



Queen Margaret University
EDINBURGH

UNIVERSITY COURT

UNCONFIRMED Minutes of meeting held on 7 December 2016

PRESENT

Dr Frances Dow CBE (Chair)
Dr David Banks
Carolyn Bell
Dr Richard Butt
Ian Calder
Dr Anthony Falconer OBE
Cynthia Guthrie
Frank Lennon OBE
Ken McGarrity
Jackie Macdonald

Miller McLean
Linda McPherson
Margaret O'Connor
Robert Rae
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
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. Particular welcome was extended to new Court members Dr David Banks and Dr Eurig Scandrett. Carol Brennan, who was attending the meeting in her capacity as Acting Dean of the School of Arts, Social Sciences and Management, was also welcomed to the meeting.

Apologies were noted from Jim Bradshaw, Professor Graham Caie and Colin Duffus.

2 MEMBERSHIP AND ELECTIONS

Members NOTED that Dr Eurig Scandrett had been elected to the University Court as the academic staff member, and that Dr David Banks had been appointed to the University Court by the Senate.

Members NOTED the appointment of Linda McPherson, Vice Chair, as a Director of QM Enterprises Ltd. The appointment followed a recommendation from the Nominations Committee, which had been approved by Court members by correspondence.

3 CONFLICTS OF INTEREST

There were no conflicts of interest declared.

4 DETERMINATION OF OTHER COMPETENT BUSINESS

(a) There was no other competent business determined.

(b) There was no business arising from the Items for Information.

5 CHAIR'S REPORT

The Chair advised members that she would report regularly on key items of importance discussed at meetings of the Committee of Scottish Chairs (CSC) and the Committee of University Chairs (CUC).

Members were advised that the Committee of Scottish Chairs had registered its concern over the Westminster Government's immigration policy, and in particular, the impact of that policy on student recruitment and on the ability of skilled international graduates to remain in the country post-graduation to enter employment. The Chair of CSC had written on behalf of members to the Home Secretary, Amber Rudd, and to the Scottish Cabinet Secretary for Education and Skills, John Swinney, expressing concern about reported plans to limit international student numbers, and pressing for the post-study work visa route to be re-opened to international graduates. The intervention was framed in terms of the CSC's concern over skills shortage, but also on the cultural implications of a reduction in international student numbers. A supportive response had been received from John Swinney, but there had been no response from Amber Rudd to date. The Chair would keep Court informed of any updates.

The Committee of Scottish Chairs would meet again in March, when it would receive a presentation from Ian Marchant, Chair of the Scottish Code Review Group.

6 PRINCIPAL'S REPORT

Members RECEIVED a detailed report from the Principal (COURT (16) 39). In addition to those matters highlighted in the report, the Principal reported on the Scottish Government's published proposals to establish a 'super-board' to oversee the work of the current Scottish enterprise and skills agencies, including the Scottish Funding Council. Members were advised that, unless carefully handled, the proposals could potentially lead to Universities being re-classified as public bodies, with resultant loss of charitable status, based on the extent of ministerial control. Universities Scotland had been active in questioning the proposals and in highlighting the deep concerns of its members.

The Court congratulated those staff and students whose achievements were highlighted in the Principal's report.

7 MINUTES

- (a) The minutes of the meeting of Court held on 5 October 2016 (COURT (16) MINS 04) were APPROVED.
- (b) There were no matters arising not covered elsewhere in the agenda.

8 ANNUAL ACCOUNTS

- 8.1 Members CONSIDERED the audited financial statements for QMU and its subsidiary companies for the year ending 31 July 2016 (COURT (16) 40).

Members NOTED that the items set out in papers COURT (16) 40 through to Court (16) 49 had been subject to detailed prior scrutiny by the Finance and Estates Committee and the Audit and Risk Committee.

Members noted that the accounts had been prepared in accordance with the 2015 Statement of Recommended Practice (SORP): Accounting for Further and Higher Education, with the SFC Accounts Direction for 2015/16 and with UK Companies Acts and relevant financial reporting standards. The new SORP had required the restatement of the 2014/15 results to incorporate the changes required by the introduction of FRS 102. While key underlying figures remained the same, eg value of land/buildings, debtors' income, pension liability, the manner in which they were now reported had changed.

