



Queen Margaret University
EDINBURGH

UNIVERSITY COURT

CONFIRMED Minutes of the meeting held on 6 December 2017

PRESENT

Dr Frances Dow CBE (Chair)
Elaine Acaster OBE
Jim Bradshaw
Dr Richard Butt
Professor Graham Caie CBE
Colin Duffus
Dr Anthony Falconer OBE
Cynthia Guthrie
Frank Lennon OBE
Jackie Macdonald

Miller McLean
Linda McPherson
Margaret O'Connor
Sarah Phillips
Megan Richardson
Stewart Sands
Dr Eurig Scandrett
Dr Andrew Scott
Professor Petra Wend
Dr Laura Young MBE

IN ATTENDANCE

Professor Brigid Daniel	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
Irene Hynd	University Secretary (Secretary)
Gerry O'Hare	Governance Adviser (Minute Secretary)
Steve Scott	Director of Campus and Commercial Services

1 WELCOME AND APOLOGIES

The Chair welcomed members and those in attendance to the meeting. Apologies were noted from Carolyn Bell and Ken McGarrity.

2 CONFLICTS OF INTEREST

There were no conflicts of interest declared.

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

4.1 Lay Court Membership

Members APPROVED a recommendation from the Nominations Committee that Melanie Moreland be appointed to the lay membership of the University Court.

Members NOTED that a further recruitment round would take place in early 2018 to recruit to the lay member vacancy that would become vacant in April 2018.

4.2 Senate Appointee

Members NOTED that an election was being held from amongst the elected membership of the Senate in respect of the vacancy for a Senate appointee on the University Court.

4.3 Member retirement

The Chair advised members that the meeting would be the final Court meeting attended by Miller McLean. On behalf of the University Court, the Chair thanked Miller formally for his significant contribution to the Court during his seven years of service, and in particular, for his insight, judgement and careful stewardship of the Audit and Risk Committee.

In response, Miller thanked members for their support and counsel, and wished the University every future success.

5 CHAIR'S REPORT

The Chair reported that the Committee of Scottish Chairs (CSC) would be meeting with the Chair of the Scottish Funding Council, Mike Cantlay, on 10 January 2018. A report on the outcome of the meeting would be brought to the February meeting of the Court.

6 PRINCIPAL'S REPORT

Members RECEIVED a detailed report from the Principal (COURT (17) 41) highlighting recent news and developments that involved or impacted upon the University.

University Principals, the Scottish Government (SG) and the Scottish Funding Council (SFC) continued to discuss policy options for the post-Brexit fees status of EU students. Further discussion would take place on 19 December 2017. The Universities represented at the discussions had emphasised Scottish Universities' current reliance on EU students, both in terms of the make up of the student body and in sustaining certain courses, notably in STEM and the creative industries. The Scottish Government was being pressed on how it might regulate or deregulate fees for post-Brexit EU students. The meeting on 19 December had been suggested by the Scottish Government as presenting an opportunity for the sector to report 'first-hand' on its concerns.

In late November, the Higher Education Funding Council for England (HEFCE) published its long awaited guidance on staff and publications for the next Research Excellence Framework (REF). The Census date was confirmed as 31 July 2020, and the average number of outputs required per staff FTE as 2.5. All staff with 'significant responsibility for research' were to be included, and it was expected that the definition of "significant responsibility" for research and "independence" would vary between main panels. In response to a query, the Deputy Principal advised that the REF Strategy Group was working hard to understand how it could best maximise the University's return from the REF. At this

stage, there remained a number of unknowns, including how the Scottish Funding Council would allocate REF funding based on institutional results.

7 MINUTES

7.1 Minutes of the meeting held on 4 October 2017

The unconfirmed minutes of the meeting held on 4 October 2017 (COURT (17) MINS 03) were APPROVED as an accurate record, subject to minor amendment.

7.2 Matters Arising

There were no matters arising.

8 ANNUAL ACCOUNTS

- 8.1 Members CONSIDERED the audited strategic report and financial statements for Queen Margaret University and its subsidiary companies for the year ending 31 July 2017 (COURT (17) 42). A draft version had been circulated to members with the meeting papers, such version being subject to further discussion at the Audit and Risk Committee on 1 December 2017.

Members were advised that the financial statements had been subject to detailed prior scrutiny by the Finance and Estates Committee and by the Audit and Risk Committee.

Members NOTED that the external auditors, Ernst and Young (EY), had proposed additional wording to be added to the narrative section in the report to reflect more fully the position on financial sustainability in light of the anticipated breach of banking covenants in 2017/18 and 2018/19, and the ongoing discussions with Barclays around an agreed covenant waiver. Copies of the amended pages were tabled for members' consideration (paper Court (17) 42 (a)).

