

University of the Highlands and Islands

University Court

27 November 2019, 13:00 to 16:00

EO1-E02, 12b Ness Walk, Inverness IV3 5SQ (Dial in code:

79662@uhi.ac.uk)

Present

Board members

Garry Coutts (Chair), Fiona McLean (Vice Chair), Andrew Rogers (Chair FGPC), Willie Printie (Chair Audit Committee), Crichton Lang (Interim Principal and Vice Chancellor), Alan Simpson (HISA President), Rosemary McCormack, Anton Edwards (Rector - Chair of Foundation), Andrea Robertson, Natasha Morgan (HISA Representative), Neil Stewart, Gareth Davies, Michael Foxley (Chair FERB), Alistair Dodds, David Sandison, Linda Kirkland, Poonam Malik, Sarah Helps, Fiona Larg (Chief Operating Officer & Secretary), Gary Campbell (Vice Principal Strategic Development), Diane Rawlinson (Vice Principal Further Education), Lydia Rohmer (Vice Principal - Tertiary), Neil Simco (Vice Principal Research & Impact), Stuart Gibb (Vice Principal International and External Engagement), Roger Sendall (Head of Governance & Records Management), Niall McArthur (Director of Corporate Resources)

Meeting minutes

1. WELCOME & APOLOGIES

The Chair opened the meeting and noted that a quorum was present.

 Court Agenda 27 November 2019.pdf

1.1. Apologies

Apologies were received from Roddy Burns, Kirsty Macpherson, Heidi May and Lesley Cole.

1.2. Declaration of Interest

It was noted that the Chair and the interim Principal & Vice Chancellor had a potential interest in relation to item 4.1 and that they and all "in attendance staff" with the exception of the University Secretary and the Head of Governance and Records Management would exit the meeting for discussions in relation to this item.

1.3. Notification of other business

None.

1.4. Starring

Items 5.1, 7.7 and 9.1 were starred for discussion.

1.5. Workshop - Programme Board Recommendations

Court received a verbal report from John Kemp and Max Brown in relation to the Programme Board's final recommendations that would be presented to a meeting of the University Assembly on 29th November 2019. The following points were noted:

- Mr Kemp reported that broad support existed across the partnership for the Programme Board's high level recommendations and for the general direction of travel, that being to progress positive changes through closer cooperation and smarter working practices and within existing governance structures.
- SMO were the only academic partner who had not endorsed the Programme Board's recommendations to date, however, a number of partners had indicated support in principle and in accordance with caveats.
- The University's current governance structures and arrangements contain significant powers that have not been fully utilised to date and there is currently no appetite or political support to implement further changes to governance structures at the current time.
- Existing powers have not been fully utilised to date because of historic relationships, organisational culture and conventions. There is an identified need to collectively agree to work together differently within the existing framework of responsibilities and partnership working that was created by the establishment of the University as the RSB for the region.
- Financial challenges and pressures are having a significant impact upon the viability of individual academic partner colleges. There is broad agreement that the pace of operational changes needs to increase if the partnership is to ensure financial sustainability and the viability of partner colleges.
- Identified recommendations will require to be appropriately resourced if they are to be implemented quickly and capacity is identified as a key concern/barrier to progressing identified recommendations. There is a clear requirement to free up staff resource across the partnership, to re-prioritise actions and to empower staff to act more strategically for the benefit of the region as a whole above local priorities.
- Maintaining momentum is considered as a critical to the success of a campaign for positive change.
- The Scottish Funding Council should be asked to support the partnership's change process through limiting the number of returns, obligations and requirements that are imposed on partners during a period of change. This might include seeking agreement to reduce required outcomes within the Regional Outcome Agreement.

 UC19-083 - Programme Board Report.pdf

Item 4.1 RESERVED BUSINESS

2. MINUTES OF MEETINGS

2.1. *Approval of the minutes of 18 September 2019

The Court resolved to approve the minutes of the above meeting.

 UC19-075 Minutes_University Court_180919 (1).pdf

2.2. *Matters Arising

The Court reviewed the paper setting out actions and matters arising from the previous minutes.

 UC19-076 matter arising.pdf

2.3. *Review of Delegated Decisions

None.

2.4. Minutes from Committees of Court since last Court meeting:

The Chair invited the chairs of committees of court to each provide a brief report in connection with their most recent committee meetings.

2.4.1. *Finance and General Purposes Committee

The Chair of FGPC reported on a joint meeting with the Audit committee and the University's external auditors to review the University's draft financial statements and accounts for the year ended 31st July 2019.

