

**At Glasgow and within the Board
Room of the Royal Conservatoire
of Scotland on Friday 4 July 2014
at 10.30am**

**Being a meeting of the Board of
Governors**

PRESENT	Sir Sandy Crombie	Dr Gordon McPherson
	Professor Norman Gillies	Mr Donald MacRae
	Mrs Joyce Goodwin	Ms Carol Main
	Mr John Hylands	Mr Gavin Reid
	Dr Steve Inch	Mrs Agnes Robson
	Mr Iain Jennison	Professor Norman Sharp
	Professor Maggie Kinloch	Dr Cindy Sughrue
	Mr Mark Leishman	Professor John Wallace
	Miss Eileen Mackay	

IN ATTENDANCE Mr Ewan Hainey
Mr Hugh Hodgart
Mr Ian McBain
Mrs Jackie Russell
Professor Aaron Shorr
Mr Alan Smith

IN THE CHAIR Lord Vallance of Tummel

The Chairman welcomed Ian McBain, President Elect of the Students' Union, to his first meeting and congratulated him on his election.

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Mr Chinn, Dr Jourdan and Mr Saunders.

2. CONFIRMATION OF MINUTES

The minutes of the meeting of 25 April 2014 and of the extraordinary meeting of 5 June 2014 were approved, subject to the inclusion of Sir Sandy Crombie in the list of those present at the meeting of 25 April 2014.

3. MATTERS ARISING NOT ELSEWHERE ON THE AGENDA FROM THE MINUTE OF THE MEETING OF 25 APRIL 2014 AND/OR THE MINUTE OF THE MEETING OF 5 JUNE 2014

There were no matters arising not elsewhere on the agenda.

4. HONORARY AWARDS

On the recommendation of the Principal, the Board approved the award of Fellowship to a member of staff whose name is recorded in the minute book.

5. AMENDMENTS TO STATUTORY INSTRUMENT

The Secretary reported that the proposed amendments to the Conservatoire's Statutory Instrument were now with the Privy Council, which had indicated that the timescale for its approval process could be anywhere between 3 and 12 months.

6. STRATEGIC PLAN: 2012/15 – PROGRESS REPORT

Governors noted progress towards the achievement of the strategic aims and objectives featuring in the 2012/15 Strategic Plan - a more detailed report on the operational plan would be made to the Board's October meeting.

It was noted that the Conservatoire was active in seeking and promoting a nationally co-ordinated approach to youth provision in the performing arts and was currently engaged in a constructive dialogue with Creative Scotland in that regard.

The Deputy Principal reported that the implementation of the undergraduate curriculum was being closely monitored at the operational level and that an assessment of the strategic impact of the curriculum (including effects on, for example, student recruitment and graduate employability) would be undertaken in due course.

7. SFC OUTCOME AGREEMENT: 2013/14 – PROGRESS REPORT

Governors noted progress towards the achievement of the objectives appearing in the current Outcome Agreement. Governors particularly

noted that the Conservatoire was on track to achieve forecast SIMD 20/40 student numbers.

On a related point, the Principal reported that he was hopeful that current discussions with the SFC in respect of a requested uplift in funded undergraduate numbers for music would conclude positively.

(The respective progress reports for the Strategic Plan and the Outcome Agreement would be checked to ensure consistency in respect of describing the Conservatoire's engagement with the National Youth Arts Strategy.)

8. REVIEW OF THE BOARD'S EFFECTIVENESS

Governors noted progress in addressing the action points arising from the Board's effectiveness review, which took place in January 2014. Those actions numbered 2, 5, 8, 9, 10, 12, 16, 17, 18, 19, 20, and 21 in the circulated paper had all been addressed completely.

Those action points numbered 1, 3, 4, 6, 7, 11, 13, 14, 15, and 22 were all works in progress (1, 11, 13 and 22 would be concluded in the course of today's meeting, assuming various recommendations appearing elsewhere on the agenda were approved). The Secretary would provide a further progress report to the Board's next meeting.

9. SCOTTISH CODE OF GOOD HE GOVERNANCE

Governors received a progress report in respect of the extent of the Conservatoire's compliance with the principles of the Scottish Code of Good HE Governance and, in doing that, the Board reiterated its intention to comply fully with the principles of the Code. In particular, Governors noted that the Conservatoire was currently partially compliant with principles 15, 16 and 18 of the Code and noted steps being taken to achieve full compliance.

Governors also noted the extent to which the Conservatoire followed the Code's supporting guidelines, bearing in mind the 'comply or explain' premise upon which the Code was predicated.

It was agreed that the Secretary would augment the circulated paper by including a 'how' column to indicate the mechanism through which the Conservatoire complied with a particular principle or adopted a supporting guideline. An updated compliance report (taking account of the outcomes of today's meeting) would then be presented to the Audit Committee before being considered by the Board.