Compared to previous years' results, the absolute value of Net Assets had reduced significantly due to the undernoted changes in accounting treatments and recognition of additional liabilities under FRS 102, including:

- the reclassification of deferred capital grants from reserves to creditors falling due after more than one year;
- increased depreciation charges (and associated release from government deferred capital grants) arising from the introduction of component accounting when determining economic lives of University owned buildings; and,
- making provision for new liabilities in respect of the USS deficit recovery plan and of untaken annual leave.

The Director of Operations and Finance confirmed the audit opinion that the University remained a going concern, and advised that the University remained in compliance with the terms of the loan covenant. The University would seek to renegotiate with Barclays on the terms of the loan covenant to take account of the revised SORP. Initial discussions with the Head of Education at Barclays on the matter had been very positive. A number of other institutions would be seeking to re-negotiate on these terms.

The Convener of the Audit and Risk committee confirmed to members that the Committee's recommendation was that the accounts be approved by the University Court. The accounts had been subject to significant scrutiny in Committee, and had been reviewed by both internal and external auditors, both of which had returned a clean audit opinion.

Noting the significant analysis undertaken by the Finance and Estates and Audit and Risk Committees in scrutinising the accounts, the University Court APPROVED the audited financial statements, subject to an amendment on page 32 concerning the date of loan repayment.

- 8.2 Members CONSIDERED the management representations letter (Court (16) 41) to be provided to the external auditors and AUTHORISED the Chair of Court to sign this letter on behalf of the Court.
- 8.3 Members NOTED the external audit report from Ernst and Young for the year ended 31 July 2016 (COURT (16) 42).
- 8.4 Members CONSIDERED a draft “Annual Sustainability Assurance Report” (ASSUR) as set out in Appendix A, Paper Court (16) 44. Members noted that the report was in the same format as approved by the University Court in previous years, and that its submission to the SFC was not mandatory. The report set out summarised financial KPIs, with detailed supporting calculations included in the appendices, and an assessment on agreed non-financial KPIs, which were for information only and would not form part of the report to the SFC. The University Court AGREED to ADOPT the report as recommended by the Finance & Estates Committee at its meeting on 16 November 2016.

9 FINANCIAL UPDATE

The Director of Operations and Finance presented paper (COURT (16) 45) which provided an update on financial performance for the First Quarter to 31 October 2016, and on budget risks.

At its meeting in September 2016, the Finance & Estates Committee (FEC) had considered key risks associated with income and expenditure lines in the 2016/17 budget, the trigger points for those risks, and the planned actions should such risks materialise. The risk register circulated to members, which had been developed since the October Court meeting, had been reviewed by the FEC at its November meeting. A review of the budget lines for 2016/17 had confirmed no major variances from those previously reported, and, as such, no trigger points had been activated.

Members NOTED that the main risk identified was the achievement of an additional net contribution of £250k from collaborative partnerships. By way of mitigating action, alternative markets and alternative models of collaborative working had been identified, and a number of proposals were under active discussion. The Quarter 2 report would update members on progress.

Additional SFC Estates grant funding of £375k, to be match funded by the University and spent by 31 March 2017, had been announced. The funding would ease capital budget constraints, with additional expenditure on projects approved under the Strategic Investment plan now being included in the financial forecast.

Processing of invoices for 2016/17 tuition fees continued, so it was not yet possible to assess any variances from budget. As noted in the KPIs report, overall student numbers were forecast to be slightly above target. This would be discussed further at Quarter 2

10 PENSIONS

Members CONSIDERED and APPROVED the recommendation from the Senior Management Remuneration Committee that the University adopt a Pensions and Lifetime Allowance Policy as set out in paper Court (16) 46. The policy would apply to any member of University staff who had reached, or was about to reach, the limit of the pensions taxation Lifetime Allowance (LTA) as set by the UK Government from time to time. Any arrangements progressed under the policy required to be cost neutral to the University.

Individuals reviewing their pension position under the terms of the policy would require to seek independent financial advice.

11 KEY PERFORMANCE INDICATORS

Members RECEIVED an update report on First Quarter 2016/17 KPIs, and on the out-turn for 2015/16. The Head of Planning highlighted a number of key points from the report.

