

**DRAFT MINUTES OF THE COURT MEETING (UC)
UNIVERSITY OF THE HIGHLANDS AND ISLANDS
HELD ON WEDNESDAY 17TH DECEMBER 2013 AT 11:00 HRS
IN ROOM EO1, EXECUTIVE OFFICE, NESS WALK, INVERNESS**

PRESENT: Matthew MacIver (Chair)
James Fraser (UHI Principal and Vice-chancellor)
Michael Foxley
Gillian Berkeley (VC)
Eileen Mackay
Donald MacRae (VC)
Rachel Parker
Drew Ratter
Bruce Nelson
Niall Smith
Fiona McLean
Willie Printie
James MacDonald
Alistair Mair
Kenny Miller
Bruce Ritchie
Andy Rogers
David Worthington (VC)
David Alston

IN ATTENDANCE: Fiona Larg (Chief Operating Officer & Secretary)
Garry Coutts (UHI Rector)
Jeff Howarth (in part)
Crichton Lang
Lorna MacDonald
Martin Wright
Roger Sendall (Minutes)
Mike Devenney (VC)
Emma Lawrie
Chris Sellers (in part)
Mike Kennedy – Barnett Waddingham (in part)

APOLOGIES: Malcolm Burr
Gordon Jenkins
Andrew Campbell
Jana Hutt
Ertie Nicolson
Bill Mckelvey
Penny Brodie
Michael Gibson
Iain Scott
Norman Sharp
Brian Chaplin
Janice Annal
Michael Gibson
Ian Bryden

ITEM	ACTION
<p>1 INTRODUCTION</p> <p>1.1 Welcome and Quorum.</p> <p>It was noted that a quorum was present.</p> <p>The Chair welcomed Bruce Ritchie new Chair of Highland Theological College UHI, and independent member David Alston to their first meeting. The Chair also welcomed FE Student representative Emma Lawrie who was in attendance.</p> <p>1.2 Declarations of Interest:</p> <p>The Deputy Principal recorded an interest in agenda items 5.1 and 9. The Rector recorded an interest in agenda item 9.</p> <p>It was noted that the Deputy Principal and the Rector would leave the meeting for these items.</p> <p>1.3 Notification of any other Business. None</p>	
<p>2 PENSIONS BRIEFING – Presentation by Barnett Waddingham</p> <p>The Court received a presentation from Mike Kennedy of Barnett Waddingham. The purpose of the presentation was to provide members with an overview of issues relating to pension provision, state pension reforms and future pension options for the University to consider, also to provide members with an opportunity to ask questions. A copy of the presentation slides are appended to and form a part of this minute.</p> <p>Court noted that of the options presented to Court that option one appeared to be the most appropriate, however, it was agreed to task the Finance and General Purposes Committee to consider the issues further with a view to producing a clear recommendation for circulation and agreement by Court members before the end of January 2014.</p>	
<p>3 MINUTES OF MEETINGS</p> <p>3.1 Approval of Minutes.</p> <p>The Court resolved to approve the minutes of the meeting held on 22nd October 2013 (UC13-062).</p> <p>3.2 Matters Arising.</p> <p>The Court noted the Matters Arising paper.</p> <p>Item 5 – Court agreed that the Deputy Principal would take on all duties and responsibilities of the Principal and Vice-Chancellor with effect from 1st January 2014 and until a new Principal and Vice-Chancellor was appointed. For the avoidance of doubt this will include the Deputy Principal becoming a full member of Court (a director of the University) and having all Vice-Chancellor powers including the ability to confer awards.</p> <p>UHI Oil & Gas Ltd – Court noted a recommendation from the Chair of the FE Regional Board that the Board of the company include appropriate representation by non executive directors.</p>	

4 CHAIRMAN/PRINCIPAL’S COMMENTS

4.1 Report from the Chair

The Chair noted that Mr Thomson Chair Designate had resigned from the Court due to ill health. The Court recorded its thanks for Mr Thomson’s contribution to the University and wished him well for a speedy recovery.

