UNIVERSITY OF DUNDEE

UNIVERSITY COURT

A meeting of the University Court was held on 15 December 2014.

Present:  Mr EF Sanderson (in the Chair), Principal Professor CP Downes, Professor RJ Abboud, Ms J Aitken, Professor L Bidaut, Mr R Bint, Dr WGC Boyd, Deputy Principal Professor SM Black, Ms SC Campbell, Mr J Elliot, Mr IC Howie, Mr I MacKinnon, Professor GJ Mires, Ms CA Potter, Dr AD Reeves, Mr KA Richmond, Mr D Taylor, Mr RJ Van Mulders, and Mr IDM Wright.

In Attendance: Vice-Principal (Learning & Teaching); Vice-Principal (Research) and Head of the College of Medicine (CMDN), Dentistry and Nursing; University Secretary; Director of Finance; Director of Human Resources; Director of Policy, Governance & Legal Affairs; Director of Strategic Planning (Minutes 10,11 & 12), and Clerk to Court.

Apologies:  Lord Provost Mr R Duncan, Mr RS Bowie, Ms S Krawczyk, and Ms B Malone.

The Chair welcomed the Vice-Principal (Learning & Teaching) and the Vice-Principal (Research) & Head of CMDN to the meeting and members noted that the two Vice-Principals would now be in attendance of meetings of Court in line with recommendations from the Review of the Effectiveness of the Court.

15.  MINUTES

The Court decided:  to approve the minutes of the meeting on 27 October 2014.

16.  CHAIRMAN’S REPORT

The Chairman presented his regular report to the Court, outlining his activities since the last meeting. Noting that the Scottish Government consultation on Higher Education Governance would be covered in detail elsewhere on the agenda (27(2)) the Chairman proposed that this aspect of his report be taken at that time. The Chairman went on to highlight his recent visit to the Dental School, the University’s Discovery Days in January 2014, and his attendance at an event organised by the Shadow Minister for Universities, Science and Skills, Mr Liam Byrne MP, to discuss the Labour party’s policy on HE.

The Court decided:  to note the report.

17.  PRINCIPAL’S REPORT

The Court received a report from the Principal (Appendix 1).
The Principal highlighted to the Court the recent UNESCO City of Design Award to the city of Dundee. This was, he said, a prestigious and permanent award that recognised the contribution the city had made to design worldwide. Members noted the importance of the Dundee city partnership, including the role of the University of Dundee and University of Abertay Dundee in achieving the award and were interested to note the opportunities arising from the city joining the international group of UNESCO creative cities – in particular the building of new international links.

The Principal also reminded members that the results from the Research Excellence Framework Exercise 2014 would be released on Tuesday 16 December 2014, and highlighted arrangements in place for the analysis and communication of the results, including to the Court.

In response to a question the Principal confirmed that the University had re-joined the Confederation of British Industry (CBI).

The Court decided: to note the report.

18. REVIEW OF ORGANISATIONAL AND MANAGEMENT STRUCTURES

The Principal outlined proposals resulting from the Review of Organisational and Management Structures and members noted that the Principal had decided to take forward for subsequent formal consideration and approval the development of proposals that would see the University move to a structure based on academic Schools.

The Principal went on to highlight the proposal to disestablish the existing College structure and move to one based on 8-10 academic schools led by executive Heads reporting directly into the Senior Management Team (SMT), with greater levels of responsibility and accountability set within a clear governance and management framework. Members noted that it was also proposed that professional services activity within Schools and Colleges would be integrated and aligned with central SASS Directorates to create a single-team approach to service delivery based upon a ‘hub and spoke’ model. Other aspects of the proposals included transforming the University’s approach to communication and reviewing the composition of the SMT to ensure it took a more corporate, University-wide approach (Vice-Principal would have responsibility for the academic and strategic leadership of University-wide portfolios).

To underpin the development and implementation of formal proposals for change, four work-streams had been created, each focusing on a specific aspect of change: Academic Schools, Professional Services, Culture & Communication, and Governance & Management. These would consult with the University community and draw on best practice across the sector in the development of proposals. Members noted that the four work-streams would be overseen by a steering group, chaired by the Principal, which would be responsible for bringing forward formal proposals to the Senate and Court as required. The Principal went on to discuss the roles of the Vice-Principal within the new structure. In particular members noted that due to the importance of the international agenda it was proposed that a new
Vice-Principal (International) role be created at an early stage to provide capacity and leadership in this area.

The Court heard that attention had been given to the need for careful planning in relation to the delivery of the proposed level of organisational and cultural change at a time when the University also faced significant challenges in terms of increasing unregulated income and achieving savings to ensure financial sustainability while continuing to enhance student experience and striving for excellence in research.

The Court was impressed with the approach taken within the review, in particular the broad consultation which had taken place and the momentum which had been built through discussions at meetings of the One-Dundee Board, the Academic Council and the Senate. Members were particularly keen to see this model of consultation taken forward through the work-streams, and highlighted the importance of achieving the cultural change outlined in the report. Members reiterated the importance of ensuring that the University’s core value of ‘valuing people’ was central to the approach taken. Members were also pleased to note the involvement of the Dundee University Students’ Association (DUSA).

The Court suggested that it would be appropriate for the Audit Committee to consider the project management, timetable and objectives from a risk management perspective, perhaps at the stage when an implementation plan had been developed by the steering group. Noting that cost reduction was not the main driver for change, members were nevertheless interested in seeing an analysis of savings or costs associated with the proposed changes, and for performance and outcomes to be measured against the objectives.

Members went on to discuss the proposed Vice-Principal (International) role, in particular noting that there was a need to build capacity, provide academic leadership for the development of programmes, and also provide leadership for the international approach to areas not solely in relation to student recruitment but also in areas such as research, student exchange programmes, partnerships, and the international student experience. Members were keen that performance indicators, including financial aspects and accountability, be developed associated with the role.

The Court requested regular updates on progress, timeframes and recommendations from the work-streams/steering group.

**The Court decided:**

(i) to endorse the proposals and request further updates at future meetings of the Court including an indication of any cost and risk implications; and

(ii) noting that under Article 6.2 of the Charter the appointment of Vice-Principal was a matter for the Court, to approve the advertisement and appointment of a Vice-Principal (International) and to note that any member interested in participating in the interview process should indicate their interest to the Principal as soon as possible.
19. **TRANSFORMATION: NEXT STEPS**

The Principal introduced a paper from the SMT which outlined the proposed approach to the delivery of the savings aspects of the financial projections. Members noted that the voluntary severance (VS) scheme had delivered academic staff reductions of 45.9 FTE against the original target of 80-120, and the paper therefore set out how a further reduction of 50 FTE could be achieved by the end of the current financial year. The paper identified College reductions targets which members noted were largely driven by the need to address unfunded or underfunded research in areas where outputs did not meet the University’s quality threshold.

The Court noted the separate proposal for a reduction in Support Services staff of 50 FTE posts – 24 FTE posts from School and College support staff and 26 FTE posts from central SASS directorates. The proposal was based on reductions which were seen to be feasible as a result of efficiencies made possible through the One-Dundee agenda, efficient use of core IT business systems, and as a consequence of the reduction in academic staff numbers.

The paper went on to propose terms for Voluntary Severance (VS) Schemes for academic staff and support staff of statutory notice plus 3 months’ salary (i.e. 15 months) and statutory notice plus 9 months’ salary (i.e. 12 months) respectively.

The Court noted that the proposed reductions were one aspect of the University’s approach to ensuring financial sustainability and that proposals in relation to the structure of the University, plans to grow income from unregulated student recruitment markets, and plans to rebalance the University’s portfolio of research funding to increase net contributions by research were also of great importance. Members highlighted the existing low central support staff costs, and the need therefore to ensure that any reductions in support staff did not have an adverse impact on service delivery. Members highlighted both the importance of achieving income growth in parallel to the proposed savings as well as the risks associated with achieving the savings levels required.

The Court discussed the degree to which the proposed reductions in academic staff would remove poor quality or unfunded research, and noted that while results from the Research Excellence Framework 2014 would not be the primary driver for cuts, the outcomes would be helpful in confirming those areas proposed for reductions. In particular, members highlighted the need for the University’s research footprint to be affordable and balanced against the income received from the overheads associated with research grants and total teaching income. Following discussion of the University’s finances and TRAC data, members highlighted the need for College contributions to increase, and for academic strategies and cost-saving strategies to be aligned. Members noted that each School would be expected to contribute to addressing the financial position, but that the approach would vary for each School based on its respective academic and financial strengths and weaknesses. One member expressed concerns at the proposed distribution of academic staff reductions relative to cash surplus, however the Court noted that a number of factors in addition to TRAC data had been considered in reaching the proposed targets, including the variability of the quality of research, the levels of unfunded/underfunded research and income generation proposals.
Members also discussed the University’s profile of research funding relative to other institutions and in particular its high proportion of charitable funding which did not attract overhead. While efforts were being made to increase Research Council funding, the overall level of such funding available was relatively static meaning that this was a difficult area to increase.

The Court highlighted the need to see financial models for both income generation and savings to ensure that the financial shortfall was addressed and members noted that modelling of income and associated risk was being actively developed and would be shared with the Court once completed.

The Court discussed the terms for the proposed VS Schemes and noted that they had been consulted upon with the Campus Unions.

**The Court decided:**

(i) to reaffirm the commitment to the targets previously set in relation to the reduction in academic staff numbers by 80-120 posts and to endorse the proposed distribution of the remaining reductions required based on current knowledge;

(ii) to approve the target proposed for the reduction of support staff by 50 FTE; and

(iii) to approve the launch of a VS scheme for academic staff and a separate VS scheme for support staff in the New Year based on the terms proposed.

20. **FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 JULY 2014**

(1) **Financial Statements**

The Court received the reports and financial statements for 2013/14 [http://www.dundee.ac.uk/finance/procedures/financial_statements.htm](http://www.dundee.ac.uk/finance/procedures/financial_statements.htm).

The operating surplus before restructuring costs for 2013/14 was £0.7m, with an overall deficit for the year of £1.6m once restructuring costs were taken into account. The operating surplus of £0.7m equated to 0.3% of total income, which itself had grown by 7.2% to stand at £243.1m. Income from the Scottish Funding Council (SFC) increased by 8.1% to £87.6m, while income from tuition fees and education contracts rose by 1.9% to £40.9m.

Research grants and contracts increased by 15.5% to £79m following two record years for research awards. Total expenditure increased by £21.5m (9.6%) to £244.9m with the main increase being in other operating expenses which increased by £8.9m, with staff costs increasing by £7.5m (5.7%), and depreciation increasing by £2.9m.

The University’s cash position remained favourable despite the total cash at year end decreasing by £7.5m to £30.6m following repayment of a loan of £8.5m in January 2014. Future commitments represented by net current liabilities amounted to £29.4m.
The Court decided: as recommended by the Finance & Policy and Audit Committees, to approve the Reports & Financial Statements for the year ended 31 July 2014.

(2) Letter of Representation

The Court considered the proposed draft letter of representation to be provided to the auditors.

The Court decided: to approve the letter of representation for signature by the Chairman and Principal.

(3) Financial Sustainability Group Annual Sustainability Report

The Court considered the annual sustainability report to the Scottish Funding Council.

The Court decided: as recommended by the Finance & Policy Committee, to approve the report for transmission to the Scottish Funding Council.

21. FINANCE & POLICY COMMITTEE

The Court received a report of the meeting of the Committee on 17 November 2014 (Appendix 2). The Committee had reviewed the Financial Statements and recommended their approval. The Convener drew the Court’s attention to the recommendation that Court confirm the University as a ‘going-concern’ and approve the Financial Sustainability Group Annual Sustainability Assurance Report.

The Court noted the Committee’s discussions relating to IT modernisation and business transformation and the Student Recruitment Strategy. Members noted that PricewaterhouseCoopers (PwC) had been commissioned to consider IT solutions and that the Committee would consider a full report and proposal from the Chief Technology Officer and Director of Business Transformation at its meeting on 26 January 2015. Turning to the Student Recruitment Strategy members noted planned changes which had been designed to maximise the number of absolute acceptances relative to insurance acceptances. The Court noted that changes to grade tariffs and offer making strategies had the potential to impact on recruitment figures, but were content to accept the recommendation from Admissions & Student Recruitment Services noting that they would monitor the situation.

The Director of Finance also provided an overview of the management accounts and members noted that the University expected to meet its budget projections of a deficit of £2.7m.

The Court decided: (i) to confirm the University as a going-concern,

(ii) to note the Subsidiaries’ and Associated Companies, as well as the DUSA accounts for 2013/14; and
(iii) otherwise, to approve the report.

22. **AUDIT COMMITTEE**

(1) **Minutes**

The Court received a report of the meeting of the Committee on 17 November 2014 (*Appendix 3*). The Convener highlighted the Committee’s annual report to Court along with the Committees recommendation that the Court confirm the University as a going concern and approve the Financial Statements.

The Court also noted the recommendation that the external audit contract with PriceWaterhouse Coopers (PwC) be extended for a further year.

**The Court decided:**  
(i) to approve the renewal of the external audit contract with PricewaterhouseCoopers (PwC) for the provision of external audit services for the financial year 2013/14; and

(ii) otherwise, to approve the report.

(2) **Institutional Risk Register**

The Director of Policy, Governance & Legal Affairs introduced proposed revisions to the Institutional Risk Register (*http://www.dundee.ac.uk/pgla/risk-mgt-business-continuity/*). The Court noted that the updates to the risk description, scoring, and actions for further control had been considered by the Directors & College Secretaries Group, Senior Management Team and the Audit Committee. Members suggested officers explore ways in which the 10 most significant risks could be further highlighted and in which the Court’s appetite for risk could be reflected within the register.

**The Court decided:** to approve the revisions to the Institutional Risk Register.

(3) **Annual Report**

The Court received the annual report from the Audit Committee for 2013/14 (*Appendix 4*).

**The Court decided:** to approve the report for onward submission to the Scottish Funding Council.
23. REMUNERATION

(1) Remuneration Committee

The Court received a report from the Remuneration Committee on 18 November 2014. Members noted that the Committee had discussed additional information it wished to receive in the current year and that, as a result, the Committee would meet again in February 2015 to consider nominations and reach its decisions, with increases implemented from 1 October 2014 in line with normal practice. The Court also noted that the Committee had proposed a comprehensive review of the Remuneration Policy over the coming year and that proposals would be submitted to the Court in due course.

The Court decided: to note the report and await further proposals.

(2) Senior Officers Report

[Secretary’s note: All officers with the exception of the University Secretary, Director of Human Resources, and Clerk to Court left the room before circulation and discussion of the Remuneration Committee Senior Officers report.]

The Court decided: to note the report.