10. REPORT FROM HUMAN RESOURCES

The report from the Director of Human Resources was noted. It was agreed that a brief biography for the recently appointed Director of Academic Innovation should be circulated to Governors.

11. REPORT FROM THE PRESIDENT OF THE STUDENTS' UNION

The report from the President of the Students' Union was received. Governors congratulated Mr Jamieson on his achievements over the past year and wished him well in his future career.

12. REPORT FROM THE ACADEMIC BOARD

The report from the meeting of 16 June 2014 was received.

12.1 ELIR Follow-up report

Governors noted the penultimate draft of the Conservatoire's Follow-up Report to the March 2013 ELIR report, which required Board approval prior to its submission to the Quality Assurance Agency for Higher Education (QAA). As final feedback from the QAA on the draft was awaited, it was agreed that the final draft should first be considered for approval by the Chairman and Professor Sharp and thereafter circulated to Governors for final approval.

12.2 BBC Sinfonietta

Governors noted the very positive feedback received from Conservatoire students and BBC staff involved in the Sinfonietta project. It was noted that this project could not have happened without the Conservatoire's strategic partnership with the BBC which, more generally, underscored the value of industry partnerships in respect of the quality of the student experience.

12.3 Draft Partnership Policy

A draft partnership policy was received. Governors noted that the policy was a work in progress, which would be considered for approval by the Academic Board and the Finance and General Purposes Committee prior to it being re-presented to the Board for final approval.

It was agreed that the strategic value of partnerships should be considered at the Board's next strategy away-day.

13. REPORT FROM THE FINANCE AND GENERAL PURPOSES COMMITTEE

Reports from the meetings of 16 May 2014 and 13 June 2014 were received.

Defined Contribution Pension Scheme

A proposal in respect of the introduction of a defined contribution pension scheme was approved. The new scheme was intended as an alternative to the current defined benefits schemes and was aimed at those individuals who chose to opt out of either of those current schemes.

Budget: 2014/15

The proposed budget for 2014/15, which included a contingency of £200k and generated a surplus of £206, was approved.

The Deputy Principal reported that student recruitment for 2014/15 was being closely monitored by the Retention and Recruitment Group and was on schedule to meet targets. There was, however, a particular issue with the BEd Music due, in part, to how the SFC allocated funded numbers to that particular programme. The Conservatoire was currently seeking a solution to that issue through discussion with the SFC.

Financial Forecasts: 2012/13 – 2016/17

Financial forecasts were approved for submission to the SFC.

The Director of Finance and Estates highlighted the implications of the new HE SORP and FRS 102 in the accounting treatment of capital grants and donations, which was of particular relevance to the Conservatoire given the scale of its operation and the level of philanthropic funding which it had enjoyed relative to that scale. In essence, the issue was that, due to the Conservatoire's relatively large proportion of donation-funded assets, the new accounting rules would likely result in the Conservatoire reporting an operating deficit year by year, which represented a technical breach in compliance with the SFC's Financial Memorandum. Beyond that, there were also implications in respect of the provision of information to potential funders and in complying with the US Federal Loans Scheme rules on institutional sustainability.

The Director of Finance and Estates had written to the SFC to register the Conservatoire's concerns about the effect of the new HE SORP. Governors were supportive of that approach and agreed that the Conservatoire should seek to negotiate a solution with the SFC.

It was also agreed that the SFC should be alerted to the need for additional capital funding to support the further development of the Conservatoire's estate and that, looking beyond the presentational issues raised by the adoption of the new HE SORP, consideration should be given to any underlying funding/resource issues which the new HE SORP pointed up.

Financial Regulations

Proposed Financial Regulations were approved.

14. REPORT FROM THE AUDIT COMMITTEE

The report from the meeting of 13 June 2014 was received.

It was noted that business continuity plans would be developed for those aspects of the Conservatoire's activities which were considered to be critical to its operation.

15. REPORT FROM THE HEALTH AND SAFETY COMMITTEE

The report from the meeting of 11 June 2014 was received.

Governors noted the report on noise monitoring across the Conservatoire and health and safety in relation to external tours and performances. The Director of Human Resources would identify work already done by an individual in the School of Music in the area of noise control and the matter would be considered by the School of Music's management group over the summer months.

Governors noted the annual report from the Health and Safety Committee.

It was agreed that both the Health and Safety Committee and the Buildings Committee should consider the causes and effects of the recent fire at the Glasgow School of Art, with a view to learning from the Art School's experience.

16. REPORT FROM THE BUILDINGS COMMITTEE

The report from the meeting of 16 June 2014 was received.

17. REPORT FROM THE REMUNERATION COMMITTEE

Miss Mackay, the Convenor of the Remuneration Committee, reminded Governors that the following two principles from the Scottish Code of Good HE Governance were of direct relevance to the work of the Remuneration Committee:

Main Principle 5

The governing body shall adopt a Statement of Primary Responsibilities which shall include provisions relating to:

Appointing the Head of the Institution (the Principal) as chief executive officer of the Institution and putting in place suitable arrangements for monitoring his/her performance. Both the appointment and the monitoring of performance of the Principal shall include consultation with all members of the governing body.