4.2 Report from the Principal.

The Principal reported that this would be his final Court meeting before retirement on 31st December. He reflected on his involvement with the University since 2002 and his pride and privilege in helping to deliver a University for the region.

The Principal thanked members of his team for their support and expressed confidence in their ability to serve Court and further develop the University in the context of an increasingly challenging external environment.

5 COMMITTEES & MEMBERSHIP

5.1 Nominations Committee

The COOS reported that the approval of proposed new Articles of Association for the University had been delayed following receipt of additional comments from the Scottish Government by the Privy Council. As a result it remained unclear when the University would be in a position to constitute a new Court. This situation was creating considerable uncertainty for Court Members and there now existed a risk of members becoming disengaged from the University and the business of executive committees. Indeed it was noted that the last Audit Committee meeting had failed to achieve a quorum. It was therefore agreed that a Nominations Committee should be convened early in January 2014 with a view to appointing continuing members to appropriate committees.

COOS

5.2 FERB Terms of Reference

The Court resolved to approve paper UC13-064 comprising the Terms of Reference for the FE Regional Board subject to minor amendment. The required amendment would include a definition of FE activity (SCQF level 6 and below) and a note to confirm that the FERB is authorised by Court to determine all matters delegated as defined “A to V”.

COOS

6 GOVERNANCE

6.1 Recruitment of Principal and Vice-Chancellor

The Court noted paper UC13-065 prepared by the COOS providing an update on the application process for appointing a new Principal and Vice-Chancellor.

Court was pleased to note the level of interest shown in the position from across the globe from the University sector and beyond. It was noted that a long list of approximately 12 candidates would be invited for interview in January 2014.

It was agreed that the Appointing Committee be empowered to bring one name back to Court for recommendation of appointment. In addition Court agreed that the Appointing Committee should ideally be chaired by the incoming Chair of the University Court.

Exit Deputy
Principal for
entire item.

6.2 Articles of Association

The Court considered paper UC13-066 prepared by the COOS providing a note of comments received by the Privy Council from the Scottish Government on the proposed new Articles of Association for the University and a copy of the response sent on behalf of Court. It was noted that the Privy Council had requested the Scottish Government to respond by 19th December and that Court members would be advised as soon as this was received.

Court members considered that the delay in approving new Articles of Association was becoming intolerable. Members were also concerned that the comments raised by Scottish Government were incompatible with University autonomy. The Court noted that good Articles of Association would empower Court to make appropriate decisions for the benefit of the University and provide flexibility for Court to govern within a broad framework and parameters. In contrast the comments raised by the Scottish Government were considered overly prescriptive and therefore inappropriate. Court considered that efforts needed to be progressed to engage with Government to speed up the approval process and to prevent further damaging delays and it was noted that an urgent meeting with the Cabinet Secretary had been requested.

Court agreed to seek legal advice on the issues presented and in particular to enquire whether the Post 16 Act would take legal precedence over the current Articles of Association for the University and provide an opportunity for the University to implement governance changes prior to formal approval of new Articles of Association.

COOS

6.3 ONS and POST 16 Education (Scotland) Act Implications

The Court discussed paper UC13-067 prepared jointly by the COOS and Director of Finance providing background information on the Office of National Statistics (ONS) reclassification of Incorporated Colleges as Public Bodies together with associated planning implications for the UHI partnership and the main implications of the Post 16 Act. Court was concerned that the resource implications for Executive Office in terms of financial planning were significant with no perceived benefits for the University.

Court agreed to seek legal advice on whether or not the control provided to the University over incorporated colleges in the Post 16 Education Act would affect the status of AP colleges by effectively removing them from the provisions and obligations imposed by ONS.

COOS

6.4 Designating Colleges as Regional Colleges and Assigning Colleges to Regional Strategic Bodies

Court noted paper UC13-068 providing information in connection with the Scottish Government's formal consultation process on the above subject. It was noted that this matter was on the agenda for discussion by FERB in early January and that the Associate Principal FE would prepare a response on behalf of the University.