The Convener of the Audit and Risk committee confirmed to members that the Committee had accepted the amended wording proposed. The financial statements had been subject to significant scrutiny in Committee, with the Committee having discussed at length with the external auditors matters around the interpretation of going concern. Members were advised that there was no 'emphasis of matter' statement included. The recommendation of the Committee was that the strategic report and financial statements should be approved by the University Court.

Having received detailed clarification and advice from the Convener of the Audit and Risk Committee, the University Court APPROVED the strategic report and audited financial statements.

- 8.2 Members CONSIDERED the management representations letter (Court (17) 43) to be provided to the external auditors, and AUTHORISED the Chair of Court to sign this letter on behalf of the University Court.
- 8.3 Members NOTED the external audit report from Ernst and Young for the year ended 31 July 2017 (COURT (17) 44). Pages 9 and 10 had been updated to reflect amended wording in the final financial statement and accounts.
- 8.4 Members NOTED the internal audit report from KPMG for the year ended 31 July 2017 (COURT (17) 45). The internal audit opinion for the period 1 August 2016 to 31 July 2017

was that 'Significant (with minor improvements) assurance can be given on the overall adequacy and effectiveness of the organisation's framework of risk management, internal control and governance.'

- 8.5 Members CONSIDERED a draft "Annual Sustainability Assurance Report" (ASSUR) as set out in Appendix A, Paper Court (17) 46. Members NOTED that the report was in the format adopted by the University Court in previous years, and that the information and performance Indicators set out in the report had been agreed previously as assisting the University Court in its assessment of the University's financial sustainability. Submission of such a return to the SFC was not mandatory.

The University Court APPROVED the recommendation from the Finance and Estates Committee that the return should not be submitted to the SFC this year, or in future years.

9 FINANCIAL UPDATE

MINUTE REDACTED – the record of discussion under Minute 9 is exempt from disclosure under Section 33 (1) (b) of the Freedom of Information (Scotland) Act 2002.

10 KEY PERFORMANCE INDICATORS

- 10.1 Members RECEIVED an update report on First Quarter 2017/18 KPIs, and on the outturn for 2016/17. The Head of Planning highlighted a number of key points from the report.
- 10.2 The outturn for tuition fees in 2016-17 was below target. It was too early to provide confirmed forecast fee income for 2017/18 compared to target, but student numbers reported provided an early indication.

In terms of the first quarter results for 2017/18, overall student numbers were forecast to be below target. A task group had been established to optimise student admission for 2018/19, and the Executive Board had approved the following actions:

- Further centralising of offer-making to staff in Admissions:
- A minimising of interview requirements across programmes to improve turnaround times and reduce resource requirements.

- 10.3 In response to a query, members were advised that the lower than projected conversion rate from applicant to entrant was in part a result of an increased number of international and EU students deciding not to attend the University after accepting a place. Additionally, fewer applicants holding an 'insurance' offer had elected to come to the University. The University had historically enjoyed a high conversion rate of such applicants, but such applicants were now receiving an offer from their 'firm' choice universities, who were now applying differential admissions criteria for such applicants. The University was actively addressing this by reviewing its contextualised offer making, and through the process changes noted in 10.2 above.
- 10.4 The percentage of students recruited from SIMD20 postcodes was below the target established for 2016/17. Revised targets for 2017-20 had been negotiated with the SFC for the current Outcome Agreement. The percentage of first and upper second-class degrees awarded was above target, and an increase on the previous year's figure.
- 10.5 The 2016/17 outturn for research and knowledge exchange income was below target, but the final report did not factor in the £3.6m awarded recently to the Institute for Global Health

and Development. The 2016/17 outturn for income from physical facilities and student accommodation was above target.

- 10.6 Commenting on the 2017/18 indicators, a member expressed concern at a suggested reduction in staffing as a percentage of income or expenditure. In discussion, it was observed that a secure staffing base was important to generating necessary income, but in order to be sustainable, the University also needed to keep its costs under control. This was particularly the case when action to grow income involved an extended gestation period eg portfolio revision.

11 RISK MANAGEMENT

Members NOTED the Corporate Risk Register (COURT (17) 49) and in particular, the section added to the Risk Appetite, Thresholds and Tolerance document on the external environment. The Corporate Risk Register would be reviewed by the Executive Board in December.

12 PORTFOLIO REVIEW

Members RECEIVED an update from the Deputy Principal on the review of the University's programme portfolio (Court Paper (17) 50).

Members were advised that the review of the University's programme portfolio, partly facilitated by the Knowledge Partnership, was now complete. The Knowledge Partnership had been commissioned to undertake a review of the performance and potential of the current portfolio of programmes offered, and examine market potential for new provision to grow student numbers and associated income streams.

