

MINUTES



SRUC Board Meeting

Date: 3 September 2019

Place: Lecture Theatre H, King's Buildings

Status: Strictly Private & Confidential

Distribution: SRUC Board
SAC Commercial Board
ELT

Present: Mr S Cumming (Chairman), Ms K Allison, Mrs A Bruton, Miss H Colbert, Mr F Dinning, Ms K Dubarry, Mr J Hume, Mrs M Khnichich, Mr A Marshall, Professor S McDaid, Mrs C Millar, Mrs E Murray, Professor W Powell, Dr K Richards, Mr I Ross, Mr S Thomson, Professor C Williams, and Mr B Wood.

In attendance: Mr H Anderson, Mrs C Bysh, Mr Paul Geoghegan (from Morton Fraser, for item 19.36.02), Mr C MacEwan, Mr G Macgregor, Professor J Newbold, Mr C Peebles, Professor S Skerratt, Mrs D Taylor (Minutes Secretary).

19.30 Apologies and Welcome

Noted that:

- a) No apologies were received and all were in attendance.
- b) Annette Bruton, Hayley Colbert, and Elma Murray were welcomed to their first meetings as Non-executive Directors.

19.31 Annual Accounts

19.31.01 Annual Financial Accounts

The Board received the "Annual Financial Statements" from the Director of Finance (paper 385).

Noted that:

- a) The Director of Finance wished to thank the Head of Finance, the Financial Controller, and the Finance Team for all their work in preparing the annual accounts. He especially wished to thank the Head of Finance who would be leaving SRUC in October.
- b) The Board received the accounts to 31 March 2019 for SRUC, SAC Commercial Ltd, SAC Corporate Trustee, The SAC Foundation, Roland Sutton Trust, Cruickshank Trust, and WJ Thomson Trust.
- c) The Finance & Estates and the Audit & Risk Committees had reviewed the full suite accounts on 12th and 22nd August, respectively. Their recommendations had been incorporated into the final versions being reviewed by the Board.

SRUC

- d) The external auditor's pension adjustments were included in the final version. These unavoidable adjustments do not take away from the underlying positive position which is also reflected in the narrative.
- e) The Chair of the F&E Committee confirmed that the Committee spent time reviewing the figures and the cash position and recognised the underlying profitability as well as the strategic journey. The Committee were content with the accounts.
- f) The Chair of the A&R Committee confirmed that the Committee reviewed the accounts with Ernst & Young present. The Committee recognised that long term sustainability is the focus and that the success of the transformation programme is key.
- g) The Board **approved** the SRUC accounts for signing.

SAC Commercial Ltd

- h) The SAC Commercial Board had reviewed and approved the SAC Commercial accounts at their meeting on 29th August. Their comments had been included in the final version which they recommended to the SRUC Board for approval.
- i) Farms adversely impacted the profitability of SAC Commercial. The operating margin was also lower due to a change in the cost reallocation methodology of staff costs which all sit within SRUC. The new methodology is believed to be more robust in capturing the impact of administrative staff in particular. The auditors have reviewed it and are comfortable with the approach. A note has been added to the SACC accounts to reference the change.
- j) The Board **approved** the SAC Commercial Ltd accounts for signing.

SAC Corporate Trustee Ltd and the SAC Foundation

- k) The above accounts were considered together and both were **approved** by the Board for signing.

The Cruickshank Trust, Roland Sutton Trust, and WJ Thomson Trust

- l) The Trustees of the Three trusts had met and approved their respective accounts prior to the F&E and A&R Committees meeting.
- m) The Board had no further comment on the three Trust accounts.

19.31.02 Letters of Representation

The Board received "Letters of Recommendation" from the Director of Finance (paper 386).

Noted that:

- a) Letters of Representation were received for SRUC, SAC Commercial Ltd, SAC Corporate Trustee and the SAC Foundation. These are standard letters which must be received by the auditors.

- b) The Letters were recommended for approval by the F&E and A&R Committees.

Agreed that:

- a) The Letters of Representation were approved by the Board.

19.31.03 Annual Audit Report

The Board received the “Annual Audit Report” from Ernst & Young (paper 386).

Noted that:

- a) The Director of Finance outlined that the Partner from Ernst & Young had been present at the A&R Committee meeting to discuss the report.
- b) The areas of the audit focus were highlighted as: risk of management override of control, risk of fraud in revenue recognition, financial position/sustainability, property plant and equipment. Pension obligations were also considered.
- c) The External Auditors confirmed that they were comfortable that management are aware of the focus and attention required on financial sustainability.
- d) The Chair of the A&R Committee commented that the year end process and audit had been a fairly smooth process this year compared to previous years and congratulated the Executive Leadership Team and the Finance team.
- e) **(Confidential, closed business)**
- f) The Director of Finance confirmed that the new Finance structure had been discussed with Ernst & Young who confirmed they were comfortable with the way forward.

