



Queen Margaret University

EDINBURGH

UNIVERSITY COURT

CONFIRMED Minutes of the meeting held on 5 December 2018

PRESENT

Dr Frances Dow CBE (Chair) (Minute 1-18)	Linda McPherson (Vice Chair)
Elaine Acaster OBE	Melanie Moreland
Carolyn Bell	Margaret O'Connor
Dr Richard Butt	Robert Pattullo
Colin Duffus	Sarah Phillips
Dr Anthony Falconer OBE	Stewart Sands
Cynthia Guthrie	Dr Eurig Scandrett
Frank Lennon OBE	Dr Andrew Scott
Ruth Magowan	Professor Petra Wend
Jackie Macdonald	Rebecca Wilson
Ken McGarrity	

IN ATTENDANCE

Professor Fiona Coutts	Dean of School of Health Sciences
Malcolm Cutt	Director of Operations and Finance
Irene Hynd	University Secretary (Secretary)
Ian Robertson	Head of Finance
Fraser Rudge	Governance Adviser (Minute Secretary)
Steve Scott	Director of Campus and Commercial Services

1. WELCOME AND APOLOGIES

The Chair welcomed members to the meeting of the University Court. Apologies were noted from Professor Graham Caie CBE and Dr Laura Young MBE.

2. CONFLICTS OF INTEREST

The Chair advised that she had asked the Vice Chair to convene discussion relating to the business of the Nominations Committee (Minute 19 refers), and that she would absent herself from the meeting at the appropriate item on the agenda.

Dr Eurig Scandrett advised that he was involved directly in the statutory consultation process attached to the Transformation Project (Minute 8 refers). Dr Scandrett would observe but not take part in discussion of this item.

3. DETERMINATION OF OTHER COMPETENT BUSINESS

There were no items of other competent business determined, and there was no business arising from the items provided for information.

4. CHAIR'S REPORT

The Chair advised that significant matters to report would be addressed under other items on the agenda, including arrangements for the recruitment of a successor to Professor Wend, Principal and Vice-Chancellor (Minute 14 refers).

5. PRINCIPAL'S REPORT

Members received a detailed written report from the Principal on recent strategic developments, both within the University and within the higher education sector generally (COURT (18) 42).

MINUTE REDACTED – the record of discussion under Minute 5 is exempt from disclosure under Section 33 (1) (b) of the Freedom of Information (Scotland) Act 2002.

The University had received further information on changes proposed to the Scottish Teachers' Superannuation Scheme (STSS). Current proposals would result in a 5.2% increase in the level of employers' contribution to the scheme, with effect from 1 April 2019. The additional annual cost of this increase to QMU was estimated at circa £450k. Discussions were taking place at Scottish and UK government levels on possible ways to mitigate the impact of these additional costs across the sectors affected.

The University had welcomed the new Minister for Further and Higher Education and Enterprise, Richard Lochhead, to the campus on 6 November 2018. Subsequent to that visit, Mr Lochhead had spoken in warm terms about the international character of the University during a speech on the topic of Brexit at the Scottish Parliament on 7 November. Labour MSP Iain Gray had also mentioned QMU positively during that debate.

Members NOTED the significant student and staff activity reported, and congratulated the individuals mentioned within the report on their success.

6. MINUTES

6.1 Minutes of the meeting held on 3 October 2018

The Unconfirmed minutes of the meeting held on 3 October 2018 were APPROVED as an accurate record.

6.2 Matters arising from the minutes

There was one matter arising from Minute 5 not provided for elsewhere on the agenda. Members were advised that the University and College Union (UCU) and the Educational Institute of Scotland (EIS) had announced ballots on strike action in relation to the National 2018 pay offer. Members were advised further that, in line with others in the sector, the University had implemented the Universities and Colleges Employers Association (UCEA) pay offer, pending the conclusion of the formal pay negotiations,

7. ANNUAL ACCOUNTS

7.1 Members CONSIDERED the Strategic Report and Financial Statements for the year ended 31 July 2018 (COURT (18) 43).

Members were advised that the financial statements had been subject to detailed prior scrutiny by both the Finance and Estates Committee and the Audit and Risk Committee. Minor amendments had been made to the papers issued to members in advance of the meeting. Amendments represented typographical and formatting corrections, and further clarification of wording in relation to the accounting policy on page 25.