The review of the portfolio had identified a range of growth opportunities for the University. Based on extensive market knowledge, and the University's areas of academic expertise, it was estimated that these opportunities could provide the University with around £5m additional (gross) income per annum.

The review also identified opportunities for the University to ensure that its current and future portfolio of programmes was equitable, efficient and sustainable. As an example, it had identified opportunities for streamlining the curriculum within individual courses without negatively affecting either student recruitment or the student experience.

A number of outcomes of the review had been, or were about to be, implemented: (MINUTE REDACTED – the record of discussion under minute 12 is exempt from disclosure under Section 33 (1) (b) of the Freedom of Information (Scotland) Act 2002.)

The Scottish Government had informed the University on 29 November that it was in a position to 'confirm support for QMU's proposals in respect of Initial Teacher Education.' Meetings were being set up with the Scottish Government and SFC to examine what this support meant in terms of requested funding and fees that had formed a central requirement of the University's proposal. A meeting had been scheduled for 15 December seeking clarity around the basis of an agreement.

In discussion, members commented variously on the need to adopt a careful balance between expansion and contraction. It would be important to be able to grow the University's market share, and also to capitalise on opportunities offered by the University's undergraduate student population in terms of candidates for postgraduate taught and research programmes.

Members NOTED that the Portfolio Review and actions arising would be a substantive item on the programme for the Away Days in February 2018.

13 LAND DEVELOPMENT STRATEGY

Members RECEIVED an update on recent activity and progress with the Local Land Development project and the City Deal process (Court Paper (17) 51).

The proposed Local Development Plan remained under consideration by the Scottish Government Reporter, with a report anticipated around spring/summer 2018.

Work was continuing on the development of the joint Outline Business Case (OBC) for Edinburgh City Region Deal funding. The draft OBC had been shared with Scottish Government and Scottish Enterprise representatives at a meeting held on 6 November 2017. Feedback from the meeting was that the QMU/ELC OBC presented a strong story in terms of fit with City Deal criteria. MINUTE REDACTED – the record of discussion under minute 13 is exempt from disclosure under Section 33 (1) (b) of the Freedom of Information (Scotland) Act 2002.

Advice received through the HE/FE forum meetings indicated that OBCs would be submitted to governments before the end of December, and the University was working to this timescale. It had been suggested also that the City Deal agreement would be signed around March 2018 (in advance of the governments' financial year-end), and would be based on information provided in outline business cases. Full business cases would not be required until funding was due to be drawn down. In the case of the EIP, this was unlikely to be before 2021/22 at the earliest.

Discussions had taken place with ELC around the formation of a Project Steering Group to oversee the development of the next stage of the Edinburgh Innovation Park project. The Group would include external representation from sector and industry bodies, and would be chaired jointly by the CEO of ELC and the Principal of QMU. The group would also include two lay members of the University Court, to be appointed through the Nominations Committee procedure. A number of industry representatives had indicated that they would be willing to serve on the group.

MINUTE REDACTED – the record of discussion under minute 13 is exempt from disclosure under Section 33 (1) (b) of the Freedom of Information (Scotland) Act 2002.

14 GOVERNANCE

14.1 Higher Education Governance (Scotland) Act 2016

Members RECEIVED an update from the University Secretary on the University's compliance with the Higher Education (Governance) Scotland Act 2016. Members were reminded that a number of amendments were required to the University's Statutory Instrument to reflect the provisions of the Act. The publication of the Revised Scottish Code of Good Higher Education Governance 2017 Edition had clarified the nature of the amendments required. A meeting involving representatives from a number of post-92 Universities had been arranged to discuss the process for amendments of respective Statutory Instruments, and to share institutional approaches being adopted to meet the requirements of the Act. Further updates would be presented to future Court meetings.

14.2 Scottish Code of Good HE Governance

Members RECEIVED the published version of the Revised Scottish Code 2017. A detailed analysis of the extent to which the University remained compliant with the revised Code would be undertaken, and recommendations for amendment to current policy and practice presented to the Court for agreement as appropriate.

14.3 Court Effectiveness - Appraisal of the Chair

The Vice-Chair reported that she had met with the Chair and communicated the outcome of the recent Chair appraisal exercise.

15 SCOTTISH FUNDING COUNCIL

15.1 Members NOTED the self-evaluation of Queen Margaret University's Outcome Agreement for 2016-17, which had been submitted to the Scottish Funding Council (SFC) on 31 October 2017 (Paper COURT (17) 53). Members were reminded that the report had been structured to reflect the 2016-17 Outcome Agreement, and focussed on the outcomes set out in that document. The evaluation would provide important context for the update to the University's Outcome Agreement 2017-20, which had to be submitted to the SFC by 30 April 2018.