The following points were noted:

- FGPC had requested additional information for consideration at its next meeting in relation to income and opportunities for new income generation associated with the recent purchase of the Centre for Health Science in Inverness.
- FGPC was concerned to note that three academic partners had not uploaded all of their current student enrolment data into the SITS database before the agreed deadline, therefore associated data monitoring reports were incomplete.
- FGPC was pleased to note the improved occupancy data for the student residences resulting from increased use of the halls by modern apprentices and by non-uhi students. The committee has requested additional financial information in relation to residence activities to demonstrate the impact of non uhi students on income, summer letting activities and other mitigation.
- FGPC was disappointed to note that a number of the projects that had been approved for Strategic Investment Funding had been delayed or not progressed . FGPC was seeking to de-commit funding from any projects that had not been initiated before the end of 2019 and would be seeking to invite new project proposals in due course.
- FGPC had requested to receive a report to provide assurance in relation to academic partner's ability to deliver against their submitted FFRs .

 [Updated Minutes_Finance & General Purposes Committee \(overlap_181119 \(1\).pdf](#)

 [UC19-077 Minutes_Finance & General Purposes Committee \(overlap_181119.pdf](#)

2.4.2. *Audit Committee

Court noted the minutes of a joint meeting with FGPC and the external auditors held on 18th November 2019. The chair of the audit committee highlighted the following points:

- Members of the committee had held their annual private session with the external and internal auditors immediately prior to the audit committee meeting. Whilst no concerns had been raised in relation to internal or external audit processes and interactions between staff and auditors, a number of concerns had been expressed in relation to increasing financial challenges affecting the sector and the capacity and capability of University and academic partner finance teams to manage and mitigate these challenges effectively.
- The committee was particularly concerned to learn about significant numbers of senior vacancies within finance departments across the partnership at a time of heightened risk.
- The committee had recommended that Court consider whether or not it would be necessary to begin to exert control over some academic partner's activities and it was noted that this matter was on the agenda for discussion later in the meeting (item 7.6 refers).

 [UC19-078 Minutes_Audit Committee \(Overlap with FGPC\)_181119 \(2\).pdf](#)

2.4.3. *FE Regional Board

Court noted the draft minutes and actions arising from the meeting held on 7th November 2019.

Court was pleased to note that members of FERB had agreed to ask the Finance Directors Practitioners Group to work together to develop a regional Financial Forecast Return (FFR) as a mechanism to inform progression of a regional budget. This action was regarded as a significant positive step towards greater cooperation and collective working that was consistent with the programme boards recommendations.

 [UC19-079 Minutes_Further Education Regional Board_071119 \(1\).pdf](#)

2.4.4. *Academic Council/Activity Report

Court noted the report providing a summary of discussion from the meeting held on 10th September 2019.

 [UC19-080 Academic Council Report 10 Sept 2019.pdf](#)

2.4.5. *UHI Foundation

The Rector provided Court with a brief report in connection with the meeting of the Foundation that was held on 14th November 2019. Members heard that Foundation members particularly valued the quarterly status reports prepared by members of the university's senior management team and academic partners, however, members were disappointed that some partners had not provided substantive reports this quarter. Court members agreed that the reports were an important and valued mechanism for keeping independent members and key stakeholders informed of activities and agreed to support the Rector in seeking to encourage a more consistent approach to the production of future reports.

 UC19-081 Minutes_UHI Foundation - 14 November 2019_141119 (1).pdf

3. *CHAIRMAN/PRINCIPAL'S COMMENTS

The Chair advised members that he and the interim Principal & Vice Chancellor had met with the Deputy First Minister (DFM). The chair reported that the DFM remained extremely supportive of the University and he had stressed the need for the partnership to adapt and to proactively seek to become as effective and efficient as possible.

The Principal & Vice Chancellor reported that the status and profile of the University had increased significantly over the past ten years and the institution was now regarded by the Convention of Highlands and Islands (COHI) and key stakeholders as a key partner with the potential to facilitate positive impact and future developments within and beyond the region as opposed to being seen as an aspiration project.

3.1. *Quarterly Status Report

Court noted the report for the period 1st September - 18th November 2019.

 November 2019 SMT and AP quarterly report.pdf

3.2. *University Assembly/Programme Board

Court noted the paper. Discussion is reported at item 1.5 above.