Members NOTED the University and the Group results for the year, and the associated cash flow and balance sheet analysis. Members received detailed analysis of movements in the financial position in relation to 2017/18 quarter three financial forecasts, and financial statements for the year ending 31 July 2017.

Members were advised that the results demonstrated an underlying position of a deficit of £2.7 million. This compared with an underlying deficit in 2016/17 of £1.1 million, and a forecast underlying deficit at Quarter 3 of £3.406 million. The accounting policies used in the 2016/17 statutory accounts had been reviewed, and had been retained for the 2017/18 accounts.

Members NOTED that regular discussions had been held with Barclays and the Scottish Funding Council (SFC) concerning progress in achieving the planned increased levels of income and reduction in costs set out in the financial forecasts. Barclays had issued a letter of waiver (dated 20 November 2018) in respect of the covenant breach that was anticipated to be triggered by the submission of the 2017/18 accounts. The letter provided additional comfort that, in respect of the breach anticipated to be triggered by the submission of the 2018/19 accounts, Barclays did not intend to exercise its right to demand immediate repayment of the loan at that point. The latter was necessary in order to allow the Court to sign off the 2017/18 accounts on a “going concern” basis.

The Scottish Funding Council had provided a letter of comfort to the University that confirmed that it would provide funding for the period up to 31 July 2019, as set out in the final 2018/19 funding letter. The SFC had indicated also that it was its intention to continue to provide funding to the University along broadly similar lines for the period from 1 August to 31 December 2019, subject to the level of funding made available to the SFC by the Scottish Government.

Having NOTED the above, members formally:

- APPROVED the Strategic Report and Financial Statements for the year ended 31 July 2018.
- ENDORSED the accounting policies used in the preparation of the accounts;
- NOTED the recommendation from the Audit & Risk Committee that the financial statements should continue to be prepared on a “going concern” basis, taking into account the outcome of discussions with the SFC and Barclays and the annual review of key financial performance indicators.

- 7.2 Members CONSIDERED the Letter of Representation to Ernst and Young (COURT (18) 44) and AUTHORISED the Chair to sign on behalf of the Court. The Chair thanked University staff, and the Finance Team in particular, for their work in preparing the accounts.
- 7.3 Members NOTED the external audit report from Ernst and Young for the year ended 31 July 2018 (COURT (18) 45).
- 7.4 Members NOTED the KPMG annual internal audit report (COURT (18) 46). The internal audit opinion for the period 1 August 2017 to 31 July 2018 was that 'Significant (with minor improvements) assurance can be given on the overall adequacy and effectiveness of the University's framework of risk management, internal control and governance'.

8. TRANSFORMATION PROJECT

MINUTE REDACTED – the record of discussion under Minute 8 is exempt from disclosure under Section 33 (1) (b) of the Freedom of Information (Scotland) Act 2002.

9. FINANCIAL UPDATE

Members RECEIVED a report on financial performance for the quarter to 31 October 2018 (COURT (18) 49).

Current forecasts suggested that overall income would be in line with the initial budget. Staff costs expenditure was anticipated to be in line with budget, but this was subject to the transformation project progressing within the required timescale. As noted in Minute 5 above, there was a risk that significant additional cost would arise from an increase in employers' contributions to Scottish Teachers Pension Scheme. Non-staff costs were projected to be in line with budget. The outturn position was expected to be in line with the original budget.

10. KEY PERFORMANCE INDICATORS

Members RECEIVED the Quarter 1 report on Key Performance Indicators 2018-19 (COURT (18) 50). The commentary included quarter one updates for 2018/19 where available, and information on 2017/18 out-turn figures where these had been unavailable in the previous report.

11. RISK MANAGEMENT

Members RECEIVED the University's updated Corporate Risk Register (COURT (18) 51).

There had been detailed discussion of the register at the Audit and Risk Committee, as a result of which a number of new risks had been added, including risks associated with the delivery of the Transformation Project, and with the retirement of the Principal and Vice-Chancellor. A number of risks had been reclassified, including those relating to the achievement of student fee income, the ability to control costs (staff and non-staff), and the ability to secure sufficient placements. In response to a query, members were advised that the risk attached to student fee income reflected the position for 2018/19, although it was recognised that the position could change thereafter.

There was brief discussion of the University's inherent risk appetite, and in particular, the extent to which residual risks flagged as 'red' could or should be tolerated. Members AGREED that it would be useful for Court to revisit the University's risk appetite document at a future meeting.