APFE

6.5 Amended Risk Review Monitoring Procedures and new format High Level Risk Register

Court noted paper UC13-069 prepared by the Corporate Governance Manager providing a summary of current high level risks on the new partnership risk register format and a report on progress with implementing new monitoring procedures.

6.6 Freedom of Information – 2013 Annual Report

Court noted paper UC13-070 prepared by the Corporate Governance Manager providing a summary of FOISA activity in 2013.

6.7 Annual Monitoring Report

Court noted paper UC13-071 providing a summary of activity in the following areas for the academic year 2012/13: Student complaints, Public Interest Disclosures, Fraud and Irregularities, UHISA, and the Data Protection Act.

6.8 Draft SFC Higher Education Outcome Agreement 14/15 to 16/17

Court considered paper UC13-072 prepared by the Director of Marketing Communications and Planning providing a first draft of the HE Outcome Agreement with the Scottish Funding Council for the three year period from 2014/15 to 2016/17.

Following due consideration Court agreed to endorse the recommendation set out within the paper to agree that approval of the final draft document be progressed by chair's action.

Chair/DMCP

6.9 Draft Gaelic Language Plan 2014-18

Court considered paper UC13-073 submitted by the Director of Marketing Communications and Planning providing a first draft of the Gaelic Language Plan 2014/18 prepared by the Gaelic Language Plan Project Board. It was noted that the paper would be presented to HEPPRC for comment on 19th December.

Following due consideration Court agreed to endorse the recommendation set out within the paper to agree that approval of the final draft document be progressed by chair's action.

Chair/DCMP

6.10 SDS/HIE/SFC Draft Regional Skills Investment Plan (SIP)

Court noted paper UC13-074 providing information in connection with the formal consultation process on the above subject. It was noted that a full copy of the plan was available for members to read within the Boardpad Reading Room. Members noted that consultation responses were being sought by the end of January 2014 and that FERB would consider the matter on 14th January.

Court felt it was regrettable that as a primary delivery body of elements of the plan that the University and associated AP Colleges had not been given an earlier opportunity to contribute to the development of the SIP. Court was concerned that the document would become a major factor influencing government policy and future grant funding and that currently there were significant flaws in the document not least of these being the omission of Perth College UHI.

Lunch break.
13:10 –
13:40
Exit Deputy
Principal and
Rector for
entire item.

7 Appointment of Chair Designate

The Court considered paper UC13-092 prepared by the COOS containing a recommendation from the Search Committee to appoint the Rector as Interim Chair (designate) of Court for a period of nine months with effect from 1st January 2014 and a connected proposal to engage the services of the Rector for a period of one day per week

through a contract with his consultancy business to undertake a range of additional services aimed at improving transition to a new Court structure.

It was noted that the current Articles of Association of the University prohibited payment of the Chair of Court, however, that the Court was permitted to pay members for services. In addition, it was noted that the Court had previously indicated that it was minded to recommend that the new Court undertake a review of the time commitment required of its Chair and consider whether or not the position should be remunerated in future.

Court noted that the Rector had applied for the position of Court Chair earlier in the year when the position was awarded to Mr Thomson also that the Rector had been the Search Committees first reserve candidate.

Court members were concerned that the proposal to pay the Rector for additional services was a contrivance and that if there was a genuine requirement for additional services to be bought in to improve transition to a new Court structure that these services should be procured in accordance with an open transparent and competitive process.

Members agreed that the Rector possessed the required skills and experience and also felt that he would be an excellent Chair of Court, however, members could not support the recommendation of the Search Committee to offer payment for additional services and instead resolved to instruct the Chair of the Search Committee to offer the Rector the position on the basis of the role as originally advertised (that being a non-remunerated term of three years).

8 FINANCE & PLANNING

8.1 2012- 2013 Statutory Accounts - UHI

Court approved paper UC13-075 containing the UHI Report and Financial Statements for the year ended 31st July 2013.

It was noted that the draft accounts had been considered by the Audit Committee Chair in company with members of the Finance and General Purposes Committee on 4th December 2013 who had agreed to recommend Court to approve the accounts for the year ended 31st July 2013. The accounts had also been circulated to all Court members for comment in advance of the Court meeting and two positive comments had been received prior to the meeting.