15.2 Members NOTED the Ministerial Letter of Guidance 2018-19 to the Scottish Funding Council, within which the Minister for Further Education, Higher Education and Science set out to the SFC her expectations and ambitions for 2018/19 Outcome Agreements. The key message in the Letter of Guidance was the 'intensification of the Outcome Agreement process.'

Members were advised that the letter had preceded the issue on 26 October 2017 of the SFC's Guidance to Universities on the development of Outcome Agreements 2018-21 (COURT (17) 54). The guidance reiterated messages appearing in previous iterations of the guidance, including the statement that the key purpose of an Outcome Agreement is 'to demonstrate each institution's distinct contribution to the Scottish Government's priority outcomes and impact for public investment'.

The Deputy Principal had attended a meeting with the Minister for Further Education, Higher Education and Science, along with representatives from each of the Scottish Universities and Colleges and the SFC, at which it was emphasised that Outcome Agreement targets required to be more ambitious around widening access, skills, and young people.

Members would have the opportunity to discuss the further development of the University Outcome Agreement at the 7 February 2018 meeting of the Court.

16 ENHANCEMENT LED INSTITUTIONAL REVIEW

Members RECEIVED a briefing on the University's preparations for Enhancement-led Institutional Review 4 (ELIR 4). Maintaining a position of 'effectiveness', as determined by the ELIR review team, was one of the University's KPIs under 'Quality'.

Members were advised that the University is one of two institutions participating in the first round of the revised ELIR process in 2018, the other being the Royal Conservatoire. An ELIR Steering Group, chaired by the University Secretary, was managing all aspects of the University's preparations, and would oversee all aspects of the engagements with the review team during the ELIR visits.

Members NOTED in particular that an important part of the review process, the self-evaluation document or Reflective Analysis (RA), would be submitted to the QAA on 15 December 2017. This would be supplemented with an Advance Information Set (AIS), which included routine quality reports and information on quality procedures. The University Secretary would circulate a copy of the Reflective Analysis to members.

There would be two review visits (with an interval of some 8 weeks in between), during which the review team would meet with staff and students to discuss themes relating to the enhancement of learning, teaching and the student learning experience, and the assurance and maintenance of academic standards.

17 SENATE

Members RECEIVED the minutes of the Senate meeting held on 25 October 2017.

Four specific items of importance had been drawn to the attention of the Court, namely, the Portfolio Sustainability Review, Initial Teacher Education, the National Student Survey, and preparation for Enhancement-led Institutional Review (ELIR).

18 FINANCE AND ESTATES COMMITTEE

Members RECEIVED the minutes of the Finance and Estates Committee meeting held on 15 November 2017 (FEC (17) MINS 07). Members were advised that the principal matters arising from the discussion had been reported under Minute 9 above.

Members NOTED the annual report from the Finance and Estates Committee to the University Court (COURT (17) 56).

19 AUDIT AND RISK COMMITTEE

Members RECEIVED the minutes of the Audit and Risk Committee meeting held on 1 December 2017 (AUDIT (17) MINS 04) and NOTED the annual report from the Audit and Risk Committee to the University Court (COURT (17) 57).

20 SENIOR MANAGEMENT REMUNERATION COMMITTEE

(Secretary's Note: Executive members of the University Court, and Executive members in attendance, withdrew from the meeting for this agenda item).

Members RECEIVED the minutes of the Senior Management Remuneration Committee meeting held on 26 September 2017 and 6 November 2017 (reconvened), which had been circulated on a restricted basis.

The University Court APPROVED the recommendations of the Committee concerning the remuneration of the Principal and Vice-Chancellor, and those members of the Executive Board subject to the provisions of the Senior Management Remuneration Review Policy, and as set out in full in Paragraph 8 of the minutes.

The University Court also APPROVED the following recommendations of the SMRC ie that:

- The current Senior Management Remuneration Review policy should be withdrawn, to be replaced by a fully revised policy, such policy to be presented to the February meeting of the University Court.

- A short-term task group be established to develop the revised policy, such group to be chaired by the Convener of the SMRC, with membership drawn from SMRC, and supplemented by one additional lay member (Secretary to approach).

The Secretary would provide support as appropriate and requested by the task group.

21 DATES OF FUTURE MEETINGS

Court will meet on the following dates in 2018 and 2019:

7 and 8 February 2018 (Away Days)

4 April 2018 at 3.00 pm

27 June 2018 at 3.00 pm

3 October 2018 at 3.00 pm

5 December 2018 at 3.00 pm

6-7 February 2019 (Court Away Days)

3 April 2019 at 3.00 pm

26 June 2019 at 3.00 pm