12. GOVERNANCE

12.1 Higher Education Governance (Scotland) Act (2016)

Members RECEIVED a paper on progress with the legislative changes required to bring the University in compliance with the HE Governance (Scotland) Act 2016.

The Secretary advised that the University had been liaising for some considerable period with representatives of the Scottish Government to progress the necessary changes to the University's Order of Council. A request on behalf of the Scottish Government Legal Directorate for further policy instruction was received in October, as a result of which, further submission had been produced. A copy of the University's submission, which set out clearly the Policy Aims being sought by the revision of the Order, had been circulated with the Court papers for reference.

The University had requested that draft legislation be available for discussion at the December meeting of the University Court, but recent advice from Scottish government officers confirmed that the Scottish Government's Legislative programme could not accommodate a draft by that date. The University had stressed that it seeks parliamentary approval of the amendment to its Order before the summer recess in 2019.

As agreed by the Court, the Working Group established to benchmark institutional compliance with the Scottish Code of Good HE Governance, had met on 5 November 2018 with representatives of the joint campus Trade Unions. The meeting had been arranged to discuss how the campus TUs proposed to nominate persons under the specific provisions of the HE Act. A number of issues were discussed, including the potential eligibility of academic and support staff to be nominated on behalf of more than one campus TU. Advice provided on behalf of the Working Group emphasised that the intended aim of the Act was that there should be persons nominated to the governing body from each of the two eligible constituencies ie one member of academic and one member of the professional support staff of the University respectively. Trade Union representatives had been asked to clarify a number of other aspects of the nomination process prior to consideration by the University Court. This included arrangements suggested for nomination, criteria for the proposed shortlisting of candidates, and the intended period of tenure.

As notified to members previously, the University Articles of Association (Article 8) stated the following in reference to remuneration of the members of the Governing Body:

'that no remuneration shall be given by the University to any member (other than the Principal, any Vice-Principal, and any other members of staff, who are members of the Governing Body) of the Governing Body except repayment of out-of-pocket expenses or (in the case of any member of such Governing Body or of any Committee appointed thereby who holds office in a students' association or students' representative council or who is a student) except also payments by way of scholarship, bursary or other similar award out of the funds of the University'.

Members were reminded that the Higher Education Governance (Scotland) Act provided at Section 9 (i) for the governing body of a higher education institution, on the request of a person appointed to the position of senior lay member of the governing body, 'to pay such remuneration and allowances to the person as the governing body considers to be reasonable (which are to be commensurate with the nature and amount of the work done by the person in the capacity as senior lay member)'. To accommodate this provision, amendment to the Articles of Association and Memorandum of Association would need to be agreed by members of the company at the AGM in February 2019.

12.2 Scottish Code of Good HE Governance (2017)

Members RECEIVED an update on the action plan to ensure the University's compliance with the Code (COURT (18) 53). Members noted in particular actions suggested against clause 10 (presentation from the Sustainability Committee) and Clause 43 (annual stakeholder meeting).

13. SCOTTISH FUNDING COUNCIL

13.1 Members NOTED the Outcome Agreement Self-Evaluation 2017-18 (COURT (18) 54). Members were advised that the report had been structured in line with guidance issued by the SFC, and that its content reflected the outcomes established in the University Outcome Agreement for the period 2017-18. The SFC had requested that universities comment specifically on progress against certain priorities featured in the 2018-19 guidance, including Access to Higher Education, High Quality, Efficient and Effective Learning, Internationally Competitive Research Base, Greater Innovation in the Economy and Sustainable Institutions. The University's commitment and progress across the range of areas covered by the Outcome Agreement continued to be recognised by the SFC as an effective contribution to the Scottish Government's priority objectives. The evaluation provided important context for the update to the University's Outcome Agreement 2019-22, which had to be provided to the SFC by 30 April 2019.

13.2 Members RECEIVED the SFC Outcome Agreement Guidance 2019-20, and Ministerial Letter of Guidance for 2019/20 Outcome Agreements. Members noted the key messages to Higher Education in relation to the next round of Outcome Agreement development, and the early indications provided of the University's proposed approach to the development of the next iteration of its agreement.

14. RECRUITMENT AND APPOINTMENT OF A PRINCIPAL AND VICE-CHANCELLOR

Members RECEIVED a paper from the Chair (COURT (18) 56) which set out progress on arrangements for the recruitment and appointment of a successor to Professor Petra Wend, together with an indicative timeline for the successful conclusion of the process. A detailed project plan, with key dates identified, had been produced and would guide the Selection Committee through the many steps in the process.