 UC19-083 - Programme Board Report.pdf

4. COMMITTEES & MEMBERSHIP

4.1. RESERVED BUSINESS - Update on Process for Appointment of new Principal & Vice Chancellor

The Vice Chair invited the Chief Operating Officer and Secretary (COOS) to provide Court members with a report following an initial meeting of the panel that had been established by Court at the last meeting to oversee the recruitment process for a new Principal and Vice Chancellor.

The COOS explained that the panel had expressed some concerns that the University was seeking to appoint a new Principal and a new Chair of Court at the same time. The Chair of Court's current term of office was due to expire in July 2020, following which time he would have completed six years within the role. The University's articles of association permit Court to extend the appointment of the Chair in "exceptional circumstances" and the panel requested that Court consider agreeing to extend the Chair's appointment in accordance with this power because of the need for continuity at a period of considerable change/challenge in the context of the current programme board recommendations. Court noted that ordinarily, it would be necessary to recruit a new Chair via an appointment and election process as required by the new HE Governance Act.

The COOS advised that the Chair had indicated that he would be willing to serve for an extended period only if the decision to offer an extension was endorsed by the Minister for Education and Lifelong Learning, this was to ensure transparency and to ensure that the University would not be criticised for acting in a manner that was inconsistent with the spirit of the HE Governance Act that requires chairs to be elected.

Court discussed the panel's proposal. The following points were noted:

- Some concerns were raised in connection with the proposal. Members noted that the previous Principal and Vice Chancellor had provided early notice of his intention to retire at the end of the previous academic year. This was in order to assist the University to implement appropriate succession planning arrangements. The Chair of Court's terms of office were also known and so any issues of identifying a new chair and a new Principal within a similar time could have been managed and planned for earlier in the cycle. Some members felt that it was inappropriate to use the power to extend an appointment of the Chair on the basis of exceptional circumstances in this context.
- Members noted that the process to elect a chair was designed with the intention of attracting appropriate candidates who possessed the skills and experience necessary for the role. The present incumbent would be permitted to stand for election against other appointable persons, indeed the process to appoint a new Chair could be initiated early with a view to identifying a Chair designate who would take on the role from August 2020 thus ensuring a period of transition.
- Some members felt that there would be a benefit in progressing an extension of the Chair's appointment to maintain momentum with the University assembly and programme board work. These members also felt that uncertainty in relation to the identity of the Chair may restrict applications to the role of Principal & Vice Chancellor.
- Some members were uncomfortable with the proposal to write to a Minister to seek endorsement for an extension to the Chair's term of office and considered that as an autonomous body the University should act confidently and consistently within the powers prescribed within the articles of association.

The vice chair invited members to vote by a show of hands to ascertain whether or not to progress an early recruitment process to elect a new Chair. Members voted by 9 votes to 7 in favour of initiating an early election process. Accordingly, the panel's recommendation to extend the current Chair's term of appointment on the basis of exceptional circumstances was rejected.

The COOS reported that the recruitment process for a new Principal & Vice Chancellor would be progressed early in 2020.

4.2. Nominations Committee - Skills Matrix

The Court noted the attached paper provided by the Head of Governance setting out the process for updating the University's skills matrix and preferences for future committee appointments.

 UC19-084 Nom Com Skills Survey .pdf

4.3. *Committee effectiveness review - Development of a tertiary committee to replace FERB

Court noted the attached paper provided by the Chair of Court providing an update on progress with discussions to develop a tertiary committee.

 Tertiary Committee Outcome251119.pdf

4.4. Academic Partner Board Appointments

Court homologated a number of independent board member appointments that had been previously agreed via email communication.

 UC19-085 Assigned College Board appointments.pdf

5. STRATEGY & PLANNING

5.1. Value Model

Court discussed paper UC19-086 comprising a draft value model for the University. The following points were noted:

- Members were supportive of the model presented and considered that it provided a useful tool for coordinating activities and for demonstrating added value across the region through various activities and work streams in the context of external policies and corporate social responsibility targets/aspirations.
- The structure and format would provide a useful framework to inform development of the university's next strategic plan.

 UC19-086 191122 Value model paper coversheet_Court.pdf

 UHI Full Value Model.pdf

 UHI summary value creation model.pdf

5.2. Student Residences Update

Court noted paper UC19-087 provided by the Head of Governance providing an update on progress to improve occupancy within the University's halls of residence.