19.31.04 Going Concern Report

The Board received the “Going Concern Report” from the Director of Finance (paper 388).

Noted that:

- a) The Director of Finance outlined the Going Concern Report, highlighting the role that the Transformation Programme would play in SRUC’s sustainable future.
- b) The Report did not include assumptions of SFC transactional funding.
- c) The Going Concern Report had been considered and supported by the Finance & Estates and Audit & Risk Committees at their meetings on the 12th and 22nd August respectively. The Auditors had also supported the Going Concern Report.
- d) The Board discussed the Capital Expenditure table. The Director of Finance confirmed that all items which are currently known about are included in the table but recognised that work needed to be done to overlay strategic items. While ideally there would be a 10 year operational model for capex, at this stage in SRUC’s strategic development the focus was on developing a 5 year plan.

Agreed that:

- a) The Board approved and accepted the Going Concern Report and thanked the Director of Finance and team for compiling the accounts and thanked the ELT for delivering the current financial position.

19.32 Register of Interests, Conflict of Interest, Hospitality Register

Noted that:

- a) No Conflicts of Interest or items for the Hospitality Register were declared.
- b) Any updates to the Register of Interests should be forwarded to the Assistant Company Secretary.

19.33 Minutes of Previous Meetings

19.33.01 Minutes of Meeting held on 13 June 2019

Noted that:

- a) The minutes of the meeting held on 13th June 2019 were approved as an accurate record of the meeting.

19.34 Matters Arising (*not elsewhere on the agenda*)

19.34.01 REF 2021 Information and Update (minute 19.22, noted d)

The Board received an "REF 2021 Information and Update" paper from the Academic Director (paper 389).

Noted that:

- a) The REF data will be submitted in November 2020 and is composed of three components (60% outputs published by staff, 25% impact/difference to society, and 15% research environment).
- b) In contrast to the previous REF, we are now required to submit all eligible research staff and teaching staff. The identification of eligible staff is outlined in our Codes of Practice, which have been reviewed by the SFC. PhD students are not eligible for the REF.
- c) The Academic Director outlined that SRUC currently estimates that 89 staff (83.4 FTE's) will be returned to REF 2021. This is a significant uplift from the last submission (57 staff) and with potential new appointments could still increase to close to 100 staff.
- d) The new rules outline that at least one paper (no more than 5) must be submitted per eligible staff. Current estimates are that 82% of our eligible staff have at least one paper in the highest two categories.

- e) Impact case studies are an important part of the total REF score and SRUC current estimates for the joint SRUC/UoE submission is out of 12 case studies, 6 will be based on SRUC research, 5 based on joint SRUC/UoE research and 1 based on UoE research.
- f) The output from the Mock REF exercise with UoE should be received within the next 3 months.
- g) The Board requested a similar length REF 2021 update be brought to the December 2019 Board meeting

Action: JN

19.34.02 Marketing and Communications Strategy update (minute 19.08)

The Board received a "Marketing and Communications Strategy" update from the Director of Marketing, Digital and Communications (paper 390).

Noted that:

- a) The Board had received a Marketing and Communications Strategy presentation at their meeting in March 2019 and had requested that a six month update be provided at the September Board meeting.
- b) It was recognised that much progress had been made during the year with the completion of the Market Research Project, video projects and the appointments of agencies to advance website development and digital advertising.
- c) The Communications Team Service Review was almost complete with three previous teams coming together to deliver communications, marketing and events services in a new structure. A Change Communications Officer and a Press Officer had been appointed and the Alumni Relations activities were being refocused.
- d) Digital media engagement levels had greatly improved and the new videos had been well received. The quality and quantity of press coverage has also improved.
- e) Next year will see a focus on brand and profile development, fundraising and development planning, conversion project, progression and streamlining of admissions, launch of new academic portfolio.

Agreed that:

- a) The Board welcomed the report and the significant progress that had been made over the past 6 to 12 months. They requested that the Director of Marketing, Digital and Communications bring another update report to the Board in 6 months time (March 2020 Board meeting).

Action: CB

19.34.03 Disease Surveillance Centre (DSC) Update (confidential, closed business)

19.34.04 Farms Update (confidential, closed business)

19.34.06 Outcomes of Forestry Session (minute 19.18)

Noted that:

- a) The Chair asked for an updated on actions taken since the Forestry Strategy Session at the June Board meeting.
- b) The Director of Commercialisation & Innovation confirmed that he had met with the Director of Policy Engagement and the Head of SAC Consulting to discuss. The Principal and Chief Executive had also met with Ian Ross following his presentation.