24. LEAGUE TABLE PERFORMANCE

The Director of Strategic Planning introduced a paper which provided an analysis of the University’s performance in a range of world and UK rankings. In discussing the report members suggested that it would be useful if future reports included further narrative outlining the context of changes in position. In response to questions the Vice-Principal (Learning & Teaching) told the Court that some of the University’s Key Performance Indicators (KPIs) had been refined to align to measures contributing to league tables and members welcomed the suggestion from the Director of Strategic Planning that the impact of the achievement of internal KPI targets on league table positions could be modelled to inform future discussion of targets.

The Court discussed a number of aspects of the calculation of league table rankings and noted that the University was considering ways in which its returns could be optimised.

The Court decided: to note the report.

25. UNIVERSITY STRATEGY TO 2017: KEY PERFORMANCE INDICATORS

(1) Employability, Enterprise & Entrepreneurship (EEE)

The Court received a paper from the Vice-Principal (Learning & Teaching) which outlined data on the performance indicators contained within the EEE Strategy. The report highlighted performance over time, performance against target and performance compared with benchmarking institutions.
The Court noted that leadership for the EEE agenda had passed from the Vice-Principal & Head of the College of Arts & Social Sciences to the Vice-Principal (Learning & Teaching) in spring 2014 and that Employability and Enterprise & Entrepreneurship were now being led by two separate committees of the Learning & Teaching Committee. Although the data showed that the University was performing ahead of target for the Key Performance Indicator (KPI) relating to graduate level employment or study, the Vice-Principal told the Court that progress relative to competitors nevertheless could be better and that this was an area where he was targeting further significant improvement in the future. The Vice-Principal went on to highlight the close links between this KPI and league table scores, and efforts being made to enhance the profile and capacity for leadership of Employability across the institution through the identification of an employability lead in each School.

The Court indicated interest in receiving a presentation at a future date regarding the University’s approach to employability.

**The Court decided:** to note the report.

(2) **Financial Sustainability**

The Court received a paper from the Director of Finance outlining analysis of performance relative to the Financial Sustainability Strategy. Members noted that the report was consistent with data presented within the Annual Financial Statements and the Financial Review of the Year considered by the Finance & Policy Committee.

The two KPIs reported in this area were percentage operating surplus and income per academic FTE. Data relating to Performance Indicators (PIs) were also provided as an appendix. The Court noted that the key measures showed that the University underperformed relative to its competitor group. Members also highlighted that benchmarked data for 2013/14 was not yet available and that benchmarking was therefore based upon data from 2012/13. Members asked if the Director of Finance could generate a comparable study based upon the data within the financial statements of competitors once available and extract a number of measures for inclusion within an update. Members also suggested that data on staff: student ratios would be useful.

**The Court decided:** to note the report.

26. **2015/16 OUTCOME AGREEMENT WITH THE SFC**

The Court received an early draft of the Outcome Agreement with the Scottish Funding Council (SFC) which had been updated for 2015/16. The Court noted that the agreement would be submitted to the SFC early in 2015 and that comments on the draft should be forwarded to the University Secretary as soon as possible.

**The Court decided:** to endorse the agreement.
27. GOVERNANCE

(1) Governance & Nominations Committee

The Court received a report of the meeting of the Committee on 17 November 2014 (Appendix 5). In introducing the report the Convener highlighted the Committee’s discussion of: the Scottish Government Consultation on a Higher Education Bill (minute 13(2)), proposals relating to the access of professional advice by members of Court, proposals for the process of appointment of the Chairperson of Court, and the proposed Statement on Diversity on the University Court.

The Court discussed lessons to be learned from the recent governance issues at Tesco. Members highlighted the importance of all members of Court having a good understanding of both the academic environment and the role of the Court and members suggested that these aspects be enhanced in inductions for Court members.

The Court decided:

(i) to approve the proposal for access to professional advice by members of Court for inclusion within the standing orders for Court;

(ii) to approve the proposal for the process of appointment of the Chairperson of Court, subject to amendment of Statutes and Ordinances;

(iii) to approve, subject to minor amendment, the Statement on Diversity on the University Court;

(iv) to approve proposed changes to the publication schedule for Court papers and minutes;

(v) to approve the publication of the report of the Review of the Effectiveness of the Court; and

(vi) otherwise, to approve the report.

(2) Consultation Paper on a Higher Education Governance Bill

The Court considered the Scottish Government’s ‘Consultation on a Higher Education Governance Bill’. Members noted key aspects of the consultation and the Principal and Chair of Court provided an update on Universities Scotland and CSC discussions.

The Court considered a proposed response to the consultation based upon discussions at the Governance & Nominations Committee meeting on 17 November 2014. Members were supportive of the submission of an institutional response to the consultation as well as engagement with Universities Scotland in
formulating a response from the sector. Members made a number of suggestions for the refinement of the response and the Director of Policy, Governance & Legal Affairs undertook to circulate a revised response.

The Court decided: to note that a revised response would be circulated by the Director of Policy, Governance & Legal Affairs prior to submission by 30 January 2015.

28. DUNDEE UNIVERSITY STUDENTS’ ASSOCIATION CONSTITUTION

The Court received a paper outlining proposed changes to the Dundee University Students’ Association (DUSA) Constitution (Appendix 6). The changes focussed on the creation of an additional sabbatical position within the DUSA executive and the Court heard that the University was supportive of the proposed changes.

The Court decided: to approve the proposed changes, noting that following formal approval by the DUSA Board of Trustees, the changes would be submitted to the Office of the Scottish Charity Regulator.

29. COMMUNICATIONS FROM THE SENATUS ACADEMICUS

The Court received a report from the meeting of the Senate on 3 December 2014 (Appendix 7). Members noted the Senate’s discussion of the Review of Organisational & Management Structures, the Scottish Government Consultation on a Higher Education Governance Bill, the Review of the effectiveness of the Senate, and the financial forecast.

The Court noted that the Senate had endorsed the general approach taken in response to the Review of Organisational & Management Structures and the decision to pursue a structure based on academic schools.

The Court decided: (i) to approve the recommendations concerning the conferment of the title of Professor Emeritus on Professors Eric Abel, Gareth Fisher and Fiona Raitt;

(ii) to approve the appointment of Mrs J Paul as a Students’ Assessor on Senate in terms of Ordinance 64; and

(ii) otherwise, to note the report.

30. ACADEMIC COUNCIL

The Court received a report from the meeting of the Academic Council on 24 November 2014. The Court noted discussions had largely focussed on the Review of Organisational & Management Structures.

The Court decided: for its part, to note the report.
31. **WELFARE & ETHICAL USE OF ANIMALS COMMITTEE**

   The Court received a report from the meeting of the Welfare and Ethical Use of Animals Committee on 22 October 2014 (*Appendix 8*).

   **The Court decided:** to approve the report

32. **REPORT FROM TASC**

   The Court received a report from the R&D Director of the Tayside Medical Science Centre (TASC) which provided an overview of the work of TASC, in particular arrangements for the governance of clinical trials that was delegated to TASC.

   **The Court decided:** to note the report.
APPENDIX 1

PRINCIPAL’S REPORT
(Minute 17)

As is typical for the December meeting of the Court we have a lengthy agenda with many topics for debate and discussion. While I do not want to duplicate issues outlined in papers elsewhere on the agenda or distract from the business at hand, I have tried to highlight key issues and decisions which the University now faces and where relevant outline the perspectives and discussions of the Senior Management Team (SMT) on these matters.

Structures Review

Members of the Court will have seen my recent emails to staff outlining the findings of the Review of Organisational and Management Structures and proposals resulting from the review. As a detailed paper on this matter is provided elsewhere on the agenda. I do not want to duplicate the content or discussion here, however I do want to take this opportunity to highlight the importance of the approach taken by the review group led by Professor Karl Leydecker to ensure engagement across the institution with the review. This has undoubtedly been a key factor in the positive discussions at the University Senate, the One-Dundee Board, and at the Academic Council’s Principal’s Question Time, which has built a strong momentum behind the proposals which emerged.

The group’s findings made a compelling case for combining changes to our culture and communication with the reform of our academic and management structures – in particular a move to a structure based on academic Schools led by executive Heads who report directly into the Senior Management Team, with greater levels of responsibility and accountability within a clear governance and management framework. There is much to do to finalise specific proposals, and I am acutely aware of the need for careful planning in relation to delivery of this level of organisational and cultural change at a time when we also face the significant challenge of delivering substantial increases in our unregulated income and making necessary savings to ensure our financial sustainability while continuing to enhance our student experience and striving for excellence in research. For this reason, I have formed a task-force which will, through work-streams led by senior officers, coordinate the further development and approval of formal proposals for change, and thereafter to lead the implementation of these changes.

I am convinced that the reforms proposed are an important step in transforming the University to make us better able to deliver against our strategic objectives and achieve our long-term goal of becoming Scotland’s leading university, and I look forward to a full discussion at the meeting of Court in relation to the proposals.

Financial Performance

Recent discussions of the Finance & Policy Committee with regard to the financial review of the 2013/14 academic year, the Annual Financial Statements, and the latest Management Accounts have underlined the need for the University to take prompt action to deliver savings previously discussed at Court through the reduction of costs to both limit the deficit position in the current financial year and to provide headroom for the generation of income.

In summary, taking into account the previously noted shortfall in net tuition fee income, provisions within the budget, forecasting of the contribution of research, and continued control over costs we expect to produce a final result which is no worse than the deficit budget approved by the Court in June. However, the outlook for 2015/16 and beyond remains difficult. The lower tuition fees achieved in 2014/15 will have a knock on effect in subsequent years and, despite the plans to achieve savings in staff costs during 2014/15, it will be difficult to achieve a result which is better than breakeven in 2015/16. Proposals from the SMT to achieve the required savings were discussed by the Finance & Policy Committee and are further detailed for discussion in

There also remain risks to our income from the outcome of the Research Excellence Framework (REF) and further cuts to public expenditure generally. Recent communications from the Scottish Government to the SFC in relation to the 2015/16 budget indicate a reduction in the recurrent expenditure budget of around £22m across the sector relative to previous planning assumptions, adding further pressure to the budgetary constraints facing the University. The revised level of resource will mean that amongst other cuts funding for the £14m Global Excellence Initiative within the Research Excellence Grant, from which the University received just over £1m, is unlikely to be renewed. Universities Scotland has engaged the Scottish Government in relation to the signalled reduction and is looking to ensure that savings beyond this relate to discrete funds rather than core grant funding, and again I will update members at the meeting of Court with regard to developments in this matter.
Consultation Paper on a Higher Education Governance Bill

As discussed by the Governance & Nominations Committee in November, the Scottish Government published a Consultation Paper seeking views on legislation proposed in relation to the governance of Scottish Higher Education (http://www.scotland.gov.uk/Publications/2014/11/2389). In essence the proposed legislation largely focusses on recommendations within the Report of the Review of Higher Education Governance in Scotland Chaired by Professor Ferdinand von Prondzynski which were not explicitly addressed within the Scottish Code of Good HE Governance including: the proposed transfer of the role of Privy Council in relation to university statutes to a committee based in Scotland, proposed changes to the way chairs of governing bodies are appointed or elected, the definition of quotas in relation to the membership of University governing bodies, and the legislation of a new definition of Academic Freedom. In my role as Convener of Universities Scotland I will be overseeing a response from the sector to the consultation, and I am keen to hear members’ views on the proposals which will be discussed by the Court in more depth.

The Court will no doubt also have noted recent changes to the Cabinet of the Scottish Government, in particular the departure of Mike Russell as Cabinet Secretary for Education and Life Long Learning and the appointment of Angela Constance to this position. While it is early days, I will be engaging with the new Cabinet Secretary on a number of matters both as Principal and as Convener of Universities Scotland throughout the coming months, particularly in the lead up to the next spending review as it is quite possible that the Higher Education Sector, which has been relatively protected from recent austerity measures, will face a more difficult time in the next spending review under the new cabinet. The Government has recently taken particular interest in Universities as drivers of innovation and economic development, as illustrated by the formation and activities of the Innovation Scotland Forum over the last year. It is vital that institutions demonstrate their role and contributions in this respect and over my coming reports I aim provide members with further details and examples of the activities of the University in terms of its contribution to innovation and economic development to enable collective promotion of the University and the sector in this respect.

Research Excellence Framework (REF)

Members will no doubt be aware that the results of the 2014 REF are to be released on 16 December 2014, the day after Court. While the results will be the focus of future discussions at Court, I can reassure members that the Vice-Principal for Research and his team are making preparations which will allow the results to be analysed quickly and disseminated as appropriate to teams across the University.

UNESCO City of Design

At the start of December an announcement was made confirming Dundee as the first UNESCO City of Design in the UK – a prestigious award that recognises the huge contribution the city has made to design worldwide. The award recognises the design innovations that the city has contributed to the world including: aspirin, biomedical research, comics such as The Beano and The Dandy, orange marmalade, and video games including Lemmings and Grand Theft Auto that redefined the global entertainment industry. The city also joins an exclusive international group of UNESCO Creative Cities – a network of cities identified for their outstanding contribution to areas of creativity such as Literature and Music. I am proud of the contribution that the University has made to the city achieving this recognition and look forward to working with new international partners, building new links and strengthening old ones.

Discovery Days

Finally, I would like to draw members’ attention to the programme of Discovery Day Lectures on Thursday 8 and Friday 9 January 2015 outlined in annex e. This annual programme of presentations from our newest professors and award-winning teachers offers a fantastic glimpse of excellence across the University, and has in the past proved to be an event enjoyed by staff, students, Court members and the public. I hope to see many of you at the events.

Professor Pete Downes
Principal & Vice-Chancellor
Senior Management Team Meetings (SMT)
http://www.dundee.ac.uk/academic/court/com/smt/
Since the last report to the Court, the Senior Management Team met on 5 November, 19 November, and 3 December 2014 when the following matters were considered:

Corporate Issues
- University Strategy and Sustainability
- Communication with the One-Dundee Board
- Environment Task Group
- IT Investment
- University Structures Report
- Management Accounts and Three Year Budgets
- CBI Membership
- Arrangements for SFC Strategic Dialogue Meeting
- Institutional Risk Register

Academic Management Issues
- ASRS: Update TPG Figure Report
- Art/Science Strategy
- Rwanda University Scholarship Scheme
- University of Babylon: Articulation Risk Assessment

Human Resources Issues
- Voluntary Severance
- Ebola – staff and student issues
- Living Wage
- Academic Vacancies
- Industrial Action
- OSAR Completion Rates 2013-14
- Remuneration Committee
Vice-Principals' Highlights
As with my previous report, I have asked the five Vice-Principals to highlight activities and achievements across the University that may be of interest to the Court. The list is not exhaustive and major grant awards and prizes are still contained within later appendices.