In terms of the out-turn for 2015-16, there were no significant areas of concern in terms of the KPIs representing financial sustainability. The outturn for tuition fees in 2015-16 was marginally below target, with fee income from collaborations being below overall target. Some headway had been made in terms of the stretch target of £250k set for 2015-16.

In terms of the first quarter results for 2016/17, overall student numbers were currently forecast to be above target. Within that, international student numbers were likely to be slightly below target, and RUK numbers slightly above. Staff of the Admissions Office were completing a survey of those who had declined to take up their offer of a place in order to determine if there had been any significant underlying factors. It was clear however that the conversion of international student acceptances to matriculation had fallen across the sector. The forecast number of students recruited from SIMD20 postcodes was below target, but an improvement on 2015/16. The percentage of first and upper second-class degrees awarded was above target, and an increase on the previous year's figure.

Members were keen to understand which of the indicators contributing to League Table performance were capable of being influenced directly by the University. Members noted that a League Table Group had been established early in semester 1, and had commissioned internal statistical analysis to understand the relative influence of factors on the University's league table position. A number of initiatives were being advanced in the short and longer term. One such example was the review of the University's employability strategy, with a particular focus on mentoring and internships, and on embedding such opportunities within the curriculum.

12 LOCAL LAND – MASTERPLAN DEVELOPMENT STRATEGY

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

MINUTE REDACTED – Part of the record of discussion under Minute 12 is exempt from disclosure under Section 33 (1) (b) of the Freedom of Information (Scotland) Act 2002.

Promotion of the Innovation Park proposal continued through a number of channels, including engagement with the local community and media, and had been the focus of a Parliamentary reception hosted by Universities Scotland on 22 November 2016. An updated Prospectus, setting out to key stakeholders the concept behind the Innovation Park development, had also been published. A great deal of work would be required on several aspects of the project before it was possible to provide any firm answers to questions around potential demand and funding. In terms of timescales, it was unlikely that any development of the Innovation Park or commercial zone would commence before 2021.

Discussions on funding continued through the City Deal HE/FE forum, with a focus on building the case around an ecosystem of innovation hubs within the Edinburgh City region. The Chancellor's budget statement on 23 November had referenced the City Deal, but further announcement was awaited in the March 2017 budget statement.

13 RISK MANAGEMENT

Members NOTED the Corporate Risk Register (COURT (16) 49) and in particular, areas for particular consideration at the Executive Board's next review, including uncertainty around the future of the Scottish Funding Council, and the University's participation, or otherwise, in the Teaching Excellence Framework.

14 GOVERNANCE

14.1 Higher Education Governance (Scotland) Act – Composition of the Senate

Members RECEIVED paper COURT (16) 50 which set out a number of recommendations from the Senate concerning its membership under the requirements of the HE Governance (Scotland) Act.

The University Court APPROVED the following amendments to the composition of the Senate in compliance with the Act:

1. prescribed membership of 'Head of School' be interpreted as Head of Division for the purposes of QMU's Senate, with Deans being included in membership under the provision for 'other persons' as approved by the governing body;
2. student membership be increased from two to four to meet the requirement for such membership to equal 10% of the total membership;
3. the Senate appointee be retained in membership of the Court;
4. ex officio membership of Senate established under the 'The Queen Margaret University, Edinburgh (Scotland) Order of Council 2007' be retained, with those members not included in the 'prescribed members' category under the Act being retained under the category of 'other persons' approved by the governing body; those in that category being:
 - University Secretary [Secretary]
 - Deputy Principal
 - Deans of School
 - Director of IGHD
 - Director of CAP
 - Director of Campus and Commercial Services
 - Conveners of standing committees of the Senate, not already in membership

The Court NOTED that Senate membership would remain compliant with the requirements of the Act in terms of the balance of elected members, with the number of elected members continuing to exceed the number of otherwise appointed members. This would need to be reviewed were any further members 'ex officio' identified.