Agreed that:

- a) A Forestry paper should come to the December Board meeting.

Action: CM

19.35 Principal & Chief Executive and ELT's update (confidential, closed business)

19.36 Items for approval/discussion

19.36.01 SRUC Funding for SAC Commercial (confidential, closed business)

19.36.02 Draft Articles of Association (confidential, closed business)

19.36.03 Remuneration & Appointments Committee Terms of Reference

The Board received a paper on the "Remuneration and Appointments Committee Terms of Reference" from the Company Secretary (paper 395).

Noted that:

- a) The R&A Committee's ToR have been updated to include the remuneration arrangements for the senior executive team and the reference the HEG(S)A and the Code of Good Governance. The R&A Committee approved the revisions at their meeting on 2nd September.
- b) The ToR changes have required some minor revisions to SRUC's Scheme of Delegation in relation to approval and authorised person for offers of employment/salary and salary/grade progression.

Agreed that:

- a) the Board approved the R&A Committee's revised ToR and the revised Scheme of Delegation.

19.36.04 Student Representative on Academic Board

The Board received a paper on "SRUCSA Representation on SRUC bodies" from the Company Secretary (paper 396).

Noted that:

- a) The Board were provided with a summary of the various SRUC bodies which SRUCSA has representation on. They were also provided with the rules for electing student members to the Academic Board, which have been discussed and approved by the Academic Leadership Team.

- b) The HEG(S) A requires that the governing body approves the election rules for student membership.

Agreed that:

- a) The Board approved the election rules for student membership on the Academic Board.

19.37 Items for Information

19.37.01 Knowledge Partnership and Skills Development Scotland (confidential, closed business)

19.37.02 Financial Update 2019/20 (confidential, closed business)

19.37.03 Public Meeting

The Board received a “Public Engagement” paper from the Change Communications Officer (paper 398).

Noted that:

- a) The Board received a proposal to hold a stakeholder engagement event on the same day as the opening of the new animal care and game keeping facilities at Elmwood.

Agreed that:

- a) The Board approved the suggestion and looked forward to having the date in November confirmed.

Action: CP

19.37.04 Strategic Risk Register (confidential, closed business)

19.37.05 SRUCSA update

The Board received a “SRUCSA update” from the Student President (paper 400).

Noted that:

- a) The induction documents have been updated and circulated to students in preparation for campus inductions and fresher’s fayres.
- b) A number of projects are being developed for the Student Mental Health Agreement. It was noted that there are staff members who are trained mental health first aiders and they are available for students as well.
- c) Speak week was very successful last year and will run again this year. The SRUCSA awards were also well received and will become permanent.
- d) A “Community Fridge” project to reduce food waste and reduce financial problems for students will be introduced, starting at Elmwood. The Board expressed concern over the prospect that there is food poverty amongst SRUC students. The Director

of Policy Enhancement would follow this up in her role as chair of the Equality, Human Rights and Inclusion Committee.

Action: SS

- e) Safe Taxi has been organised in Aberdeen but requires to be rolled out in other locations.

19.38 Board Sub-committee and SAC Commercial Board updates (confidential, closed business)

19.38.01 Finance & Estates Committee

19.38.02 Audit & Risk Committee

19.38.03 Remuneration & Appointments Committee

19.38.04 SAC Commercial Board

19.38.05 Academic Board

19.38.06 Student Liaison Committee

19.38.07 Transformation Steering Group

19.39 Any Other Business

19.39.01 Barony Visit

Noted that:

- a) A tour of the Barony Campus was being organised for 22nd October, 11am-3pm and would be hosted by Nick Sparks, Dean of South and West. Details would follow.

19.39.02 December Board Dinner

Noted that:

- a) the SRUC Board meeting would be held on 10th December and a social dinner would be held on the evening of 9th December at the Bruntsfield Hotel. Details would follow but Board members were asked to put these dates in their diary.

19.39.03 Alistair Marshall – retirement from SRUC Board

Noted that:

- a) On behalf of the whole Board the Chair wished to thank Alistair Marshall for his input and efforts as an SRUC Board member, vice chair, and sub-committee chair. While he would remain on the SAC Commercial Board he would be missed on SRUC.

19.40 Dates of Future Meetings - 2019

- Tuesday 10 December

Noted that:

- a) The 2020 Board and sub-committee meeting schedule had been circulated to the Board and Board members were asked to add the dates to their diaries.

19.41 Private Non-executive Director Session was held

Devon Taylor
Assistant Company Secretary
3 September 2019