Graduate School Initiative – The Scholarship
Joseph Nii Tettey Ashong was named the winner of ‘The Scholarship’, the Apprentice-style radio reality show offering one talented Ghanaian student a fully paid place to study within CEPMLP and the Graduate School of Natural Resources Law, Policy and Management. The initiative was a joint collaboration operated by Accra-based radio station, Joy FM and educational consultancy firm, Go Study Abroad (GSA). The contest was held over six weeks, with each hour-long instalment featuring quizzes, aptitude tests and debates designed to test the knowledge and resolve of university graduates live on radio.

Academics and Students to learn from pupils at Great War Schools Showcase Event
Staff from the School of Education, Social Work and Community Education and the School of Humanities have been working collaboratively in partnership with Torbain, Capshard, Markinch, Strathkinness and Ruthvenfield Primary Schools and St Andrews High School on WW1 projects local to their villages and towns. The University welcomed pupils from across Fife and Perthshire to present their work on the project at a special event on 8 December, in doing so demonstrating how academics and students can learn from our youngsters.

Comic MLitt students launch comic
Cosmic #1, a comic produced by two students who met on the Comics MLitt class, which was published with the support of the College of Arts and Social Sciences, was recently launched at Thought Bubble in Leeds, the biggest comics convention in the UK. The comic was written by Erin Keepers, an American student who came to the UK to study comics, and was drawn by Letty Wilson, who hails from the Highlands. The next step is in the hands of the students, who graduated last week, but the experience and support that has been given to these young creators is greatly appreciated by them, and they are now serving as enthusiastic ambassadors for this course and the University.

Athena Swan Award
The College of Medicine, Dentistry and Nursing has been awarded an Athena Swan Bronze award, which recognises its work to promote the careers of women in science. This is the first Athena Swan award to be given to a College within the University, and is an important recognition of the leading role that the College has taken in this area of gender equality. Recognition by the Athena Swan scheme will become mandatory for academics in STEM subjects to gain research awards from research councils and major charities in the future.

MSc in Orthodontics (Cairo)
The first cohort of postgraduate students studying on the innovative MSc in Orthodontics programme, delivered by flying faculty from the Dental School and hosted by a partner in Cairo, attended a Summer School in September. As well as completing module teaching they were able to spend time in and around the Dundee campus and attend clinics in the Dental School meeting their contemporaries training here in Dundee. The programme led by Prof David Bearn is a highly successful venture with the next cohort due to start January 2015, already fully subscribed as the programme builds on its reputation, with over 50 students matriculated from across the Middle East.

WHO collaborating Centres
Professor Peter Mossey has been appointed head of the WHO Collaborating Centre for Public Health Issues on Congenital Anomalies and Technology Transfer. This is a significant achievement for the School, being re-designated as one of the WHO collaborating Centres.

Young Business of the Year
Life Sciences spin-out company ex scientia has been named Young Business of the Year at the second annual Courier Business Awards which were held at Fairmont St Andrews on November 14. The company, created in partnership with Frontier IP, provides technologies to enhance the efficacy and the efficiency of drug discovery for the pharmaceutical industry based on pioneering automated drug design methodologies developed by Professor Andrew Hopkins at the University of Dundee.

Alzheimer’s Research
Researchers at the University of Dundee will lead a £1.13 million project to help establish if an eye test can be used to reveal the early stages of Alzheimer’s disease. Scientists will conduct a three-year project using specially-developed computer software which analyses high-definition images of the eye from multiple instruments to
establish whether such changes can act as an early indicator of Alzheimer’s disease. Emanuele Trucco, Professor of Computational Vision at the University’s School of Computing, will co-ordinate the project.

**Dundee Developer day to tackle ‘big data’**
More than 100 computing experts from across the UK and Europe gathered together on the weekend 29th November for Dundee Developer day hosted by the School of Computing. The event was sponsored by a host of tech companies including Teradata, DataStax, LogicNow and AdDuplex.

**Makeshift Do Event success**
DJCAD, linked with the Crafts Council and the V&A in London offered a day of events on Friday November 21st exploring how advances in materials, processes and technologies are driving innovation in craft practice. Among the activities over the course of the day were workshops based around 3D printing and laser cutting, smart materials in jewellery and textiles, and computing to develop interactive projects. There was also an exhibition of work from 45 emerging artists and designers from DJCAD and a salon with talks from craft and design experts.

**Forensic Science and Sensor & Imaging Systems**
Scotland is home to world-class expertise in forensic science and sensor & imaging systems. The two disciplines held an industry engagement day on 19 November as CAHID researchers worked with academics and industry representatives linked to Glasgow-based CENSIS (the Innovation Centre for Sensor & Imaging Systems) to explore how they can work together to provide innovative new tools and techniques that could aid everything from murder investigations to tracing the victims of disasters.

**FutureLearn**
FutureLearn - The University of Dundee has now formally joined FutureLearn, a consortium of highly ranked, research intensive universities offering Massive Online Open Courses (MOOCs), and will be offering MOOCs on the FutureLearn platform from the second half of 2015. [https://www.futurelearn.com/partners/university-of-dundee](https://www.futurelearn.com/partners/university-of-dundee). The University’s first course will be on antimicrobial stewardship in partnership with our sponsor, the British Society for Antimicrobial Chemotherapy (BSAC). Further courses will follow, with plans well advanced to offer a course developed by the Centre for Anatomy and Human Identification (CAHID), about which an announcement will be made in due course.

People & Prizes

Professor John Connell, Head of College and Vice Principal for Research, has been elected Fellowship Secretary of the Royal Society of Edinburgh, which is Scotland’s National Academy.

Ian Newton, (College of Life Sciences) was the winner of the ‘Images with Impact’ competition for his image of ‘Microtubules in vitro’ at the Great British Bioscience Festival.

A team of Dundee students has won three awards at the International Genetically Engineered Machine (iGEM) world finals in Boston. The team won the best project in the Health and Medicine track, the best Policy and Practices (Outreach) prize and the iGemmers Award, which goes to the team nominated best by their peers.

Dr James Chalmers has been awarded the inaugural Royal College of Physicians of Edinburgh (RCPE) John Munro Medal for Excellence in Teaching. The prize recognises the significant contributions to training and teaching made by young doctors.

Major Grants and Awards

The following represents a selection of the grants and awards that have been awarded by funders in open competition since my last report. The awards have been selected to celebrate the achievements of the staff involved, the breadth of our success, and the value of collaboration across the University.

Professor H Colhoun ((Division of Population Health Sciences) £969,301 from Juvenile Diabetes Research Foundation International for Validation of Novel and Candidate Biomarkers for Diabetic Kidney Disease in Large Cohorts of People with Type 1 Diabetes (Joint with University of Cambridge, University of Edinburgh and University of Helsinki)

Dr GG Simpson (Plant Sciences) £800,599 from Biotechnology and Biological Sciences Research Council for The Arabidopsis Epitranscriptome.

Professor CR Wolf (Division of Cancer Research) £643,447 from CRUK for Molecular and Pharmacological Characterisation of Pathways Which Determine the Sensitivity of Cells to Anti-Cancer Drugs and Chemoprotective Agents (Programme Award - Years 4-5 Renewal)

Professor SA Greene (Division for UG Medical and Medical Science Education) £581,121 from Juvenile Diabetes Research Foundation International for Can Metformin Prevent Type 1 Diabetes? A Mechanistic Pilot Trial: Stage 1 Extension (Joint with University of Exeter)

Professor R T Hay (Gene Regulation and Expression) £555,519 from Cancer Research UK for The Promyelocytic Leukaemia Protein as a Target in Cancer Therapy.

Professor E Shemilt (Duncan of Jordanstone College of Art & Design) £234,872 from Arts and Humanities Research Council for European Women Video Art in the 70s and 80s.

Professor H Colhoun (Division of Population Health Sciences) £251,018 from EC - IMI - Innovative Medicines Initiative for SUMMIT: Surrogate Markers for Vascular Endpoints in Diabetes.

Dr C Kaunert (Politics) £78,382 from EC Lifelong Learning Programme for Jean Monnet Centre for Excellence - European Institute for Security and Justice.

Professor N Daeid (CAHID) £39,857 Carnegie Trust for the Universities of Scotland for The Development of Robust CT Methodologies and Mathematical Algorithms for the Examination and Characterisation of Items of Forensic Relevance.

Dr NT Taylor (Duncan of Jordanstone College of Art and Design) £25,705 from AHRC for ‘In the Making’: a Mapping and Feasibility Study of Digital Fabrication Labs and Their Potential to Catalyse Cultural Change (Joint with University of Salford and Disability Rights UK).
APPENDIX 2
FINANCE & POLICY COMMITTEE
(Minute 21)

A meeting of the Committee was held on 17 November 2014.

Present: Mr KA Richmond (Convener), Principal Professor CP Downes, Deputy Principal Professor SM Black, Mr R Bowie, Mr IC Howie, Mr I MacKinnon (President, Students’ Association), Mr EF Sanderson; and Mr D Taylor.

In Attendance: Mr J Elliot; University Secretary; Vice-Principal Professor K Leydecker; Director of Legal Affairs; Director of Business Transformation (Minute 1), Chief Technology Officer (Minute 1); and Clerk to Court.

Apologies: Professor RJ Abboud; Director of Strategic Planning.

1. MINUTES

Resolved: to approve the minutes of the meeting of 6 October 2014.

2. IT MODERNISATION & BUSINESS TRANSFORMATION

The Chief Technology Officer and Director of Business Transformation delivered a presentation on IT modernisation and business systems transformation, and supporting documents were circulated in advance of the meeting which outlined both improvements and investments required in IT and also the University’s plans to improve efficiency, increase capacity to grow additional income and reduce administrative costs through business transformation. In particular, members noted the need to move forward with the renewal of the University’s network infrastructure, preferably in summer 2015.

The Chief Technology Officer told the Committee that there had been significant under-investment in IT over the last 10 years and highlighted a number of areas where investment was required. He drew attention to the proposed approach to meeting the University’s future IT requirements which focussed on the implementation of partnership working with external firms to optimise and maintain support systems, along with the use of Cloud-based solutions.

The Director of Business Transformation told the Committee that PricewaterhouseCoopers (PwC) had recently been engaged to undertake a systems appraisal and that following completion of their work at the end of the calendar year the options appraisal and associated investment proposal would be presented to the Committee for consideration.

Through discussion the Committee explored the outlined approach to business transformation. Members were pleased to note that IT was considered to be a means to support transformation rather than the driver behind it and that process managers were being consulted to ensure that proposed solutions met requirements and were both practical and deliverable. Members highlighted the importance of future proposals including a full business plan which outlined deliverables for the project in terms of cost, timeframe, and improvements to existing processes as well as a comprehensive risk analysis. The Chief Technology Officer and Director of Business Transformation went on to highlight the importance of the one-Dundee approach and the need for the IT strategy to be implemented alongside an academic strategy to ensure that the implemented solutions met staff and student requirements and that there was appropriate buy-in from these stakeholders.

In response to questions, the Director of Finance outlined the budgetary position in relation to IT development and the Committee noted that the projected costs beyond the current year were not included in the current forecasts.

Turning to time-frames, the Chief Technology Officer confirmed that the PwC report and a robust proposal outlining a range of options based upon the report would be developed for consideration by the Committee on 26 January 2015.

Resolved: to thank the Chief Technology Officer and Director of Business Transformation for their presentation and await a proposal at a future meeting.
3. **MATTERS ARISING**

   (1) **Dundee Student Villages Update (Minute 5)**

   The Director of Finance provided the Committee with an update on matters relating to Dundee Student Villages (DSV). Members noted that a number of firms had been approached to provide independent advice to the University in relation to the DSV model and that the Director hoped to confirm the preferred company shortly. In response to questions the Director confirmed that the periodic valuation of the relevant properties was next due in 2015.

   Resolved: to note the position and await further updates.

4. **FINANCIAL REVIEW OF THE YEAR ENDED 31 JULY 2014**

   The Director of Finance presented a financial review of the year ended 31 July 2014. The Committee carefully considered the data presented in each of the following categories: overall financial results, tuition fee income, staff costs, research, the balance sheet, forecasting accuracy, and a review of going concern for the year ended 31 July 2014.

   The Committee discussed each aspect of the report in detail, with discussions focussing on: the five year financial summary and sector trends; external research income relative to the funding received through the SFC Research Excellence Grant - in particular the financial impact of the current balance of research funding awards which did not include overheads at full economic cost (FEC); five year trends in core income and their impact on the University’s financial position; tuition fee income; cash and investment projections; and a review of the three-year financial plan.

   In presenting the review of going concern the Director told the Committee that, based upon the review, while there was a likelihood of a decrease to the overall cash position of the University, there was no reason to believe that the University would not be able to meet its liabilities over the next 12 months and as such he concluded that the University was a going concern.

   Resolved: (i) to thank the Director of Finance for the review and ask that members forward any further questions to the Director as soon as possible; and

   (ii) to recommend to Court that it confirm the University as a going concern.

5. **TRANSFORMATION**

   (1) **Update from the Director of Finance**

   The Director of Finance introduced his regular report outlining progress on some of the key projects which would have a financial impact on the University’s transformation and its ability to improve the financial position including: an update on the outcome of the voluntary severance (VS) scheme and related financial projections; pension costs update; and the overhead contribution of major grant awards relative to the budget forecast.

   The Committee noted that research finance reporting capabilities were being further developed, but that the level of overhead recovery was low relative to research funding awards.

   Resolved: to note the report.

   (2) **Transformation: Next Steps**

   The Committee considered a paper from the Senior Management Team (SMT) which set out the proposed approach to delivering savings aspects of the financial projections. The paper focussed on proposals relating to the further reduction of academic staff numbers in line with the target of 80-120 posts previously agreed by the Court. The Committee noted that the proposals within the paper were one element of plans to transform the University over the next two years, with other elements including: proposals in relation to the structure of the University, proposals relating to the growth of unregulated student income, and the rebalancing of the University’s portfolio of research funding to increase the net contribution made by research.

   In introducing the paper the Principal highlighted the proposal that the reductions be targeted over a shorter timeframe than originally proposed to provide headroom to develop income growth
in light of lower than projected levels of income from student recruitment in the current academic year. Members were supportive of targeting the reductions within the current academic year rather than over a two year period, and also noted the proposal that a reduction of around 50 FTE posts also besought from across support staff. The paper went on to outline targets for academic staffing reductions broken down by College and also targets for the support services, and included outline terms for the launch of Voluntary Severance (VS) schemes for these staff groups.

In reviewing the paper, members highlighted the need to address the cost of research through balancing the level of overhead and non-overhead bearing research funding and reducing the level of unfunded research and research which did not meet the University’s standards of excellence (3* and 4* research).