Having reviewed and discussed the matters detailed in the paper, the University Court APPROVED the following:

- Membership of the Selection Committee;
- Delegated authority to a Court appointed group to appoint a search company to assist the recruitment process;
- Arrangements for consultation with internal stakeholders;

- A provisional timetable for selecting a new Principal and Vice Chancellor by late April/early May 2019.

In response to a query, members were informed that the summary timeline provided in the paper was underpinned by a very detailed Microsoft Project plan, incorporating all key stages, activities and milestones. The Corporate Risk Register had been updated to incorporate the significant risks, and mitigating actions, arising from any failure to recruit to the time-line established.

15. SENATE

Members RECEIVED the Unconfirmed minutes of the Senate meeting held on 24 October 2018.

Members APPROVED the recommendation from Senate that the Head of the Graduate School be appointed to the Senate as a member *ex officio*.

A number of items had been drawn to the attention of the Court, including:

- the intention to conduct a review of Senate's effectiveness within the 2018-19 academic session;
- approval for the addition of the Postgraduate Diploma in Education (PGDE) as an award of the University;
- approval of proposed structures to support the development and application of QMU's REF Code of Practice,
- approval of the criteria for identifying staff with 'significant responsibility for research' and 'research independence';
- approval of amendments proposed to the University's Complaints Handling Procedure; and
- adoption of the QMU British Sign Language (BSL) Action Plan.

16. FINANCE AND ESTATES COMMITTEE

- 16.1 Members RECEIVED the minutes of the Finance and Estates Committee meeting held on 15 November 2018.

Court NOTED progress in relation to the land development project, and in particular that a project execution plan had been approved and implemented, and that draft heads of terms for the proposed joint venture with East Lothian Council would be developed during the period to April 2019.

MINUTE REDACTED – the record of discussion under Minute 16.1 is exempt from disclosure under Section 33 (1) (b) of the Freedom of Information (Scotland) Act 2002.

- 16.2 Members NOTED the annual report from the Finance and Estates Committee to the University Court (COURT (18) 57).

17. AUDIT AND RISK COMMITTEE

- 17.1 Members RECEIVED the minutes of the Audit and Risk Committee meeting held on 20 November 2018. A number of items drawn to the attention of Court had been discussed and agreed earlier in the Court meeting (Minutes 7.1 – 7.4 refer).

The University Court APPROVED the recommendation that Scott Moncrieff be appointed the University's internal auditors with effect from 1 January 2019.

- 17.2 Members NOTED the annual report from the Audit and Risk Committee to the University Court (COURT (18) 58).

18. EQUALITY AND DIVERSITY COMMITTEE

- 18.1 Members NOTED the Confirmed Minutes of the Equality and Diversity Committee meeting held on 27 September 2018.

A number of items were brought to Court's attention, including:

- The Committee's approval of the University British Sign Language Action Plan.
- Details of a presentation from Prof Jim Scobbie on the University's REF submission strategy, including specific criteria for the submission of eligible staff under revised REF rules.
- The Committee's approval of proposed structures to support the development and application of the REF 2021 Code of Practice. The University's final Code of Practice would be submitted in June 2019, and the Committee would be asked to review a draft at its meeting in March 2019.
- The Committee's approval of the criteria for establishing Significant Responsibility for Research. The Head of RKEDU had advised that the criteria had been developed through consultation with key stakeholders and confirmed that an equality impact assessment had taken place.
- The University's involvement in the Universities Scotland initiative to distribute cards and leaflets to staff on the subject of gender based violence, such information being designed to facilitate consistent signposting to sources of support and guidance.
- The Committee's involvement in the development and implementation of the Equally Safe toolkit. A broad range of stakeholders, including campus TUs, would be represented on the working group.

- 18.2 Members NOTED the Unconfirmed Minutes of the meeting held on 7 November 2018. A number of items had been drawn to the attention of Court, including:

- The University's continuing involvement in the 'Attracting Diversity: Equality in Student Recruitment' project, which addressed the Scottish Funding Council's requirement for institutions to set targets to address programmes with severe gender imbalance.
- The University's participation in Fearless Edinburgh, a multi-agency approach within Edinburgh and its environs to tackle gender based violence, and the establishment of the Equally Safe working group, co-convened by the Student President and the Assistant Secretary External Liaison and Student Services.
- The development of REF specific Equality and Diversity training which would be delivered over three days in late November/early December 2018.