Members were advised that the inclusion of two persons by nomination of a Trade Union, as provided for by the Act, and the retention of three staff appointees (including the Senate appointee) resulted in an increase in total Court membership to 25. On the basis that the number of Lay Court members remained as set out in the revised Statutory Instrument (SI 2015), this would require legislative amendment to the University's Statutory Instrument on the basis that the SI provided for a maximum of 24 members. The current Scottish Code of

Good HE Governance limited membership of governing bodies to 25 members, although it was possible that the updated Code would extend this limit to take account of the HE Act's provisions. Consultation on the revised Code had just concluded, with a revised Code due to be published later in 2017.

14.2 Effectiveness Review – Final Report and Recommendations of the Short Life Working Group on Committee Terms of Reference

Members RECEIVED the final report and recommendations arising from the short-life working group established to revisit terms of reference of Committees of the University Court.

Members NOTED that the Working Group had not sought to duplicate the work undertaken by the Effectiveness Review or to challenge agreed outcomes, but rather had addressed matters with which it had been tasked by the University Court. This included consideration of the potential locus for 'HR' issues within the established committee structure. In the interests of completeness, the Group had also included in its conclusion and recommendations, reference to revised membership of the Senate (Paper (16) 50 refers), and to membership of the Equality and Diversity Committee (Paper EDC (16) MINS 03 refers).

The Working Group was satisfied that the terms of reference of current committees of the Court reflected fully each of the Court's primary responsibilities, and that there were no obvious gaps that needed to be filled, either by expanding the terms of one of the current committees, or by establishing a new committee. Nevertheless a number of recommendations were presented to Court for its approval, as set out in Appendix 1 of paper Court (16) 51.

In discussing the place of HR matters in the Court Committee structure, the Working Group had considered the appropriate level of interest for the Court, and had been guided in its thinking by the University's prevailing legislative framework, provisions for delegated authority, and by feedback received from Court members. The Working Group had concluded that the legitimate role of the Court was to establish a reporting structure that allowed it to satisfy itself that delegated powers and duties were being properly discharged by the Executive, and that matters directly relevant to Court's responsibilities as the employer were squarely on the Executive's agenda. In that regard, the Court should be concerned with high level reporting that informs and protects the strategic direction of the University. Matters characterised as being at a strategic level included those with the potential to impact on:

- the University's reputation;
- the finances of the University;
- employee relations, for example contractual matters;
- legislative compliance.

Such an approach would be accomplished through the Court receiving regular reports on HR matters, either to discuss or to note. The Court should receive regular reports from the Executive, through the Principal, based on the delegated authority exercised. This could be achieved by including HR matters as a standing agenda item of Court business. Court should also receive an annual report from the Director of Operations and Finance highlighting relevant matters.

The Working Group noted discussion by the Equality and Diversity Committee concerning its membership, and supported the proposal that the academic staff constituency be

increased from two members (one from each of the two Schools) to seven (one from each of the Divisions). This would be in line with the arrangements in place for other senior academic committees of the University, including the Senate.

Having discussed the matter in some detail, Court APPROVED in full the recommendations set out in Court Paper (16) 51.

14.3 Effectiveness Review Action Plan

Members RECEIVED an update on implementation of the Review Action Plan (COURT (16) 52). In line with the agreed Action Plan and timetable for implementation, all but one item was complete.

15 SCOTTISH FUNDING COUNCIL

15.1 Outcome Agreement Self Evaluation 2015-16

Members NOTED the self-evaluation of Queen Margaret University's Outcome agreement for 2015-16 which had been submitted to the Scottish Funding Council (SFC) in early November 2016 (Paper COURT (16) 53). The OA report was structured along the lines of the 2015-16 Outcome Agreement and focussed on the outcomes set out in that document, as opposed to the detailed activities. Early thoughts have been provided on progress in achieving outcomes set out in the 2016-17 Outcome Agreement where appropriate. Positive feedback has been received from the University's OA Manager, suggesting that the University's progress across the range of areas covered by the Outcome Agreement was recognised by the SFC.

15.2 Outcome Agreement 2017-20

Members CONSIDERED an indicative early draft Queen Margaret University Outcome Agreement (OA) which is being negotiated and developed with the SFC for 2017-20 (COURT (16) 54).. Once submitted, the Outcome Agreement would be in place for a three-year period, but would be refreshed annually in line with any revised guidance issued by the SFC.