 UC19-087 FG19-097- Student Residences Update.pdf

6. GOVERNANCE & RISK

6.1. *Annual Assurance from the Audit Committee

The Chair of the Audit Committee presented the Annual Report of the Audit Committee and the UHI Internal Audit Report.

6.1.1. Statement of Internal Control

Court noted and accepted the statement of internal control signed by the Principal and Vice-Chancellor.

 UC19-088 edited_SKM_C454e19112115050.pdf

6.1.2. Annual Audit Committee Report 2018/19 (including Annual Internal Audit report 2018/19)

Court was pleased to note the high quality and standard of internal audit assurance provided throughout the year and the added value that the service provided to colleagues across the University's operations.

 UC19-088 Audit Committee Annual Report 201819 revised 21112019.pdf

 UC19-088 Annual Internal Audit Report 2018-19.pdf

6.2. *2019/20 Annual Internal Audit Plan

Court approved the Internal Audit Plan for 2019/20.

 UC19-089 Draft Internal Audit Plan 2019-20 revised.pdf

6.3. Annual Monitoring Reports

Court noted the updated annual monitoring reports.

 UC19-090 Annual Monitoring Report.pdf

 2019 2010 Shared data monitoring.pdf

6.4. Risk Policy Statement & Risk Appetite

Court approved the Risk Policy and Risk Appetite statements for the University contained within the attached paper provided by the Head of Governance.

 UC19-091 Risk Appetite and Policy Statement docx.pdf

6.4.1. Corporate Risk Register

Court reviewed and noted the risk management report provided by the Head of Governance and Records Management.

 UC19-091 Corporate Risk Register (1) (1).pdf

6.5. Academic Titles Review Board – remit and process

Court noted the attached report provided by the Dean of Research. It was noted that Court members would be circulated with a list of previous recipients of academic titles following the meeting.

 UC19-092 ATRB.pdf

6.6. Honorary Awards Committee – current process

Court noted the attached report prepared by the Head of Governance & Records Management.

 UC19-093 Honorary Awards.pdf

7. FINANCE AND PERFORMANCE

7.1. *UHI Statutory Accounts 2018/19 (including supporting paper for review)

Court resolved to authorise the Chair of Court and the Principal and Vice Chancellor to approve the draft UHI Report and Financial Statements for the year ended 31st July 2019 subject to receiving clarification in relation to two points. This was in relation to a queries about the guaranteed minimum pension and a required presentation change in relation to the valuation of the Centre for Health Science.

Court noted that there were no material uncertainties that may cast significant doubt about the company's ability to continue as a going concern and that the external auditors had indicated that they would issue an unqualified report.

It was noted that the draft accounts had been considered by the Audit Committee and the Finance and General Purposes Committee at a joint meeting on 18th November 2019 and that committee members had unanimously agreed to recommend that Court should approve the accounts for the year ended 31st July 2019 subject to a number of minor amendments that had been identified at the meeting and which had now been incorporated within the updated version presented to Court.

 FG19-094 - accts summary - 2018-19.pdf

 FINAL UHI Accounts 2018-19 final draft-22.11.19.pdf

7.2. Management letter/Audit results/Representation Letter

Court considered the draft Letter of Representation and authorised that it should be executed by the Chair for the auditors in connection with the financial statements for the year ended 31st July 2019.

 UC19-096 EY Audit Results Report 12.11(005) (004).pdf

7.3. UHI Research & Enterprise Ltd Statutory Accounts

Court noted that the above statutory accounts for the year ended 31st July 2019.

 UC19-097 UHI Research and Enterprise Limited 2018-19 - final draft.pdf

7.4. 2019-20 Q1 Management Accounts

Court noted the management accounts for the three months ended 31st October 2019.

 UC19-098 FG19-092 - 2019-20 Q1 Management Accounts (002).pdf

7.5. *2019-20 Q1 Re-forecast

Court approved the quarter one re-forecast as recommended by FGPC and was pleased to note a positive variance of circa £370k in relation to the running costs of the executive office.

 UC19-099 - 2019-20 Q1 Reforecast (002).pdf

7.6. Forecast of 2019/20 HE and FE student activity target

Court noted the attached paper provided by the Director of Corporate Resources.

The COOS advised that subsequent to the report being circulated academic partners had added another 800 HE FTEs to SITS therefore the University would achieve its SFC funded number target.

 UC19-100 student activity report 2019-20.pdf

7.7. *Academic Partner Financial Monitoring

Court discussed paper UC19-101 provided by the Director of Corporate Resources providing a summary of the cash-flows of the five assigned incorporated colleges to October 2019.