- The Committee's receipt of the Annual Report of the Student Mental Health Working Group, and its agreement that the Group be supported by, and report formally into, the Committee.

19. NOMINATIONS COMMITTEE

Secretary's note: The Chair withdrew from the meeting at this point in the Agenda

19.1 Members RECEIVED the minutes of the Nominations Committee meeting held on 12 November 2018, and APPROVED the recommendations of the Committee that:

- Cynthia Guthrie be reappointed for a second period of tenure on the Finance and Estates Committee; and
- Frank Lennon be appointed to a first period of tenure on the Senior Management Remuneration Committee.

Members noted that the next recruitment round for Lay Court members would commence in early 2019, with a view to a shortlist of candidates being made available to the April 2019 meeting of Court. Successful candidates would be confirmed at the June 2019 meeting of Court.

19.2 Members noted the Committee's discussion of an extract of the Court Standing Orders, previously circulated and approved by the University Court in April 2018 (Court Paper (18) 17 refers), which set out the arrangements for the election of the Senior Lay Member (Chair of University Court). A copy of the revised Standing Order had been attached to the Committee minutes for ease of reference.

Members were reminded that Dr Frances Dow, CBE, Chair of Court, would reach the end of her current period of office in March 2019, having been appointed to the position in March 2016. Dr Dow had been appointed under the 2015 Order of Council, which did not specify the manner of appointment or the period of appointment, but stated simply that the Chair was 'appointed by the Court in accordance with its rules and procedures from time to time, not being a member of the staff of the University or a student'. The terms of Dr Dow's appointment were that she serve as Chair and as a member of the Court for a period of 3 years from 17 March 2016 to 16 March 2019. Confirmation had been provided to Dr Dow at that time also that, under the terms of the Queen Margaret University, Edinburgh (Scotland) Order of Council 2007, she would be eligible to be considered for a further period of three years' service, with any such appointment being by the University Court in accordance with its rules and procedures at that date. Dr Dow had indicated her willingness to extend her tenure by one year, to March 2020. On that basis, the Secretary to Court had sought legal opinion on two questions:

- Did a vacancy for a Chair exist in March 2019 under the requirements of the HE Act, and under the governance arrangements of the University ie Orders of Council 2007 and 2015 (revised), and Standing Orders 2015, and
- Did the requirement to be compliant with the HE Act by December 2020 provide for the University Court re-appointing its incumbent Chair under its existing governing arrangements/rules?

Court was advised that the unequivocal legal opinion received was that:

- The term of the Chair of Court could be extended until March 2020 without a 'vacancy' having arisen in the position of senior lay member of the governing body of the University for the purposes of s3 of the Act.
- The extension of the Chair's term would not therefore give rise to an obligation to follow the recruitment process prescribed in Part 1 of the Act.

The opinion concurred with internal assessment also that it would not be possible to extend the Chair's term beyond 31 December 2020 and that action would need to be taken to ensure that the Chair's term (as extended) expired prior to that date.

On the basis of the advice provided, the University Court APPROVED the recommendation from the Nominations Committee that Dr Frances Dow, CBE, be reappointed to the position of Chair of Court for one further year to 16 March 2020. In the period to that date, the University Court would move to appoint a new Chair under the provisions of the Higher Education (Scotland) Governance Act (2016).

- 19.3 Court was reminded that the Higher Education Governance (Scotland) Act (2016) provided for the reasonable remuneration of the Senior Lay Member, if requested. The Nominations Committee would discuss and make recommendation as to what constitutes reasonable remuneration for the position. Court was reminded also that the University's Memoranda and Articles of Association stated that, with the exception of staff members, no Court members were to be remunerated, other than for reasonable expenses. This issue is discussed at Minute 12.1 of the minutes.

20. DATES OF FUTURE MEETINGS

Court will meet on the following dates in 2019 and 2020:

6-7 February 2019 (Court Away Days)
 3 April 2019 at 3.00 pm
 26 June 2019 at 3.00 pm
 2 October 2019 at 3.00 pm
 27 November 2019 at 3.00 pm
 5-6 February 2020 (Away Days)
 1 April 2020 at 3.00 pm
 24 June 2020 at 3.00 pm