The Committee was keen to see at a future meeting a full business plan setting out savings through staffing reductions, tuition fee income projections, efficiency savings, and also investments such as IT infrastructure as the relevant plans came together.

In considering the paper members highlighted the importance of achieving the projected savings and of acting quickly given the figures contained within the financial review paper. Noting in particular the risks within the budgetary projections of the review and also sector-wide challenges, members stressed the importance of ensuring that the University’s financial position was addressed quickly. Members also stressed the importance of clear communication to staff of the proposals in order to maximise the use of the proposed VS scheme and therefore avoid redundancies wherever possible whilst still achieving the targets set.

Resolved: to support the proposals to reduce costs by 31 July 2015 along the lines set out in the paper and recommend them for approval by Court at its meeting on 15 December 2014.

6. STUDENT RECRUITMENT STRATEGY

The Vice-Principal (Learning & Teaching) introduced a paper which outlined the planned approach relative to the key performance indicators within the Learning & Teaching Strategy. The Vice-Principal also provided a number of documents to support the paper, including: the International Recruitment Plan 2014/15, the Admissions & Student Recruitment Plan towards 2015 cycle, the provisional end of cycle report for undergraduate admissions 2014 entry, Rest of UK undergraduate 2014 Entry provisional end of cycle report, and the postgraduate taught admissions 2014 entry mid-cycle report.

The paper highlighted the planned approach toward increasing applications, improving the conversion of applications to matriculations, improving entry qualifications, and meeting widening access targets. The paper also outlined proposals relating to the Home/EU taught postgraduate fees for 2015/16; the graduate, alumni and academic excellence scholarships for Home/EU taught postgraduates; and the continuation of the RUK scholarship package.

Noting the improvement in Rest of UK (RUK) recruitment figures for 2014/15 relative to the previous cycle, members expressed the importance of ensuring that the approach to recruitment in the current cycle achieved further levels of growth, particularly through improvement to application figures and maintenance of the impressive conversion statistics from the previous cycle.

In response to questions regarding the postgraduate recruitment mid-cycle report, the Vice-Principal highlighted sector-wide trends in postgraduate recruitment and recruitment projections for 2014/15 following the January 2015 intake. Members noted that the University expected to maintain its recruitment figures against a sector-wide decrease, but that the growth targeted in this area was unlikely to be achieved. In outlining the University’s approach to taught postgraduate recruitment the Vice-Principal highlighted the standardisation of scholarship packages and proposed changes to the taught postgraduate fee which both acknowledged the real cost of training postgraduates and also brought the University in line with competitor institutions. The Vice-Principal also outlined the planned scholarship approach for graduates of the University. Members noted that any increase to the taught postgraduate fee had some potential to impact on recruitment to some courses, but that the rationale for such increases in terms of market position was strong and should therefore be supported. Members were also pleased to note that the cost of individual programmes were being analysed. In response to questions the Vice-Principal confirmed that Schools were being encouraged to diversify their recruitment approach to ensure that courses were not dependent upon one geographical location, and that Student Recruitment & Admissions were providing support to Schools in this respect.
Returning to undergraduate recruitment, members noted the proposal to alter the offer-making strategy, with offers being made at the upper end of entry grade tariff bandwidths. In response to questions the Vice-Principal confirmed that the University had been the insurance choice for a high number of applicants in the previous cycle, and that the change was designed to bring typical offers in line with competitors in an attempt to increase the number of acceptances as the conversion of insurance acceptances to matriculations was typically low.

Resolved: to, noting the current tuition fee income outlined in the Financial Review of the year and both the risks and potential gains from the strategies outlined, indicate support for the strategies and delegate approval to the Senior Management Team.

7. FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

The Director of Finance presented the draft Financial Statements for 2013/14. In doing so he highlighted changes to the format and presentation of some figures. The Director confirmed that the Financial Statements and management letter from the external auditors would be considered by the Audit Committee at its meeting on 1 December 2014.

The operating surplus before restructuring costs for 2013/14 was £0.7m, with an overall deficit for the year of £1.6m once restructuring costs were taken into account. The operating surplus of £0.7m equated to 0.3% of total income, which itself had grown by 7.2% to stand at £243.1m. Income from the Scottish Funding Council (SFC) increased by 8.1% to £87.6m, while income from tuition fees and education contracts rose by 1.9% to £40.9m. Research grants and contracts increased by 15.5% to £79m following two record years for research awards. Total expenditure increased by £21.5m (9.6%) to £244.9m with staff costs increasing by £7.5m (5.7%), other operating expenses increasing by £8.9m and depreciation increasing by £2.9m. The University’s cash position remained favourable despite the total cash at year end decreasing by £7.5m to £30.6m following repayment of a loan of £8.5m in January 2014. Future commitments represented by net current liabilities amounted to £29.4m. Turning to the balance sheet, the Committee noted that the total net assets for the group, including pension liability had increased from £170m to £170.0m.

Resolved: for its part, to recommend that the Court approve the accounts for the year ended 31 July 2014.

8. MANAGEMENT ACCOUNTS (PERIOD 3)

The Director of Finance tabled the management accounts for the period to 31 October 2014. Members noted that following savings in the cost of Rest of UK (RUK) scholarships (£333k) and an improvement in tuition fee income of £420k, offset by a forecast shortfall of £975k in research contribution, the year-end forecast was for a deficit of £2.98m before Voluntary Severance/Redundancy and gain on disposals - a negative variance of £282k relative to the budget.

Resolved: to note the accounts.

9. ESTATES & BUILDINGS REPORT

The Committee considered a report from the Director of Campus Services which focussed on the development of external reporting requirements on effectiveness, efficiencies and value for money. In particular, the report highlighted Key Performance Indicators (KPIs) used by the Universities Scotland Efficiencies Taskforce and those KPIs which formed part of the Campus Services Operational Plan and included a summary of the latest updates relative to targets. The report also highlighted the University’s approach to improvements in space management and included an overview of space reduction, space utilisation, income from the rental of University buildings, and properties for future review.

In response to questions the Director confirmed that space reduction had so far been driven on a pragmatic basis through identifying buildings to be vacated and taking opportunities to reduce space while bringing disciplines and services together in logical groupings, rather than by setting annual targets for reduction. Members noted that in the current environment future proposals would aim to reuse and repurpose existing facilities rather than create new buildings. Members were also keen to see the impact of the use of SMART metering and electricity cost allocation on energy usage costs and noted that this information should be included in management accounts in the near future.

Resolved: to note the report.
10. UNIVERSITY STRATEGY TO 2017: FINANCIAL SUSTAINABILITY REPORT

The Committee considered a performance indicator report relating to the Financial Sustainability enabling strategy. The report summarised progress over time against targets and benchmarked comparator institutions for each of the nine performance indicators as follows: Percentage Operating Surplus, Deviation of cash forecasts from actual year-end outturn, Deviation of forecasts of financial surplus from actual year-end outturn, Income per Academic, SASS Costs as a percentage of total income, Net Current Assets/Liabilities, Bank Facilities Available in the Medium Term, and TRAC Surplus/Deficit. Members noted that the data within the report reflected the data considered earlier in the agenda within the Financial Review of the Year and the Annual Financial Statements. Members noted that the report confirmed that the University underperformed relative to its comparator group.

Resolved: to note the report.

11. DASMAN DIABETES INSTITUTE (KUWAIT)

The Committee received a paper from the Vice-Principal & Head of the College of Medicine, Dentistry & Nursing which outlined a request for an extension of the existing interim contract with the Dasman Diabetes Institute (DDI), under the terms of the Memorandum of Understanding.

Members were supportive of the innovative nature of the project and the creative approach of the team behind it; and noted the strong sense of partnership to date. Nevertheless, members requested additional information including: the net financial benefits of the collaboration; the longer-term strategic plan; an assessment of risk including exit costs, exposures, contractual basis and governance; confirmation of the legal basis of the agreement; and an indication of the likelihood of the signing of a more permanent contract at a future date.

Resolved: to approve the extension subject to the circulation of additional information as indicated.

[Secretary’s note: the Committee approved the extension on 5 December 2014 following the electronic circulation of additional information as requested].

12. SUBSIDIARY AND ASSOCIATE COMPANIES’ ACCOUNTS 2013/14

The Committee received a report summarising the financial results of the University’s subsidiary companies for the year 2013/14.

Resolved: to note the report.

13. DUNDEE UNIVERSITY STUDENTS’ ASSOCIATION – ACCOUNTS 2013/14

The Committee received a summary report of DUSA’s accounts for 2013/14. Members noted that DUSA had carefully managed its costs and margins to achieve a surplus of £148k against a budgeted surplus of £10k and a deficit in 2012/13 of £113K.

The Committee noted that DUSA planned to develop a 10 year strategic plan and members proposed that this be circulated to the Committee electronically for comment.

Resolved: to note the report.

14. FINANCIAL SUSTAINABILITY STRATEGY GROUP ANNUAL SUSTAINABILITY ASSURANCE REPORT

The Committee received the University’s Annual Sustainability Assurance Report. Members noted that the report had been developed by the Financial Sustainability Strategy Group in conjunction with the Committee of University Chairs (CUC) and the Higher Education Funding Council for England (HEFCE) with the aim of ensuring that governing bodies of HEIs made an annual assessment of institutional sustainability using an appropriate and rigorous process.

The Director of Finance confirmed that the report would be submitted to the Scottish Funding Council at the same time as the annual Financial Statements were submitted.

Resolved: to recommend to Court that it approve the report for transmission to the Scottish Funding Council.
A meeting of the Committee was held on 1 December 2014.

Present: Mr J Elliot (Convener), Mr R Bint, Dr WGC Boyd, Ms SS Morrison-Low, Mr I Stewart.

In Attendance: Mr KA Richmond; University Secretary; Director of Finance; Director of Human Resources (minutes 2(2), 4 and 5), Director of Policy, Governance & Legal Affairs; Deputy Director of IT - Infrastructure and Research Computing (Minute 2(1)); Director of Legal Services (Item 7); Mr D Eardley (Scott-Moncrieff); Ms L Paterson (PricewaterhouseCoopers (PwC)); Mr M Timar (PwC) (Minutes 4 & 5); and Clerk to Court.

Apologies: Ms B Malone.

[Secretary’s note: The meeting was preceded by a training and development session led by Mr Andrew Hewett (Director of Finance) and Dr Neale Laker (Director of Policy, Governance & Legal Affairs) which outlined the timing, requirements and approach to both internal and external audit at the University of Dundee.]

1. MINUTES

Resolved: to approve the minutes of the meeting of 23 September 2014.

2. MATTERS ARISING

(1) Information Security (Minute 2(3))

The Deputy Director of IT (Infrastructure and Research Computing) introduced a report which summarised recent developments in the University’s approach to information security and planned initiatives in this area. In doing so he highlighted the dual approach being taken, in which IT solutions were being implemented alongside a user-based approach with the aim of educating and informing users with regard to best practice. He also highlighted a number of specific initiatives designed to address the findings of the September 2013 report from KPMG in this area, including changes to password policy, remote access arrangements, the procurement of a secure file sharing facility, improved processes for the destruction of redundant IT equipment, and the University’s Information Security Week which was to be repeated in 2015.

In response to questions the Deputy Director confirmed data security arrangements for areas managing sensitive data. He also confirmed that the Information Security training was mandatory for IT and Health Informatics staff, and that discussions were on-going with Human Resources with regard to the possibility of considering making the training mandatory for all staff.

Resolved: to thank the Deputy Director for the update.

(2) Health & Safety Implementation (Minute 5(2))

The Committee received an update from the Director of Human Resources outlining progress toward the recommendations made within the KPMG Health & Safety Implementation internal audit report considered at the last meeting of the Committee on 23 September 2014.

The Director highlighted actions taken since the last meeting including the inclusion of health and safety matters within Objective Setting and Review (OSAR) documentation and the implementation of a process to ensure that all new staff completed online Health & Safety training modules. In response to questions the Director confirmed that the completion of modules by new members of staff was reported to line managers and also monitored by the Health & Safety Sub-Committee.

The Committee was pleased to note the progress made and noted that the internal audit follow-up process would continue to monitor the implementation of recommendations made in this area.

Resolved: to note the update.
3. CONVENER’S REPORT

Members noted that the Convener had met with the external auditors to review the findings of the external audit report and that he hoped to meet with the Senior Partner from Scott-Moncrieff in the near future.

Resolved: to note the update.

4. FINANCIAL STATEMENTS FOR YEAR ENDED 31 JULY 2014

(1) Review of Going Concern

The Committee received a paper setting out the basis for the University being considered a ‘going concern’ and members noted that the report had also been considered by the Finance & Policy Committee. The Committee noted that in deciding whether the University could be considered a going-concern projected finances for a period of at least 12 months after the accounts were signed should be considered. The Director of Finance confirmed that while the projections indicated that the University’s cash position would decline over the coming 12 months and that the banking facility was due for renewal in March 2016, he was confident that the forecasts supported the conclusion that the University should be considered a going concern.

The Committee discussed the position in relation to capital funding and on/off-balance sheet debt and suggested that the University’s net liabilities be explicitly included in the Institutional Risk Register.

Resolved: for its part, to advise the Court that the University should be considered a going concern.

(2) External Auditors’ Report to those Charged with Governance

The External Auditor presented their report to the Committee. In introducing the report, the Auditor told the Committee that PwC had completed their audit work and that there were no major issues to bring to the attention of the Committee. As such, the Auditor expected to issue an unmodified opinion.

In outlining the report the Auditor drew the Committee’s attention to their findings in relation to the financial sustainability of the University where they had reviewed the University’s budget forecast, year on year movements, and forecasting accuracy and concluded that the adoption of the going concern assumption in the preparation of the University’s financial statements remained appropriate. The Auditor highlighted the University’s plans to address longer term financial sustainability and members noted that the achievement of these plans would be critical over the coming 12 months. The Auditor also highlighted pension liabilities, confirming that they were satisfied that the assumptions adopted by the University were reasonable. The Committee also noted that the Auditors had considered the possibility of fraud in revenue recognition and management override of controls and that no issues were noted as a result of the testing procedures carried out.

The Auditor went on to highlight two control point recommendations relating to improving practice in related parties disclosures and compliance with the as yet unpublished Financial Memorandum from the SFC, and members noted that both recommendations had been accepted by management. The Auditor also highlighted a summary of uncorrected misstatements and members noted that in line with requirements these were referenced in the proposed letter of representation from the governing body. The auditors confirmed that accounts complied with the relevant statement of recommended accounting practices, with the Scottish Funding Council’s Accounts Direction and Financial Memorandum.