 UC19-101 AP Fin Mon - 2019-20.pdf

 UC19-101 append 1 Combined Cashflow - October 2019.pdf

7.8. *RESERVED ITEM – MC letter to Auditor General

Court discussed the implications and associated actions and activities that had occurred or were likely to occur in the context of the letter dated 1st October 2019 which had been sent by the Chair of Moray College to the Auditor General. It was noted that the decision to send the letter had been endorsed by a majority of the members of the Board of the college and that it had been motivated by frustration and a perceived unfairness with the current mechanisms for allocating funding between academic partners through FERB and the Partnership Council. Court noted that the action had inevitably led to additional scrutiny and dialogue with key stakeholders and would most likely result in a section 22 report that would compel attendance before the scrutiny committee of the Scottish government. A number of actions were being progressed in an effort to assist the college to produce a new and balanced FFR and to mitigate the risk of reputational damage. Court members were disappointed that the college had not followed the procedures contained within the financial memorandum, or requested assistance or formally escalated their concerns to court before writing to the auditor general.

 UC19-102 Confidential MC letter to Auditor General.pdf

7.9. *Critical/Key Performance Indicators

Court noted a report provided by the Head of Marketing and Planning providing a summary of performance against agreed critical performance indicators and associated key performance indicators.

 UC19-103 191120 Nov CPI report for Court coversheet.pdf

 191120 Nov summary update on CPIs for Court.pdf

 191120 Full report CPI and associated KPIs_Nov Court.pdf

7.10. *Review of relationship with incorporated colleges

Court received a presentation from the Chief Operating Officer and University Secretary in relation to the University's current operating arrangements and relationships with the five assigned incorporated colleges. A copy of the presentation slides are appended to this minute. The following points were noted during discussion:

- Each year the University must consider whether or not it has control over the activities and operations of the assigned incorporated colleges. This is in the context of determining whether or not it would be necessary to prepare consolidated financial statements with any of the colleges. To date the University has consistently maintained that it does not exert control over these colleges and to date has not been required to prepare consolidated accounts with any of the five colleges. In previous years the external auditors have been content to consider representation from management on this issue, however, this year the auditors are seeking a view from court.
- The assessment and consideration of control is forward looking for a period of twelve months.
- The University's external auditors who also act as auditors for the five colleges have indicated that a number of the colleges may require additional assurances from the University this year before they would be willing to approve a going concern statement for those colleges. This requirement could be perceived as evidence of control and hence may necessitate consolidation of accounts.
- Consolidation of accounts would be challenging and resource intensive and would not create significant additional value in terms of financial information since it would only apply to a part of the operation.
- Members were concerned that the auditors were effectively exerting pressure on the university to make a decision about control in too short a time frame also that a quick decision by Court would have the potential of disrupting and undermining the current programme board work and the desire to work and make decisions collectively.
- Court directed the COOS to liaise with the auditors with a view to identifying a solution that would enable the University and affected partners to discuss and consider the questions posed in an extended time frame.

 Control presentation 1119.pdf

8. ACADEMIC BUSINESS

8.1. Research Concordat – Compliance Report

Court approved the University's annual research integrity statement for publication on the website.

 UC19-104 Coversheet for Annual Research Integrity Statement.pdf

9. REPORTS & CIRCULARS

9.1. - HISA Report

Court noted the report provided by the students' association.

 UC19-105 HISA Update Oct 19 (003).pdf

9.2. - Red Button

Court noted the report provided by the Student Engagement Manager.

 UC19-106 Red Button - Court.pdf

 UC19-106 Red Button Annual Report 2018-19.pdf

9.3. - EO Annual Health & Safety Report

Court noted the attache report.

 UC19-107 FG19-109- EO Annual Health Safety report.pdf

 UC19-107 FG19-109 - appendix 1 - EO annual HS report 18_19 FIN.pdf

9.4. - UHI Annual Health & Safety Report

Court noted the attache report.

 UC19-108 FG19-109- EO Annual Health Safety report (1).pdf

 UC19-108 19-110 - append 1 - UHI AP Annual Health Safety Report 18-19.pdf

10. DATE OF NEXT COURT MEETING: 18 March 2020

The Chair noted that this was Mr Stewart's final Court meeting prior to his retirement as chair of Inverness College UHI. Members thanked Mr Stewart for his valuable contributions and wished him well for the future.