmes were being reviewed in order to assess whether or not there was scope to increase the tariff rates of students entering the University, without jeopardising outcomes in the area of widening access.

11 MASTERPLAN DEVELOPMENT STRATEGY

Members RECEIVED an update on recent activity and progress with the local land Masterplan Development strategy.

The formal consultation period for the East Lothian Proposed Local Development Plan (LDP), published in October 2016, expired in November 2016. The University had submitted a formal objection to the LDP in November 2016. The next stage would be consideration of outstanding objections to the Proposed Plan by Scottish Government Ministers; this was likely to take place in the second half of 2017 and result in the adoption of the LDP in 2018.

Tri-partite discussions were ongoing between the University, East Lothian Council and Persimmon Homes Ltd around the masterplan and programme development for the larger MH1 site. A key focus for the discussion remained the completion of the A1 junction. Persimmons had submitted a pre-application notice, which is the first formal stage in the submission of a planning application, concerning land around the campus.

MINUTE REDACTED – Part of the record of discussion under Minute 11 is exempt from disclosure under Section 33 (1) (b) of the Freedom of Information (Scotland) Act 2002.

12 MAINSTREAMING REPORT AND EQUALITY OUTCOMES

Members CONSIDERED the draft version of the University's Mainstreaming Report and Equality Outcomes.

The University Secretary informed members that the University is required to publish a Mainstreaming Report and Associated Equality Outcomes by 30 April 2017. The reporting requirement was under the Public Sector Equality Duty, which specific duties were created by secondary legislation in the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012. Listed public authorities are required to publish:

- A mainstreaming report;
- Annual employee information together with details of the progress made in gathering and using the information to better meet the duty;
- A report on progress made towards achieving equality outcomes published in 2015; and
- Public authorities with 150 staff or more must also publish pay gap information in terms of gender, race and disability.

Members were advised that further narrative and statistical evidence was required within the body of the main report (eg student equality data) and that the outcome of the Equal Pay review would be included.

Members expressed satisfaction with the general topics of the Outcomes. In discussion, it was agreed that the wording of Outcome 6 concerning action on any Equal Pay Gaps should be reconsidered. Members noted that the report would be considered at a reconvened meeting of the Equality and Diversity Committee, on which Professor Caie represented the interests of the Court.

As the Mainstreaming Report and Associated Equality Outcomes were to be published by 30 April 2017, Court DELEGATED approval of the Report and Outcomes to the Equality and Diversity Committee, and to the Chair of Court. Members were invited to submit further comments directly to the University Secretary outwith the meeting.

13 GENDER REPRESENTATION ON PUBLIC BOARDS (SCOTLAND) BILL

Members NOTED the Queen Margaret University submission to the Scottish Government's Consultation on the Draft Gender Representation on Public Boards (Scotland) Bill.

14 SENATE

Members RECEIVED the minutes of the Senate meeting held on 22 February 2017 (SEN (17) MINS 01). All relevant matters arising were covered elsewhere on the Court agenda.

15 FINANCE AND ESTATES COMMITTEE

Members RECEIVED the minutes of the Finance and Estates Committee meeting held on 15 March 2017 (FEC (17) MINS 01). There were no additional items to report.

16 HEALTH AND SAFETY COMMITTEE

Members RECEIVED the minutes of the Health and Safety Committee meeting held on 16 March 2017 (HSC (17) MINS 02). There were no items brought to Court's attention.

17 DATES OF FUTURE MEETINGS

Court will meet on the following dates in 2017 and 2018:

28 June 2017
4 October 2017
6 December 2017
7 and 8 February 2018
4 April 2018
27 June 2018

With the exception of the Court Away Days, all meetings begin at 4.00pm