The Committee also noted that the draft letter of representation was included within the report.

Resolved: to thank the auditor for the report and to approve the letter of representation.
The Committee discussed the draft statements for the period to 31 July 2014. Members made a number of suggestions for amendments to the report and the Convener asked that any comments be forwarded to the Director of Finance by 3 December 2014.

Resolved: having received the report of the external auditors and considered the points made therein, to recommend to Court that it approve the statements at its meeting on 15 December 2014.

5. FINANCIAL STATEMENTS OF SUBSIDIARY AND ASSOCIATED COMPANIES

The Committee considered the accounts for the year ended 31 July 2014 for:

a) AMCET Ltd
b) Dundee University Incubator Ltd
c) Dundee University Press Ltd (DUP)
d) Dundee University Project Management Ltd
e) Dundee University Utility Supply Company Ltd
f) University of Dundee Nursery Ltd
g) Dundee Student Villages (DSV)
h) West Park Conference Centre (WPCC)

Resolved: to note the subsidiary and associate companies' accounts.

6. INTERNAL AUDITORS

(1) Internal Audit Plan 2014/15

The Auditor set out the proposed plan of work for the 2014-15 session. Members noted that the plan had been developed in consultation with officers and the Convener of the Audit Committee and that it took account of items highlighted in previous internal audit reports, the Institutional Risk Register, and emerging sector matters.

The Committee reviewed each of the audit areas proposed within the plan and discussed in particular: the use of contingency time to consider risks relating to the Business Transformation IT project; the number of days required annually in relation to the Dundee University Students’ Association audit – noting that under the 1994 Education Act the Court had responsibility to provide assurance that DUSA was well run and noting that the audit was in any case greatly valued by DUSA; and the timing of the proposed audit focussed on value for money aspects of IT. Members also suggested additional areas for consideration or inclusion within the scope of the terms of reference for the proposed audits including: visa sponsorship processes for overseas students, the University’s approach to marketing (once the newly appointed Director of External Relations and Head of Marketing were in post), and ‘Intellectual Property & Commercialisation’. Members also suggested that Information Security be explicitly listed within the scope for the proposed ICT health check audit, and asked that the detailed scope for the ‘Partnership Working Arrangements’ audit be circulated to members for further comment.

Resolved: to approve the plan subject to minor amendment.

(2) Value for Money

The Director of Finance introduced a paper outlining the proposed approach to the enhancement of value for money (VFM) within the context of changes previously proposed to the internal audit contract. The paper also highlighted attitudes toward VFM, sector-wide VFM requirements and opportunities to improve VFM at the University. The Committee noted the proposal that the VFM work be undertaken internally by the University’s procurement team and was supportive of this approach.

Resolved: to approve the proposed approach to value for money.
7. **LEGAL MATTERS**

The Committee received a routine report detailing the current legal cases involving the University, including updates since its last meeting.

The Committee discussed an item where there was a potential reputational and financial risk and the University Secretary and Director of Legal Services outlined recent developments in relation to this case. Members noted that since the last meeting a preliminary investigation had been completed and that on the basis of this work a formal investigation with the involvement of the internal auditors would be commissioned. In response to questions the University Secretary confirmed a number of measures which had been implemented in response to the initial findings to improve procedures.

Resolved: to note the report and ask that further updates including a report from the formal investigation be provided at a future meeting.

8. **RISK MANAGEMENT REPORT**

The Director of Policy, Governance & Legal Affairs introduced a report from the meeting of the Directors & College Secretaries Group meeting which had focussed on risk management matters. The Committee noted that the Group had received updates relating to insurance matters and business continuity and had discussed local and institutional risk registers.

Resolved: to note the report.

9. **INSTITUTIONAL RISK REGISTER**

The Director of Policy, Governance & Legal Affairs introduced proposed revisions to the Institutional Risk Register. In doing so he highlighted updates to the risk assessment level, controls, and actions for further control within the register and invited members to comment on additional areas/amendments required. Members suggested amendments to the register around IT procurement, Dundee Student Villages, and the University’s net liabilities position.

Resolved: to endorse to the Court revisions to the Institutional Risk Register.

10. **PRIVATE MEETING WITH OFFICERS**

The auditors withdrew from the meeting at this point so that the Committee could speak in private with the officers. The Committee noted that the external audit contract was due for renewal and recommended that the existing contract with PwC be extended for a further year, noting that this would bring the internal and external audit contracts into alignment and that tenders would then be invited for both contracts at that time. At the conclusion of the discussion, the auditors were re-admitted, and the Convener was pleased to report that officers had indicated a good, professional working relationship with both internal and external auditors.

Resolved: to recommend to the Court the extension of the external contract with PwC to cover the 2014/15 academic year.

11. **PRIVATE MEETING WITH AUDITORS**

The officers withdrew from the meeting at this point so that the Committee could speak in private with the external and internal auditors. At the conclusion of the discussion, officers were re-admitted, and the Convener advised them that no issues of concern had been raised by the auditors.

12. **ANNUAL REPORT OF THE AUDIT COMMITTEE**

The Committee considered a draft of its annual report to Court. This document would also be submitted to the Scottish Funding Council.

Resolved: to approve the report, subject to the circulation and approval of minor amendments, for submission to the Court and the Scottish Funding Council.
APPENDIX 4

AUDIT COMMITTEE: ANNUAL REPORT 2013/14
(Minute 22(3))

1. MEMBERSHIP AND MEETINGS

The Committee meets four times per annum, and the meetings for the year 2013/14 took place as follows: 17 September 2013, 25 November 2013, 4 March 2014, 21 May 2014.

Attendance by members was as follows:

<table>
<thead>
<tr>
<th>Member</th>
<th>Role</th>
<th>Sept</th>
<th>Nov</th>
<th>March</th>
<th>May</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jo Elliot (Convener)</td>
<td>Court member</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Bernadette Malone</td>
<td>Court member</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>Y</td>
</tr>
<tr>
<td>Keith Swinley (to 28/02/2014)</td>
<td>Court member</td>
<td>N</td>
<td>N</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Richard Bint (from 22/04/2014)</td>
<td>Court member</td>
<td>N</td>
<td></td>
<td></td>
<td>N</td>
</tr>
<tr>
<td>Sandra Morrison-Low</td>
<td>Co-opted</td>
<td>Y</td>
<td>Y</td>
<td>N</td>
<td>Y</td>
</tr>
<tr>
<td>Ian Stewart</td>
<td>Co-opted</td>
<td>N</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
</tbody>
</table>

Additionally, the Convener of the Finance & Policy Committee, Richard Burns, was in regular attendance at meetings of the Audit Committee in 2013/14.

The University Secretary, Director of Finance and Director of Policy, Governance & Legal Affairs also attended meetings on a regular basis. All Committee meetings are attended by representatives of the Internal Auditors (KPMG LLP (KPMG)) and External Auditors (PricewaterhouseCoopers LLP (PwC)).

2. FINANCIAL STATEMENTS

Year ended 31 July 2014

The Committee received draft financial statements for the University for the year ended 31 July 2014 at its meeting on 1 December 2014, following their consideration by the Finance & Policy Committee at its meeting on 17 November 2014. The Committee also received a report from the external auditors, PwC. PwC were formally appointed for the provision of external audit services for the financial years 2010-11 to 2012-13 at the meeting of the Court on 26 April 2011, and the contract was subsequently renewed at the meeting of Court on 22 April 2014 for a period of 1 year to cover the financial year 2013-14.

In terms of audit and financial reporting the report indicated that:

- The auditors expected to give an unmodified opinion on the statements and that they had been prepared in accordance with the Accounts Direction of the Scottish Funding Council (SFC) and the appropriate Statement of Recommended Practice (SORP);
- The auditors expected to conclude that income from the SFC, as well as from other sources, had been appropriately applied;
- The statements had been produced on a timely basis in accordance with the agreed timetable, but that areas for highlight included the following:
  - On the issue of the financial sustainability of the University, although there is a budgeted loss for 2014/15, the auditor was satisfied that the University had plans to address the longer term financial sustainability through cost savings, productivity improvements and revenue increases, noting that it is the achievement of these plans that is critical, and it will be clearer in 12 months as to the progress that is being made. As a result of their work, the auditor was satisfied that the adoption of the going concern assumption in the preparation of the University's financial statements was appropriate.
  - The Auditors reviewed the key assumptions applied to the pension scheme’s valuation of its liabilities and compared them with their actuarial specialists’ expectations and concluded that the assumptions adopted by the University were reasonable.
  - During the course of the audit, the requirement for disclosure of related parties information was communicated to the University. It is recommended that going forward University employees involved in procurement should be requested to disclose any related party interests in companies providing goods or services to the University.
• The Auditor recommends that the University review its severance arrangements in the context of the SFC’s requirements set out in the Financial Memorandum which is effective from 1 November 2014.

Having carefully considered the report of the external auditors, the Audit Committee resolved to recommend to Court that the financial statements should be approved. The Committee noted the recommendations contained in the report from the external auditors and were satisfied by the associated management responses.

3. TERMS OF REFERENCE AND PROCEDURES

Minor amendments to the Terms of Reference were made at the meeting of the Committee on 17 September 2013 which focussed on improvement to the oversight of legal issues, and issues relating to public interest disclosures (PID), bribery and corruption, or fraud. The Terms of Reference were reviewed again on 23 September 2014 and changes approved reflected historic changes to membership, changes to risk management arrangements and highlighted existing practice in relation to the terms of office of lay members of the Committee.

In considering internal audit reports the Committee focuses primarily on critical or high risk recommendations, where the issue represents a control weakness that is fundamental to the system under review and where the University should take immediate or prompt action. In addition, when critical level recommendations are made the internal auditors inform the Convener of the Audit Committee directly at the earliest possible time. For all internal audit reports, the audit sponsor or relevant Director is invited to attend the meeting of the Committee to provide appropriate contextual information to the Committee and to allow joint exploration of the issues raised.

A formal process of following-up and reporting on outstanding audit recommendations was introduced during 2011/12. Twice annually the Committee is provided with a report outlining the status of outstanding recommendations; should there be evidence of repeated non-implementation of recommendations, the individual responsible may be asked to attend the Audit Committee meeting for further discussion.

4. INTERNAL AUDIT

Internal audit work for the year was provided by KPMG. During 2013/14 the Committee received reports on the following internal audit assignments with recommendations graded as shown. Each report was considered in detail, with the auditors and officers addressing comments and questions from Committee members. The Committee was generally satisfied with the management responses to the issues raised and with the timescales for addressing them, where appropriate. Where timescales for implementation were considered to be lengthy, further reports providing details of milestones toward full implementation were requested to aid understanding of the proposed timescale and active monitoring of progress. Progress on the implementation of all recommendations will be monitored through follow-up reports from the auditors, as well as through active monitoring by University officers, as outlined above.

<table>
<thead>
<tr>
<th>Financial Controls - PECOS</th>
<th>Critical</th>
<th>High</th>
<th>Medium</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance arrangements</td>
<td>-</td>
<td>-</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>Data returns – review of analysis and verification</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>TRAC</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Student Experience</td>
<td>-</td>
<td>-</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Research costing, pricing and administration</td>
<td>-</td>
<td>1</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Schools review</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>4</td>
</tr>
<tr>
<td>Dundee University Students’ Association</td>
<td>-</td>
<td>2</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td>Strategy, planning &amp; resource alignment</td>
<td>-</td>
<td>1</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>International activities – overseas recruitment</td>
<td>-</td>
<td>-</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Health and safety implementation</td>
<td>-</td>
<td>1</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>0</td>
<td>6</td>
<td>30</td>
<td>17</td>
</tr>
</tbody>
</table>

The Committee took particular interest in the outcomes of the IT review where, in previous years and before the appointment of the current Chief Technology Officer (CTO), progress had been slower than expected. In this regard, the Committee received progress updates from the CTO at each meeting throughout 2013/14.
During the course of 2013/14 the University undertook a tendering exercise using the Advanced Procurement for Universities and Colleges (UPUC) framework. At the conclusion of the exercise Scott-Moncrieff were appointed as the internal auditors for the period 1 August 2014- 31 July 2016. At its meeting on 1 December 2014 the Audit Committee considered and approved the draft audit plan for 2014-2015 prepared by University management in consultation with Scott-Moncrieff.

**Value for Money**

During 2013/14, aspects of Value for Money were covered as part of the internal audits on PECOS, Research Costing, and Strategic Planning & Resource alignment and within the Efficient Government Return and Post-Investment Appraisal reports from the Director of Finance. From 1 August 2014 the scope of the internal audit contract has been reduced in this respect with the cost saving redeployed internally, and regular discussions with the Director of Finance on VFM matters have commenced.

**DUSA**

The auditors carried out their annual routine review of finance arrangements in place at DUSA. The focus of the review centred around the CaptureIT card swiping system that records hours worked, the SAGE payroll system, and PI personnel system, with particular emphasis on how the three systems interfaced. A number of areas of good practice were identified along with a number of recommendations relating to: compliance with HR procedures, ensuring use of the card swiping system, personnel system support, options appraisal for replacement or improvement of the current systems arrangements, manual interventions to the payroll system, absence recording and payroll exception reports. On the whole the report recognised that DUSA was a well-managed organisation.

**Assessment of the Effectiveness of the System of Internal Control**

The internal auditors provided the Committee with their overall assessment of the University’s internal control systems. Based on their work in 2013-14, the auditors were of the opinion that these systems provided a ‘reasonable basis for maintaining control’ and that the control framework provided ‘reasonable assurance regarding the effective and efficient achievement of strategic objectives’. In their annual report, the auditors highlighted the following significant recommendations emanating from their audit work during the year:

- The creation of feedback mechanisms within research administration to ensure grants comply with conditions imposed by external funders;
- Improvements to policies and procedures in relation to global faculty member honorary appointments;
- Ensuring that DUSA are compliant with HR procedures such as the recording of annual leave and use of card swiping systems to record time spent on retail activities;
- Implementation of workload planning approaches across all Schools and Directorates to support the strategy through greater identification of resource needs; and
- Health and safety training and compliance – ensuring that health and safety is embedded in the University’s culture.

In relation to health and safety processes, work needs to be done to meet all the recommendations outlined in the internal audit reports. The Committee is however satisfied that management is developing a detailed plan for their resolution and will be monitoring progress against this plan over the next 12 months.

5. **RISK MANAGEMENT**

The Committee received a report from the Risk Management Monitoring Group meeting in October 2013, following which the Committee agreed that due to overlapping membership of the Risk Management Monitoring Group (RMMG) and the Directors and College Secretaries Group (DCSG) which meets more regularly, the remit of the RMMG would be managed by the DCSG. The Committee received reports from the DCSG in relation to local and institutional risk registers and Business Continuity Planning.