In addition Court was pleased to note that the external auditors had reported to the Audit Committee Chair that they were very pleased with the Audit and the efficiency and preparedness of the UHI finance team.

8.2 Management Letter/Audit Results

Court noted the paper UC13-076 comprising a letter from the external auditors summarising the 2012/13 audit results.

8.3 2012 - 2013 Representation Letter

The Court approved the Letter of Representation (UC13-077) for the auditors prepared in connection with the financial statements for the year ended 31st July 2013.

Exit K Miller
at 14:35

8.4 Statement of Internal Control 2012/2013

The Court approved the Principal's Statement of Internal Control 2012/13 (UC13-078) as recommended by the Audit Committee Chair.

It was noted that the document constituted an evidence based assurance for Court relating to the following,

- a. UHI is meeting its statutory obligations and organisational objectives
- b. UHI is identifying and managing risks to the achievement of its objectives.
- c. UHI has identified the key controls to manage its risks, and
- d. UHI is satisfied that its key controls are effective.

8.5 Draft 2012-13 Statutory Accounts – UHI Research and Enterprise Limited

Court noted the above statutory accounts for the year ended 31st July 2013 (UC13-079).

8.6 2012- 2013 Statutory Accounts UHISA

Court noted the UHISA Statutory Accounts for the year ended 31st July 2013 (UC13-080).

8.7 2012 – 2013 Statutory Accounts Development Trust

Court noted the UHI Development Trust Statutory Accounts for the year ended 31st July 2013 (UC13-081).

Court noted that the gender balance of members of the Development Trust was entirely biased to male members and agreed to that it would be appropriate to recommend that the Trust give consideration to reviewing its membership.

8.8 2013/14 Quarter 1 Management Accounts

Court noted paper UC12-082 comprising the management accounts for the three months ended 31st October 2013.

8.9 Draft Key Financial Performance Indicators (KPIs)

Court noted paper UC13-083 provided by the Director of Finance providing a series of financial health indicators that had been developed with APs through the Finance Directors Practitioners Group.

8.10 2013 -2014 Quarter 1 Re-forecast

Court approved paper UC13-084 comprising the 1st quarter reforecast based on management accounts for the 3 months ended 31st October 2013.

8.11 Draft Annual Report of the Audit Committee to University Court 2012/13

Court noted the Annual Report of the Audit Committee (UC13-085). The Court resolved to approve the report subject to minor amendment to reflect the process used for approving the 2012/13 accounts including circulation to all Court members.

8.12 Shared Services Business Plan

The Chair reported that members were in receipt of a note from the Chair of the Shared Services Project Board within which he expressed dissatisfaction with the recommendation that was presented to Court within paper UC13-086 relating to the Shared Services Business Plan.

The Chair then requested members to consider paper UC13-086 which had been produced following a meeting of the Finance and General Purposes Committee (FGPC) on 4th December 2013 and he invited the Chair of FGPC to provide Court with a verbal report in relation to FGPC's deliberations.

The Chair of FGPC apologised to Court for the fact that the Chair of the Project Board had not been invited to be present at the FGPC meeting. She then tabled a draft extract of the meeting minutes and reported that in reaching its recommendation FGPC had considered the full Shared Services Business Plan, a recommendation from the Shared Services Project Board inviting Academic Partners (APs) and the University to commit by 19 December 2013 to the ICT shared service and an additional paper prepared jointly by the UHI Director of Finance and the COOS which had originally been sent to the Shared Services Project Board in October 2013 in advance of the Fort Augustus 3 meeting that supported the creation of partnership shared services but identified a number of questions about the method of achieving that result. It was noted that FGPC had also considered emailed comments from an FGPC member who was unavailable to attend the meeting.