Members were reminded that Paper Court (16) 35, circulated to members at the 5 October 2016 meeting of the Court, included a copy of the Refreshed OA Guidance to Universities for the next cycle of Outcome Agreements. Table two extracted from the guidance was attached to the indicative OA as it provided specific context to the range of outcomes included in that draft. Members were advised that universities, in setting out their aspirations, were asked to submit a summary of baselines, milestones, and targets as an attachment to their outcome agreement. This summary would form an integral and critical part of the final agreement. As was the practice currently, relevant targets would also be incorporated into QMU's institutional KPIs.

Members NOTED that further consultation and drafting was required to finalise the document, which would be submitted to the SFC by 31 March 2017. Members of Court would have further opportunity to consider the document at the February 2017 meeting of Court.

16 LEGISLATIVE COMPLIANCE

16.1 Prevent Duty

Members RECEIVED an update paper on action taken by the University in compliance of its statutory duty under the Counter Terrorism and Security Act 2015 (COURT (16) 55).

16.2 General Data Protection Regulation

Members RECEIVED a briefing paper on the implementation of the General Data Protection Regulation (COURT (16) 56).

17 SENATE

Members RECEIVED the minutes of the Senate meeting held on 26 October 2016 (SEN (16) MINS 04). Two specific items of importance had been drawn to the attention of the Court:

- Minute 12: Teaching Excellence Framework
- Minute 13: Higher Education (Scotland) Act 2016

Members NOTED that the second item advised had been discussed earlier in the meeting (Minute 14.1 refers). Members were invited to discuss the University's participation in the Teaching Excellence Framework. A copy of the paper presented to the Senate had been attached as an Appendix to the Senate minutes.

Members NOTED that, after lengthy discussion, the Senate had determined that there was insufficient information available to it to allow it to make a recommendation concerning participation to the University Court. Members NOTED also that, in the period since the Senate meeting, HEFCE had provided each eligible University with a set of TEF metrics.

As indicated in the Senate paper, the core metrics addressed the following indicators:

- NSS teaching on my course
- NSS assessment and feedback
- NSS academic support
- Non-continuation
- Employment or further study
- Highly skilled employment or further study

An institution's TEF score would be determined not by its performance relative to other institutions, but by its performance against an individual benchmark. The initial categorisation of a Gold, Silver or Bronze TEF award would be calculated as follows:

- Gold: Three or more positive flags and no negative flags
- Bronze: Two or more negative flags.
- Silver: All others, including those with no flags.

Members were advised that there was a particular sector wide issue for Scotland in terms of non-continuation scores, which are unexpectedly worse than England. This was being investigated and highlighted by Universities Scotland to the DfE.

Members NOTED that Institutions intending to apply for TEF Year 2 recognition had to do so by 26 January 2017. Detailed work around a possible QM submission was being progressed within the University by a TEF Working Group, convened by the Deputy Principal.

MINUTE REDACTED – Part of the record of discussion under Minute 17 is exempt from disclosure under Section 33 (1) (b) of the Freedom of Information (Scotland) Act 2002.

After a wide-ranging and detailed discussion on the possible financial, reputational and strategic factors involved, the Court AGREED that a final decision on entry to the TEF be delegated to the Principal, under the advice of Senate, and in light of all prevailing considerations, including the participation by other Scottish Universities.

18 AUDIT AND RISK COMMITTEE

Members RECEIVED the minutes of the Audit and Risk Committee meeting held on 29 November 2016 (AUDIT (16) MINS 04) and NOTED the annual report from the Audit and Risk Committee to the University Court (COURT (16) 57).

19 FINANCE AND ESTATES COMMITTEE

Members RECEIVED the minutes of the Finance and Estates Committee meeting held on 16 November 2016 (FEC (16) MINS 06) and NOTED the annual report from the Finance and Estates Committee to the University Court (COURT (16) 58).

20 EQUALITY AND DIVERSITY COMMITTEE

Members RECEIVED the minutes of the Equality and Diversity Committee held on 3 November 2016 (EDC (16) MINS 04).

21 DATES OF FUTURE MEETINGS

Court will meet on the following dates:

8-9 February 2017 (Away Days)
5 April 2017
28 June 2017

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