The Audit Committee also oversaw the revisions to the format of the institutional risk register to highlight risk trends. The register continued to incorporate an assessment of gross and residual risk, the adoption wherever appropriate of SMART mitigating actions, and the focus on key strategic risks. Revised institutional risk registers were approved by Court at its meetings on 9 December 2013 and 9 June 2014.
The Committee also received regular reports from the Director of Legal Services and Insurance Manager highlighting potential legal risks, and the annual fraud report from the Director of Finance.

6. OTHER ACTIVITIES

In response to the Audit Committee’s self-review of effectiveness in 2011/12, training sessions for members of the Audit Committee focussed on Transparent Approach to Costing (TRAC) and the approach to internal and external audit at the University and were delivered by the Director of Finance, Management Accountant and Director of Policy, Governance & Legal Affairs at the meetings on 25 November 2013 and 4 March 2014 respectively.

In December 2014 the Audit Committee considered and approved the internal audit plan for 2014/15. In addition to the annual review of the Dundee University Student’s Association, reviews were scheduled in the following areas: the arrangements within Schools across the University, Financial planning and forecasting, including efficiency savings; budgetary control and monitoring; treasury and cash management; Risk management; Project management – methodology or pre/post implementation review; Health & Safety; Estates asset management; and Information and data security.

7. COMMUNICATION TO THE COURT

Minutes of the meetings of the Court are available from http://www.dundee.ac.uk/academic/court/Agenda_papers_minutes.html. Key matters communicated to the Court by the Audit Committee related to:

- Summaries of internal audit reports, in particular those relating to information security and Health & Safety;
- Annual Financial Statements;
- Review of going concern;
- Post-investment appraisals;
- Subsidiary and Associate Companies accounts;
- Risk Management matters including the redevelopment of the Institutional Risk Register;
- Medicines & Healthcare Products Regulatory Agency (MHRA) inspection;
- Audit contracts;
- Annual Transparent Approach to Costing (TRAC) return;
- Outcomes of Whistleblowing investigations;
- Efficient Government Return; and
- Information compliance;

8. OPINION

Auditors
The Committee has been satisfied with the performance and diligence of the internal and external auditors.

Effectiveness of Control
On the basis of Internal Audit work undertaken during the course of the year, comments from the external auditors on the University’s financial statements, and statements from management the Audit Committee believes that the University has an adequate framework of risk management, control and governance arrangements, and adequate arrangements for promoting efficiency and effectiveness (VFM). The Committee will continue to monitor the progress of the University on the implementation of the recommendations contained in the external auditors’ report and the various reports from the internal auditors.
A meeting of the Committee was held on 17 November 2014.

Present: Mr EF Sanderson (Convener), Dr WGC Boyd, Mr R Van Mulders.

In Attendance: University Secretary; Director of Policy, Governance & Legal Affairs; and Policy Officer (Corporate Governance).

Apologies: Principal Professor CP Downes, Professor RJ Abboud, Ms B Malone, Ms CA Potter, and Mr IDM Wright.

1. MINUTES

Resolved: to approve the minutes of the meeting of 6 October 2014.

2. MATTERS ARISING

(1) Professional Advice for Court Members (Minute 2(2))

The Director of Policy, Governance & Legal Affairs introduced a paper which outlined proposed guidance for the access of professional advice by members of Court for inclusion within the Standing Orders. Members noted that guidance had been revised to account for the range of scenarios discussed during the meeting of the Committee on 12 May 2014.

In response to questions the Director confirmed that the guidelines were not required by the Scottish Code of Good HE Governance but were considered to be good practice within the sector. The Committee nevertheless indicated that they welcomed their introduction.

Resolved: to recommend to the Court the adoption of the guidelines (as outlined in annex a) as part of the Standing Orders for Court.

(2) Committee Membership (Minute 5)

The Committee noted the election of Ms Janice Aitken to the Court by the Senate, effective from 16 October 2014, following the departure of Dr Sam Crouch at the end of August. The Committee went on to consider Committee appointments in light of Dr Crouch’s membership of the Welfare & Ethical Use of Animals Committee, and Governance & Nominations Committee. Members also noted that Mr Iain Wright was to step down from membership of the Governance & Nominations Committee as of 31 December 2014.

Noting the importance of achieving an appropriate skills balance on the Committees, and in light of the number of apologies for the meeting, the Committee decided to defer full discussion of the membership until the next meeting on 26 January 2015. In the meantime the Committee agreed that Dr William Boyd should continue to serve on the Welfare & Ethical Use of Animal Committee for the remainder of the year and asked that the University Secretary explore Ms Aitken’s preferred interests in terms of serving on the Committees of Court. Members also recommended that the Committee carefully consider the balance of commitments of each member at its meeting on 11 May 2015 when considering membership of Committees for 2015/16.

Resolved: to defer discussions on the membership of the Committees of Court until the meeting on 26 January 2015 and to ask that the University Secretary explore with Ms Aitken her preferred interests in serving on the Committees of Court.
3. **ALIGNMENT TO THE SCOTTISH CODE OF GOOD HE GOVERNANCE**

Members considered the Committee of Scottish Chairs (CSC) report ‘Scottish Code of Good HE Governance: One Year into Implementation’ which was published on 5 November 2014 and which summarised the current position within the Scottish HE sector. The Committee indicated it was satisfied that the University was moving toward full compliance with the Code following implementation of the recommendations from the quinquennial review of the effectiveness of the Court.

**Resolved:** to note the report.

4. **HE GOVERNANCE CONSULTATION**

The Committee considered the Scottish Government ‘Consultation on a Higher Education Governance Bill’ which was published on 7 November 2014. Members noted that a working party consisting of Universities Scotland, members of the Committee of Scottish Chairs (CSC), and members of the University Secretaries Group had been formed to consider a response to the consultation on behalf of the sector. Key aspects of the consultation included recommendations relating to: the transfer of the Privy Council’s role in relation to higher education governance to a new Scottish-based committee subject to the scrutiny of Parliament; setting out in legislation a new definition of Academic Freedom; clarifying the role of the Principal as that of Chief Executive Officer, including the leadership, administration and management of the institution; proposed changes to the process for selecting the Chair of an institution’s court/governing body; proposals relating to the composition of governing bodies, and proposals relating to the composition of the academic board or Senate.

The Committee discussed the questions posed at the end of the consultation document and noting members’ concerns in relation to a number of the proposals, asked that the Director of Policy, Governance & Legal Affairs prepare a narrative response detailing the views of the Committee in relation to each aspect of the consultation for the consideration of the Court. It was noted that Universities Scotland would be preparing a response on behalf of the sector which, once available, should be reviewed to determine whether or not the University should submit its own response or simply support the sector-wide one.

**Resolved:** to ask the Director of Policy, Governance & Legal Affairs to prepare a narrative response detailing the views of the Committee in relation to the consultation for the consideration of the Court.

5. **PROPOSALS FOR THE APPOINTMENT OF THE CHAIRPERSON OF COURT**

The Director of Policy, Governance & Legal Affairs introduced a paper outlining proposals for the process for the appointment of the Chairperson of Court following approval at Court of the recommendation that the process move from one of election to that of appointment. The Committee noted that the proposed process was similar to that for the appointment of the Principal and the University Secretary.

Members discussed the composition of the appointing panel and were satisfied with the suggestion that the Principal should not be a member of the panel, but should feed into the process through other routes.

**Resolved:** to endorse the proposed process to the Court for approval.

6. **STATEMENT ON DIVERSITY ON THE UNIVERSITY COURT**

The Director of Policy, Governance & Legal Affairs introduced a paper outlining a proposed Statement on Diversity on the University Court. The Committee noted that the statement had been developed in line with discussions at the meeting of Court on 27 October 2014 and the principles of the Scottish Code of Good HE Governance. The Committee noted the statement set out the principles of the Court in respect to diversity, however members also highlighted the challenges of achieving balance in the membership of Court given the number of elected positions.

**Resolved:** to endorse the proposed statement to the Court for approval (annex b).
7. FINANCIAL STATEMENTS: CORPORATE GOVERNANCE STATEMENT

The Committee reviewed the draft corporate governance statement as provided to the external auditors for inclusion within the Financial Statements. Members noted the inclusion of senior management salary bands within the statement and references to changes made to ensure alignment to the Scottish Code of Good HE Governance.

Resolved: to approve the draft corporate governance statement.

8. COURT ARRANGEMENTS

The Committee considered a paper outlining changes proposed to the publication schedule of Court papers and minutes to bring the current practice in line with Principal 14 of the Scottish Code of Good HE Governance. Following discussion members proposed that officers be asked to develop a publishing schedule which allowed Court papers be made available at the same time as draft minutes from the meetings of Court, following their approval by the Chair of Court. Members highlighted the need for the publishing schedule to include clear guidelines for the use of reserved business items where necessary and appropriate in relation to sensitive items.

The Committee also discussed the use of electronic methods for the distribution of papers for the Court and its Committees and suggested that it would be useful for officers to further explore options with Court members through a survey of views and potentially piloting an approach.

The Committee also noted that, in line with the recommendations of the review of the effectiveness of the Court, officers planned to survey members of Court with regard to the timing of meetings and that options would be presented to a future meeting taking into account the responses from the proposed survey and an analysis of sector-wide practice.

Resolved: (i) to endorse to the Court changes to the publication schedule for Court papers subject to refinement of the publication schedule; and 

(ii) to note the discussions regarding the use of electronic means to distribute papers and the timing of meetings, and ask officers to further explore options.

9. REMUNERATION COMMITTEE

The Secretary reminded the Committee of arrangements for the production of an annual report to Court on senior officers’ remuneration. The Committee reviewed the template provided and noted that senior officer’s salaries would also be published by band in the corporate governance statement of the annual Financial Statements.

Resolved: to approve the template subject to it being considered by the Remuneration Committee.

10. REGISTER OF MEMBERS’ INTERESTS

The Committee received a paper containing a summary of the most recent annual disclosures by members of Court.

Resolved: to note the content and endorse its publication on the University’s webpages subject to minor amendment.

11. GOVERNANCE CONSIDERATIONS- TESCO

The Committee noted the Leadership Foundation for Higher Education (LFHE) publication which considered lessons to be learned by the Higher Education sector from the recent governance issues at Tesco. Through discussion members highlighted the value to the Court of having lay (as well as staff) members with experience of Higher Education and that while this was reflected in the recently-approved skills matrix it was important that it be taken into account in succession planning and thus decisions on the future recruitment of lay members.

Resolved: to note the report.
12. REPORT OF THE REVIEW OF THE EFFECTIVENESS OF THE COURT

Members received the finalised text of the report from the Review of the Effectiveness of the Court which incorporated the outcomes of discussions at the meeting of the Court on 27 October 2014. Members endorsed the publication of the report on the University Court webpages.

Resolved: to endorse to the Court the publication of the report provided on the University Court webpages.

13. GRADUATES' COUNCIL ASSESSOR ON COURT

The Director of Policy, Governance & Legal Affairs provided the Committee with an update on the approval by the Privy Council of changes proposed to the Charter and Statutes of the University in relation to the selection of Graduates' Council Assessors on Court. Members noted that positive feedback had been received in relation to the submission and that it was hoped that the matter would be concluded within the calendar year. The Director confirmed that graduates had been informed by email of the circumstances relating to the vacancy arising on the Court in August 2015, and that at the time of the meeting five complete applications and two notes of interest had been received. Members noted that the closing deadline for applications was 30 November 2014.

[Note: A final text has now been agreed with the Privy Council and was submitted for formal approval on 25 November 2014.]

Resolved: to note the update.

14. DUNDEE STUDENT VILLAGES

The University Secretary highlighted the proposal that the Director of Finance step down from membership of the Dundee Student Villages (DSV) Board to enable him to advise the Finance & Policy Committee and Court on matters relating to DSV. Members noted that it was proposed that the University Secretary remain a member of the Board, and that the Director of Policy, Governance & Legal Affairs be nominated as a replacement for the Director of Finance.

Resolved: to note the update.
1. At its meeting on 12 May 2014, the Committee considered a draft revision to the University Court’s standing orders setting out how Court, and its members, could access professional advice in carrying out its duties.

2. In discussion, members made suggestions relating to other kinds of scenario affecting Court members, in which professional advice might need to be sought, and requested that the draft standing order be revised to reflect this.

3. The revised standing order is proposed as follows:

   From time to time, Court, either for itself or as a result of concerns raised by individual members, may wish to seek professional external advice to assist it in carrying out its primary responsibilities. When this happens, a request should be made to the Secretary, and the Secretary will channel such requests appropriately to obtain the relevant advice on behalf of the Court. This is also the procedure if, having obtained advice, additional advice from a second source is felt desirable or useful.

   Very rarely, individual Court members may feel conflicted or constrained in being able to carry out fully their duties on Court and may, as a result, feel they need to seek personal professional advice relating to the circumstances of their membership and their abilities to fulfil the role. A Court member finding themselves in such a situation should, in the first instance, discuss their concerns with one of the Chairperson of Court, the Senior Independent Member (SIM) of Court or the University Secretary. Court members in this situation who, following such a discussion, still feel that professional advice is personally required, may seek advice, and the University agrees to meet the cost of that advice up to a limit of £1000. This limit may subsequently be extended if deemed appropriate by the Court.

4. The Governance & Nominations Committee is invited to recommend to Court the adoption of the above paragraphs as part of the standing orders for Court.

Dr NJ Laker
Director of Policy, Governance & Legal Affairs
6 November 2014
PRINCIPLES FOR THE APPOINTMENT OF A CHAIRPERSON OF COURT

1. In a year in which an appointment to the Chair falls vacant, a process for selection shall begin at the latest by the preceding October meeting of Court.

2. All meetings of the Court or the Governance & Nominations Committee at which the appointment of the Chairperson is discussed shall be chaired by the Deputy Chair of Court/Senior Independent Member. Should the Deputy Chair wish to be considered for the role of Chairperson, the Court shall decide who, from among the lay membership and from those who do not wish to be considered for the role, should chair such discussions.

3. The sitting Chairperson of Court may take no part in the selection process for the new Chairperson and must absent him or herself from any discussion.

4. The October meeting of Court shall consider and approve the job description and person specification for the role of Chairperson of Court, which will have been drafted in advance by the Governance & Nominations Committee.

5. Once approved, an advert shall be prepared for publication giving notification of the vacancy, and the Governance & Nominations Committee shall determine the most appropriate means of advertisement in order to ensure as wide a range of applicants are encouraged, particularly those from underrepresented groups. Existing lay members of Court shall be eligible to apply to be appointed as Chairperson.

6. A timeline for appointment shall be prepared by the Governance & Nominations Committee which will seek to ensure that an appointment can be confirmed at the April meeting of Court, so that the successful candidate can attend the June meeting as an observer.