Broadly it was reported that FGPC recognised and fully supported the importance of progressing shared services as key to UHI's long term success and as a potential source of significant savings resulting from a reduction in duplication and parallel activity. However, FGPC was concerned that the additional running costs, overheads and shape of the proposed Cost Sharing Group identified within the Business plan made it an expensive option. Accordingly the committee was keen to look for a more rigorous approach to the delivery of savings including a clear target for revenue savings. FGPC also felt that the business plan should not exclude savings through voluntary severance or natural turnover.

FGPC also noted the contents of the UHI Finance Director's paper, which supported the creation of partnership shared services but identified questions about the method of achieving that result. It noted that an alternative ranking of options, taking account of a changing environment on topics such as ONS and the post-16 Act, and concerns about pensions and the extra costs of a stand-alone business, called in question whether a free-standing shared services company was the most cost-effective or only viable vehicle for delivering the desired objectives.

Other points identified during discussion at FGPC included the need to address issues of audit assurance and data security, the strategic direction of the service and procedure for alignment with the strategic priorities of the institution; and the ability of smaller partners on multiple sites to afford the service they require after the first year. These issues had originally been identified by the Audit Committee.

The FGPC Chair then reiterated the Committees support for the creation of shared services but explained that the committee did not feel able to recommend the business case in its present form to the Court. Instead FGPC recommended that further work should be put in hand to develop a simpler, more efficient model for shared services within the university structure. Ideally this should be at arms length from Executive Office and should be accountable to APs. The solution should also seek to utilise as much as possible of the good work already done by the Shared Services Project Board.

The Chair thanked the Chair of FGPC for a full report and invited members to ask

questions and to discuss the issues presented. The following points were noted:

- Court agreed that early progression of shared services was key to UHI's long term success.
- Court recognised that a great deal of good work had been achieved by the Shared Services Project Board and this momentum must not be lost.
- A number of key issues such as clarity surrounding the mechanisms for strategic governance of the new shared ICT service remained unanswered by the Business Plan and early efforts were required to address this and other issues.
- The proposed CSG model appeared to be an expensive solution and a more rigorous approach to the delivery of savings including clear targets for revenue savings was desirable.
- The SFC had agreed significant transitional funding to support rapid development of Shared Services. It was reported that 9 APs had agreed to support the proposed CSG model (albeit with some caveats) and further urgent work was needed to progress the delivery of shared services quickly to ensure that the offer of transitional funding was not lost.

Following due consideration Court agreed to establish a short life working group tasked to review the Shared Services Business Plan and the recommendations of the Finance and General Purposes Committee and associated issues. It was agreed that the group should report to FGPC In January 2014 and that it should comprise of:

- Chair of FGPC (1)
- Chair of Shared Services project Board (1)
- University Triumvirate (3)
- UHI Finance Director

8.13 Inverness Campus Partnership Facility

The Court noted paper UC13-087 prepared by the Vice Principal Research and Enterprise comprising an update on progress made with the above project since the Courts last meeting.

Exit E
Mackay & A
Rogers
15:15

8.14 Procurement of Student Residences

The Court noted paper UC13-088 prepared by the COOS providing an update on progress made with the project to facilitate procurement of 725 student residences across the UHI partnership.

Exit B
Nelson, A
Mair & E
Lawrie 15:25

Court noted that three tenders had been received and that Robertson's had been selected as the preferred bidder for the project in accordance with the agreed criteria. Court noted that further work was progressing to purify the bid.

Court agreed that a student representative be invited to join the Residences Project Board.

COOS

9 REPORTS & CIRCULARS

9.1 Report from UHISA

Court noted the report UC13-089 provided by the President of UHISA.

9.2 UHISA Updated Constitution

Court approved paper UC13-090 in relation to seeking approval for an updated constitution for UHISA.

9.3 Report from Foundation

Court received a brief verbal report from the Rector in connection with the Foundation meeting held on 18th November. It was noted that the minutes of the meeting had been circulated to members within paper (UC13-091).

9.4 Minutes of Committee Meetings

Court noted paper UC13-091 containing the minutes of the following meetings:

- **Foundation – 18th November 2013**
- **HEPPRC – 6th November 2013**
- **FERB – 28th October 2013**

10 DATE OF NEXT MEETING

18th March 2013