7. The shortlisting of candidates shall be carried out by the Governance & Nominations Committee. In delegating this task to the Governance & Nominations Committee, the Court shall separately establish rules for the composition of the Governance & Nominations Committee, such that there is always representation from: lay members, staff members, graduate members and student members of Court; and such that there is an appropriate balance of membership in terms of accepted equality and diversity principles.

8. Having made its decision regarding the shortlisting of candidates, the Governance & Nominations Committee shall make arrangements to interview the candidates.

9. In determining the composition of the appointing panel, the Court shall ensure it has a balanced membership in terms of accepted principles of equality and diversity. The appointing panel, which shall have a lay majority, shall comprise the following roles:

   - The Deputy Chairperson of Court (Senior Independent Member), who shall be the chair of the panel, provided that the Court shall appoint another lay member to act in this capacity should the Deputy Chairperson be a candidate;
   - The President of the Students’ Association;
   - Two other lay members of Court, one of whom must be a committee convener;
   - A Graduates’ Association Member of Court;
   - Two staff members of Court selected from those elected by the Senate, Academic Council and the non-academic staff;
   - The University Secretary shall assist the panel.

10. Separately, each candidate shall meet with the Principal, who shall provide comments on each of the candidates to the panel.

11. On conclusion of the interview process, and having received comments from the Principal, the Appointing Panel shall make a recommendation to Court for appointment, which Court shall consider at its meeting in April.
STATEMENT ON DIVERSITY ON THE UNIVERSITY COURT

As the Governing Body of the University of Dundee, the Court is publicly committed to ensuring that established principles of good practice in equality and diversity pervade all activities in which the University is engaged. The Court recognises that a diverse staff and student community underpins the very nature of academic endeavour whose foundation is the dialogue and interplay between differing opinions from different backgrounds and standpoints. The success of the University rests on fostering such diversity.

The Court recognises that it must espouse these same principles of good practice in respect of its own membership and that it should be subject to the same scrutiny in respect of equality and diversity as the rest of the University community. The Court is particularly concerned to address the issue of gender imbalance in its own membership, as well as in the membership of its own committees and those across the institution. In respect of its own membership it has declared a commitment to achieving a 40% minimum representation of either gender among its lay appointments as vacancies become available over the medium to longer term. In support of this, the Court has affirmed its commitment to the use of advertising in a way which reaches out to as diverse a range of candidates as possible, and this may include the use of external search agencies. The Court will also promote greater diversity from those groups who elect members to serve on the Court.

The Court, through its Governance & Nominations Committee, has established a robust process for appointing new lay members to the Court, which it believes to be transparent, fair and objective. To support this process the Court will ensure that appointment panels for new Court members, and for senior appointments within the University, do themselves demonstrate principles of good practice in equality and diversity. Moreover, in all future lay appointments Court will make use of an evaluation of the range of skills along with equality and diversity information of current Court members to be able to promote inclusivity and equality in terms of all nine protected characteristics (gender, race, religion, sexual orientation, age, pregnancy & maternity, transgender status, disability, marriage & civil partnership) in the selection process.
APPENDIX 6
DUNDEE UNIVERSITY STUDENTS' ASSOCIATION CONSTITUTION
(Minute 28)

1. NAME AND FORM

1.1 The name of the Association shall be “Dundee University Students’ Association” (“the Association”). The Association is the students’ association of the University of Dundee (“the University”).

1.2 The Association shall:-
   1.2.1 Be an unincorporated association of members who are, in the main, students of the University;
   1.2.2 Entrust the management, administration and development of the Association to a Board of Trustees;
   1.2.3 Establish a Council of the Students’ Association which shall be a democratic body to set the policy of the Association in conjunction with the Board of Trustees;
   1.2.4 Be a non-profit making organisation with any financial surpluses being re-invested in the Association; and
   1.2.5 Adhere to the requirements of the Education Act 1994 (as amended).

1.3 This document, together with proper and valid amendments, shall be known as the Constitution.

1.4 There shall be Bye Laws to the Constitution which will set out further provisions on certain matters.

2. OBJECTS AND PURPOSES

2.1 The Association exists to promote and represent the interests of the student body at the University. The Association aims to provide the highest level of social, recreational, advice and support services to all members irrespective of age, gender, background or beliefs. The Association aims to assist its members to enhance their experiences of being a university student and assist in gaining the highest possible quality of education by providing opportunities to volunteer and make valuable use of their free time to help benefit themselves and others. The Association’s recreational facilities are designed to offer its members a wide variety of facilities in which to relax and socialise. As a student-led organisation the Association aims to respond to the needs of its membership promptly and effectively and to openly welcome and encourage their contribution to the workings of the Association.

2.2 The Association’s objects and purposes are to:-
   2.2.1 Advance the arts, culture, education, science, heritage and sport by providing amenities and supporting activities for the members;
   2.2.2 Prevent and relieve poverty and advance health by providing advice and welfare services for members and potential members and;
   2.2.3 Promote and advance citizenship amongst the membership through democratic structures for student representation within the Association, the University, associated organisations and in society in general.

2.3 The following are important to the fulfilment of the objects and purposes set out in clause 2.2:
   2.3.1 Representing and promoting the general interests of students of the University;
   2.3.2 Representing students in their needs and aspirations;
   2.3.3 Supporting students throughout their university life and relieving hardship, poverty or difficulties connected with university life;
   2.3.4 Advising, informing and listening to students;
   2.3.5 Promoting participation in the work and activities of the Association;
   2.3.6 Providing social, welfare and recreational facilities and services; and
   2.3.7 Supporting student development, sports, societies and other co-curricular activities.

2.4 In fulfilling its objects and purposes as set out in clause 2.2, the Association aims to provide:
   2.4.1 Social facilities to enhance the academic experience and to be the focus of the academic community;
   2.4.2 Leisure activities (including competitive and non-competitive sport) religious and political activities, to enable students and staff to mix outwith the academic environment;
2.4.3 Support for students facing difficulties, whether in academic or personal matters, and to look after students' welfare and relieve hardship or poverty;

2.4.4 Representation of students within the structures of the University, to ensure the future of course development through active participation by students; and

2.4.5 Opportunities for students to gain experience in the running of the Association, by participating in its democratic structures and by working for the Association.

3. **POWERS**

In pursuance of the objects and purposes set out in clause 2 (but not otherwise), the Association shall have the following powers (in addition to such powers as they may have at common law or under statute):

3.1 To provide charitable assistance and encouragement to enhance in as many aspects as possible the overall student, university and learning experience;

3.2 To purchase, take on lease, hire, or otherwise acquire, any property (whether heritable or moveable) or rights which are suitable and necessary for the Association’s activities;

3.3 To improve, manage, develop, or otherwise deal with, all or any part of the property (whether heritable or moveable) and rights of the Association;

3.4 To sell, let, hire out, license, or otherwise dispose of, all or any part of the property (whether heritable or moveable) and rights of the Association;

3.5 To borrow money, and to give security in support of any such borrowings by the Association;

3.6 To employ such staff as are considered appropriate for the proper conduct of the Association’s activities, and to make reasonable provision for the payment of pension and/or other benefits for members of staff, ex-members of staff and their dependants;

3.7 To engage such consultants and advisers as are considered appropriate from time to time;

3.8 To effect insurance of all kinds (including without prejudice to the foregoing generality Employers’ Liability Insurance, Public Liability Insurance and Trustees’ Liability Insurance);

3.9 To invest any funds which are not immediately required for the Association’s activities in such investments as may be considered appropriate (and to dispose of, and vary, such investments);

3.10 To advance money on loan with or without security and upon such terms as the Trustees shall think fit;

3.11 To liaise with other voluntary sector bodies, local authorities, United Kingdom or Scottish government departments and agencies, and other bodies, all with a view to furthering the Association’s objects;

3.12 To apply for and hold all necessary permissions, licences and authorities which are necessary or desirable for or in connection with the carrying out of the Association’s activities;

3.13 To establish and/or support any other charitable body, and to make donations for any charitable purpose falling within the Association’s objects;

3.14 To incorporate wholly owned subsidiary companies to carry on any trade;

3.15 To provide and operate restaurant, catering, canteen, refreshment and bar facilities and to hold any licences, permissions or authorities necessary for these purposes;

3.16 To take such steps as may be deemed appropriate for the purpose of raising funds for the Association’s activities;

3.17 To undertake and organise schemes for the raising of money, other financial support and assistance in kind, appeals both public and private, and the selling of goods and other products produced in connection with or ancillary to the objects of the Association or any of them;

3.18 To accept grants, donations and legacies of all kinds (and to accept any reasonable conditions attaching to them);

3.19 To draw, make, accept, endorse, discount, execute and issue cheques, promissory notes’ bills of exchange, warrants and other negotiable or transferable instruments;

3.20 To print, publish, buy and sell any periodicals, books, magazines or leaflets and other publications relating to or for the purposes of the Association;

3.21 To promote, subscribe to and assist (whether by the making or granting of gifts, donations, covenants, grants or otherwise) associations, institutions, organisations, companies, societies, clubs, local and public bodies and authorities and other bodies and funds having for their object or which may be expected to result in the advancement, protection, or benefit of the objects of the Association or any of them;

3.22 To enter into any arrangements with any government or authority, supreme, municipal, local or otherwise and to obtain from any such government or authority any rights, concessions, privileges that may seem to further any or all of the Association’s objects or any of them;

3.23 To enter into partnership or into any arrangement for joint, shared or mutual promotion, investment or development, union of interests, reciprocal concessions or co-operation with any person, partnership, association or company carrying on, engaged in or about to carry on or engage in any business or transaction which the Association is authorised to carry on or engage in or any business activity capable of being conducted so as to directly or indirectly further the objects of the Association.
and to take or otherwise acquire and hold shares or stock in ore securities of, and to make grants to or otherwise assist any person, partnership or company and to sell, hold, re-issue with or without guarantee or otherwise deal with such shares, stock or securities;

3.24 To make such reasonable and not unduly restrictive charge for any of its services as the Association thinks fit including without prejudice to the foregoing generality interest charges on loans made by the Association;

3.25 To do anything which may be incidental or conducive to the furtherance of any of the Association’s objects.

4. **MEMBERSHIP**

There shall be the following classes of members of the Association:-

4.1 **Ordinary Members**

All matriculated students of the University shall be Ordinary Members, unless such a student exercises his or her right not to be a member of the Association.

4.2 **Life Members**

Life Members of the Association as at 1969, persons who have studied for at least two years in the University and graduates of any institution with which the Association has a reciprocal agreement shall be eligible to become Life Members of the Association.

4.3 **Associate Members**

The Association shall be entitled to grant Associate Membership in its sole discretion and for the time being in terms of any publication setting out Associate Membership.

4.4 **Honorary Members**

4.4.1 The Association shall be entitled to grant Honorary Membership.

4.4.2 The following shall be Honorary Members:-

(a) The Chancellors, Rectors and Principals of the University.

(b) The President of the Association, the Rector’s Assessor of the University and the Students’ Assessor on the Senatus Academicus of the University.

(c) Former Sabbatical Trustees of the Association.

(d) Former non-Sabbatical Trustees of the Association and other members of the public deemed by Council to have made an extraordinary contribution to the Association.

4.5 **Voting Rights**

Only Ordinary Members of the Association will be entitled to vote at General Meetings of the Association or otherwise in relation to the business of the Association. Life Members, Associate Members, Honorary Members shall have no voting rights.

5. **BOARD OF TRUSTEES**

5.1 **Composition**

The management administration and development of the Association shall be entrusted to a Board of Trustees.

5.1.1 The Board of Trustees shall consist of thirteen (13) members (“the Trustees”) who shall be following:-

(1) The President of the Association (“the President”);  
(2) The Deputy President of the Association (“the Deputy President”);  
(3) Vice President of Communications & Campaigns or such other name as may be applied;  
(4) Vice President of Student Activities or such other name as may be applied;  
(5) Vice President of Representation or such other name as may be applied;  
(6) Vice President of Engagement or such other name as may be applied;  
(7) Vice President of Student Welfare or such other name as may be applied; and  
(8) Six (6) additional Trustees (“the Additional Trustees”) at least three of whom shall not be members of the University.
5.2 **Elections**

The Trustees shall be elected/ co-opted in accordance with procedures set out in the Bye Laws.

5.3 **Sabbatical Trustees**

5.3.1 The Association with the agreement of the University shall be entitled to designate some Trustees as “Sabbatical Trustees”. Such positions shall comprise less than half of the Board of Trustees and shall be remunerated and subject to a service agreement as stipulated in the Bye Laws. Any such remuneration shall be fair and reasonable and made in the best interests of the Association.

5.3.2 The Trustees named in clauses 5.1 (1) to (5) shall be designated as Sabbatical Trustees.

5.3.3 The Trustees named in clauses 5.1 (1) to (7) shall be known as the Executive and shall form the Executive Committee as set out in the Bye Laws.

5.4 **Powers, Duties and Responsibilities**

The powers, duties and responsibilities of the Trustee shall be set out in the Bye Laws.

5.5 **Delegation to committees**

The Board of Trustees may delegate any of their powers to any committee consisting of such persons as the Trustees may determine.

5.6 **Meetings**

The Board of Trustees shall hold and regulate the conduct of meetings in accordance with the provisions as set out in the Bye Laws.

5.7 **Termination of/ removal from office**

A Trustee’s tenure as a Trustee may be terminated in accordance with the Bye Laws by termination or removal.

5.8 **Conflict of Interest**

5.8.1 A Trustee must act in good faith and with the care and diligence that it is reasonable to expect of a person who is managing the affairs of another person in fulfilling the purposes of the Association.

5.8.2 No Trustee shall have a personal interest in the sale of goods or services of the Association or in any profits arising there from; and

5.8.3 No Trustee shall participate in a decision where there may be a conflict of interest and Trustees shall always place the interests of the Association before other personal interests (whether financial or not).

6. **STUDENTS’ REPRESENTATIVE COUNCIL**

There shall be a Council of the Students’ Association which shall be known as the Students’ Representative Council of the Association (“Council”). Council shall have the power to recommend policy for the Board of Trustees’ consideration. The composition, powers, form of elections and appointments and conduct of meetings shall be set out in Bye Laws.

7. **GENERAL MEETINGS**

There shall be an Annual General Meeting of the Association and General Meetings can be called on the request of a stated number of Ordinary Members. The procedure for calling and the conduct of the Annual General Meeting and General Meetings shall be set out in Bye Laws.

8. **OPERATION OF ACCOUNTS AND HOLDING OF PROPERTY**

8.1 The signatures of two of the Trustees shall be required in relation to all operations (other than lodgement of funds) on the bank, building society accounts and other holdings held by the Association; and
8.2 The title to all property including any land or buildings, the tenant’s interest under any lease and (so far as appropriate) any investments shall be held either in the names of the President and Deputy President (and their successors in office) or in the name of a nominee company holding such property in trust for the Association; any person or body in whose name the Association’s property is held shall act in accordance with the directions issued from time to time by the Trustees.

9. ACCOUNTING RECORDS, ANNUAL ACCOUNTS AND AUDITORS

9.1 The Board of Trustees shall ensure that proper accounting records are maintained in accordance with all applicable statutory requirements;
9.2 The Board of Trustees shall ensure the preparation of annual accounts complying with the Charities Accounts (Scotland) Regulations 1992 (as amended or re-enacted), such accounts to be prepared to the Thirty-first day of July in each year;
9.3 The Association shall appoint an auditor or auditors on such terms and remuneration as may be determined and agreed.

10. AMENDMENTS TO THE CONSTITUTION

10.1 A proposed amendment to the Constitution must have been passed by the Board of Trustees and Council prior to commencement of the procedures in clauses 10.2-10.4.
10.2 Any proposed amendment to the Constitution should be intimated in writing to the Honorary Secretary not less than 21 days in advance of the General Meetings at which it is to be considered;
10.3 The terms of any proposed amendment shall be made available to Ordinary Members and posted in the Association buildings and such other places as may be specified in the Bye Laws not less than 14 days prior to the General Meeting;
10.4 Any amendment to the Constitution altering the powers of the General Meeting over the Trustees shall be subject to Referendum (as defined and set out in the Bye laws). A simple majority of those present and entitled to vote shall suffice to pass the proposed amendment subject to the requirement that at least one quarter of the Ordinary Members will require to participate in the voting. The amendment to the Constitution proposed will require to be ratified by the University Court of the University; and
10.5 No amendment to the Constitution may be made if the effect would be that the Association would cease to be a charity;
10.6 Amendments to the Bye Laws are effected by a duly passed decision of both the Board of Trustees and Council;
10.7 Nothing in this clause shall be interpreted to preclude the use of online or other means of voting and “present” where it appears in clause 10.4 shall be interpreted accordingly.

11. SOCIETIES AND GROUPS

The Association may recognise clubs and societies which do not have purposes, objects and aims in conflict with those of the Association. Such societies and groups shall adopt a constitution in accordance with that set out in Bye Laws.

12. STANDING ORDERS

The Association may issue Standing Orders regulating the conduct of meetings.

13. DISSOLUTION, AMALGAMATION AND MERGER

13.1 If the Board of Trustees determines that it is necessary or appropriate that the Association dissolve, amalgamate or merge it shall convene a General Meeting (as defined and set out in the Bye Laws) with not less than 21 days’ notice of the meeting (stating the terms of the proposed resolution) being given;
13.2 If a proposal by the Board of Trustees to dissolve, amalgamate or merge the Association is confirmed by a two-thirds majority of those present and voting at the General Meeting, the Board of Trustees shall have power to dispose of any assets held by or on behalf of the Association. Any assets remaining after satisfaction of the debts and liabilities of the Association shall be transferred to some other charitable body or bodies having objects similar to those of the Association; the identity of the body or bodies to which such assets are transferred shall be determined by the members of the Association at, or prior to, the time of dissolution, amalgamation or merger by way of a decision taken at an Annual General Meeting or General Meeting;
13.3 For the avoidance of doubt, no part of the income or property of the Association shall (otherwise than in pursuance of the Association’s charitable objects) be paid or transferred (directly or indirectly) to the members, either in the course of the Association's existence or on dissolution.

14. INTERPRETATION

For the purposes of this Constitution, “charitable” shall be interpreted as charitable within the meaning of section 505 of the Income and Corporation Taxes Act 1988 (including any statutory modification or re-enactment thereof) and the Charities and Trustee Investment (Scotland) Act 2005 (including any statutory modification or re-enactment thereof) (“the 2005 Act”). The Association and the Trustees shall not act in any manner which is inconsistent with the terms of the 2005 Act and any act which is inconsistent with the 2005 Act shall be deemed to be null and void.

Passed by General Meeting, SRC, DUSA Board and University Court on 15/12/2014
APPENDIX 7

COMMUNICATIONS FROM THE SENATUS ACADEMICUS
(Meeting of 3 December 2014)
(Minute 29)

1. **PRINCIPAL’S REPORT**

The Senatus received a report from the Principal on issues arising from the most recent meetings of the Senior Management Team, the One-Dundee Board (formerly the Senior Staff Workshop) and the University Court.

**Scottish Government Consultation**

The Principal explained the context of the proposals contained in the recently launched Scottish Government consultation on Higher Education Governance. The Principal outlined the proposal to create a Scottish based Committee to approve changes to the governance instruments of Scottish universities to replace the role of the Privy Council which had been perceived as a cause of delays.

The Principal also highlighted the proposed regulation of appointments to governing bodies including the election of Chairs of Court and the definition of quotas to deliver representative membership and gender balance. The Principal encouraged members of Senate to participate in the consultation exercise noting that the official University response was likely to be expressed through Universities Scotland in the usual way and would highlight broad agreement with certain objectives of the reforms, especially with the need for a diverse membership of governing bodies, but would argue for an evidence-based approach and against the need for legislation given that the new Code of Good Governance had only been in operation for a relatively short period.

Senate noted that the Students’ Association and the University and College Union (UCU) would be making their own responses to the consultation.

**Suspension of Industrial Action**

The Principal informed Senate of the ongoing negotiations on reforms to the Universities Superannuation Scheme. The Principal commended the pragmatic approach taken by staff at the University that had avoided any disruption to students and expressed a hope that the negotiations would produce an agreement.

**People and Prizes**

The Principal highlighted the achievement of the iGEM team in the world finals and asked Senate to join him in sending congratulations to all involved.

Senate was also asked to note the winner of “The Scholarship” a radio competition held in Ghana and to look forward to welcoming Mr Joseph Ashong to the University to take up his scholarship in Energy Studies in the Centre for Energy, Petroleum and Mineral Law & Policy (CEPMLP).

**Structures Review**

Senate heard a presentation from the Principal that outlined the findings of the Structures Review and the decisions on the proposed way forward taken by him, the Senior Management Team and the One Dundee Board in response to these findings.

The Principal began his presentation by thanking the Vice Principal (Learning & Teaching) and the members of the Review Group for the work undertaken and for the exceptionally lucid final report produced. The Principal noted the Hermes email messages sent to Staff on the publication of the Report and on the initial set of decisions taken by him and the Senior Management Team: an academic school based structure with fewer but larger schools; executive Deans with clear responsibilities and accountable to the Senior Management Team; Dissolution of Colleges; single team delivery of professional services using a hub and spoke model; changes to the role of Vice-Principal to allow for a more corporate focus and significant improvements in organisational communication and culture.

Senate was asked to note that the next steps as agreed by the One Dundee Board would be to establish a Task Force to bring forward formal proposals to Senate and Court consisting of a Steering Group led by the Principal and four Work Streams: Academic Schools led by Professor Nic Beech; Professional Services
led by Dr Jim McGeorge; Culture & Communication led by Professor Karl Leydecker and Governance & Management led by Dr Neale Laker.

The Principal emphasised the need for the structural changes to fully align with the Transformation Agenda especially in the need for greater interdisciplinary activity in response to the key global challenges. The Principal also highlighted the need to continue ‘business as usual’ during the period of restructuring and to continue to make progress against the financial challenges faced by the University. The Principal noted that in the period leading up to any changes the authority inherent in the current structures must continue to be respected.

A member noted the operation of an internal economy within the University that had encouraged competition rather than co-operation and expressed a hope that the new structure and associated arrangements for planning and budgeting would end this practice.

On the question of timing the Principal noted the suggestion made by members of Senate that the least disruptive option would be to time the reorganisation to coincide with the start of an academic year. The Principal was also asked by members to carefully consider the role of students, gender balance and diversity issues in the planned membership of the various Work Streams. Members also noted that open communication with staff and students was vital to the success of the reorganisation and welcomed the inclusive approach taken so far and the invitation from the Vice-Principal (Learning & Teaching) to assist with answering any questions from staff and students on the Structures Review Report.

The Principal concluded his presentation by noting that the main responsibility of Senate would be to ensure the academic coherence of the new structures and make recommendations to Court accordingly. The Principal explained that many members of Senate would play an important part in developing the proposals as part of the Work Streams, that the project would progress within a broad consensus and that the views of Senate and Court could be reasonably expected to converge in the context of this broad consensus.

Senate was asked to support the general approach taken in response to the structures review and endorse the direction of travel for the University towards a structure based on academic schools.

**The Senatus decided:**

(i) for its part, to endorse the decision to pursue a structure based on academic schools;

(ii) to endorse the general approach taken in response to the Structures Review and

(iii) to otherwise note the Principal’s Report.

2. UNIVERSITY COURT

The Senatus received a communication from the Meeting of 27 October 2014.

**The Senatus decided:**

to note the report.

3. FINANCIAL REPORT

The Senate received a presentation from the Director of Finance on the University’s current financial position in the context of both benchmark and historical performance, an analysis of the strengths and weaknesses of the University’s core business in financial terms and an indication of the significant challenges to be overcome to return the institution to financial health.

The Senate was asked to note that the forecast for the current year indicated a deficit position amounting to £2.7 million. The Director explained that this was in sharp contrast to the £5 million surplus recorded in 2010 and a consequence of sector-wide increases in costs and decreases in income. It was noted that although this downward trend would be reversed Dundee’s historical performance in delivering relatively low surpluses meant that it was one of the first institutions to go into deficit and cyclical recovery alone would not guarantee financial health in future years.

The Director explained that the current deficit position was a consequence of a number of inter-related factors including flat SFC income during recession, decreases in TPG tuition fee income, a relative lack of productivity against sector benchmarks, high levels of research activity/funding that did not contribute to overhead costs, the mix of disciplines and activities that might limit the ability to cross-
fund, historically low levels of surplus that meant very low reserves and increased exposure to the liabilities of a deficit in the University pension scheme.

Senate discussed the need to increase overseas student numbers and noted that engagement with private providers over foundation programme intake might be one reason why some institutions appeared able to sustain very high numbers of overseas undergraduates.

Members also discussed the rationale behind the 6% surplus target for the University. The Director noted that the target had originally been set to ensure the necessary cover for pension liabilities alongside the need for sustainable surpluses to fund investment in the Transformation Agenda. However, this needed to be reviewed in the context of the current position.

The Principal noted that some of the reasons behind the current deficit were sector wide, research funding that did not cover full economic costs, for example, and that the University's strategy needed to focus on the balance between teaching and research activities and the range and scope of activities that could be supported on a sustainable basis.

On the question of effective action to tackle the current deficit the Principal reiterated the need to reduce costs and the ability of Voluntary Severance Schemes to deliver savings within the necessary timeframe in line with the existing plan to shed 80-120 academic posts, half of which had been achieved to date. Senate also noted the need to continue efforts to deliver effective and efficient research-led teaching, to pursue increases in RUK and overseas undergraduate and postgraduate student numbers and to refocus efforts towards sustainable activity in both teaching and research.

Members welcomed the open presentation of financial information to Senate and asked that the analysis be shared more widely to enable all parts of the University to understand the current position and to properly plan and evaluate business development activities in a wider financial context.

The Principal concluded the discussions by emphasising the need for co-ordinated action across the University to drive down costs and increase unregulated income. Members of Senate were encouraged to share the information contained in the Financial Review in appropriate School and College discussions.

The Senatus decided: to thank the Director of Finance for his presentation.

4. PROFESSORES EMERITI

The Senatus decided: subject to the concurrence of Court, to confer the title of Professor Emeritus upon the following:

Professor Eric Abel
Professor Gareth Fisher
Professor Fiona Raitt

5. STUDENTS’ ASSESSOR ON SENATE

The Principal asked Senate to approve the appointment of Mrs J Paul, Duncan of Jordanstone College of Art & Design, as Students’ Assessor on the Senatus from 1 December 2014 for a period of three years under Ordinance 64.

The Principal thanked Mr Stuart Cross, School of Law, who had acted with distinction as Students’ Assessor for nine years and Senate demonstrated its appreciation in the traditional manner.

The Senatus decided: to endorse to Court the appointment of Mrs J Paul as Students’ Assessor on Senate from 1 December 2014 for a period of three years.

6. SENATE EFFECTIVENESS REVIEW

The Principal asked for members to come forward to assist in the Senate Effectiveness Review that would begin work early in 2015.
A meeting of the Welfare and Ethical Use of Animals Committee was held on 22 October 2014.

1. **POWER FAILURES AND OTHER RISKS**

   An updated version of the risk register and associated disaster recovery plan for Biological Services will be brought to the next meeting.

2. **THE BROWN REPORT**

   The Committee received a further progress report from the Director of Biological Services on the actions that had been approved at its meeting in January 2014. It was agreed that the recommended enhanced oversight of training and competence might require some additional resource; the Director of Biological Services is to bring a proposal to the Committee at its meeting in January 2015.

3. **ANIMALS IN SCIENCE COMMITTEE REPORT AND HOME OFFICE REPORTS ON NON-COMPLIANCE**

   The Committee reviewed these reports, all of which referred to issues that had arisen at other establishments. It noted that Home Office inspections of establishment's systems for ensuring legal compliance might become more onerous in future.

4. **THE BASEL DECLARATION**

   The Committee noted discussed this declaration and agreed to recommend to the Research Governance & Policy Sub-Committee that the University become a signatory.

5. **APPLICATIONS FOR PROJECT LICENCES**

   Two applications for project licences were reviewed at the meeting and both were approved subject to certain amendments being made.

6. **REPORT FROM THE NAMED VETERINARY SURGEON**

   The NVS reported that very small amounts of gaseous anaesthetic agents could be detected in the atmosphere in close proximity to correctly operating anaesthetic equipment. He therefore recommended some steps to be taken to guard against possible risks to human safety. He also reported that some study plans were being found to require amendment before they could be approved, in order to comply with the legal authorities in the relevant Home Office licences.

   The Committee agreed that there should be systems to escalate responses to such errors, so as to reduce the risk of any actual legal non-compliance occurring. Proposals will be brought to the next meeting.

7. **REPORT FROM THE DIRECTOR OF BIOLOGICAL SERVICES**

   The Director of Biological Services reported that, since the last meeting, two applications for project licences to authorise continuing programmes of work had also been approved. Two applications for minor amendments to existing licences had also been approved.

8. **APPROVAL OF DOCUMENTS**

   A revision to University Code of Practice for the Use of Animals in Teaching and Research was approved. Updates to the document describing local best practice were also approved.