Main Principle 15

The governing body shall establish a remuneration committee to determine and review the salaries, terms and conditions (and, where appropriate, severance payments) of the Principal and such other members of staff as the governing body deems appropriate. The policies and processes used by the remuneration committee shall be determined by the governing body, and the committee's reports to the governing body shall provide sufficient detail to enable the governing body to satisfy itself that the decisions made have been compliant with its policies.

Miss Mackay reported that the Remuneration Committee had reviewed all of its policies and procedures (including the process for the annual appraisal of the Principal) in the light of those two principles (taking account of associated supporting guidelines) and had agreed to recommend to the Board a number of enhancements to current policies and procedures, which were set out in a circulated paper. On the basis that the proposed enhancements addressed the requirements of the Code, Governors provisionally approved the revised policies and procedures as set out in the circulated paper, subject to the separate approval of the two elected staff Governors (both of whom had submitted apologies for today's meeting).

18. REPORT FROM THE NOMINATIONS COMMITTEE

18.1 Skills Matrix

All Lay Governors had been invited to complete a skills matrix, which would be used by the Nominations Committee to inform the future recruitment of Lay Governors. Collated responses would feature as part of the Nomination Committee's annual report to the Board.

18.2 Equality and Diversity: Recording and Monitoring

On the basis of the Board's decision to invite Governors to provide personal data in terms of the nine 'protected characteristics', the Secretary would devise a process for the collection and storage of that data, which would be considered for approval by the Nominations Committee in the first instance before being considered by the Board for final approval.

The Chairman and 'attendees' left the meeting for items 18.3 and 19. Vice-Chair, Miss Mackay, assumed the chair for Item 18.3 and Mr Hylands, Senior Independent Governor, assumed the chair for Item 19.

18.3 Period of appointment of the Chairman

Miss Mackay reported that Mr Sharkey, Principal Designate, had indicated that he would rather not engage in a search for a new Chairman at a very early stage in his principalship, which he would need to do if Lord Vallance were to demit from office in December 2015, which was his scheduled date of departure. Mr Sharkey had also indicated to Miss Mackay that he had already established a positive and constructive relationship with Lord Vallance and, on that basis, Mr Sharkey believed that that relationship would stand him, and the Conservatoire, in good stead in the very early years of his principalship.

In considering the appropriate length of extension to Lord Vallance's period of appointment, the Nominations Committee noted that the Conservatoire's 2015/16 results would be taken at the Board's October 2016 meeting and at the December 2016 AGM. The Committee noted the importance that the Chairman rightly attached to accounting for his stewardship at the AGM and concluded that, if an extension were to be agreed, it would be appropriate to invite Lord Vallance to continue as Chairman to December 2016.

Miss Mackay reported that the Nominations Committee had been sympathetic to Mr Sharkey's request, but before formulating a recommendation to the Board it had considered that request in the

context of the Scottish Code of Good HE Governance and the Conservatoire's constitutional framework.

The Conservatoire's Statutory Instrument permitted a maximum period of office for any Governor of 12 years. Extending Lord Vallance's appointment to the end of December 2016 would amount to a period of appointment of 10 years and 3 months, well within the 12 year limit. However, the Board itself had agreed that *'the Board would normally appoint Governors for three terms of three years up to a maximum of three terms'*. The Nominations Committee nevertheless believed that, given the exceptional set of circumstances, a period of appointment for the current Chairman which went beyond the 'normal' maximum of nine years would be justified.

The Scottish Code of Good HE Governance contained the following guidance in respect of the period of membership of Governors:

Continuous service beyond three terms of three years, or two terms of four years, is not desirable (although exceptions, such as retention of a particular skill or expertise, may be permitted).

Specifically in relation to the period of office of a Chair, the Code contained the following guidance:

The re-appointment or replacement of the chair of the governing body should be considered carefully and in good time during the term of appointment. There are variations of practice in the length of term for which the chair is normally appointed. However, the re-appointment of a chair beyond two terms of four years or the equivalent, should be regarded as exceptional.

An example of exceptional circumstances which might make it appropriate for a chair to remain beyond the recommended maximum term would be where otherwise the chair and the Principal would both leave office within a 12 month period and continuity in the chair was considered highly desirable by the governing body.

The Nominations Committee recognised that the specific reference to 12 months in the example provided by the Code did not match precisely the proposal to extend Lord Vallance's period of office to December 2016, as his current date of departure of December 2015 meant that there would be 15 months between Mr Sharkey taking up post and the Chairman's departure. Extending the Chairman's period of office to December 2016 would extend that period to 27months.

However, as the passages quoted from the Code were part of the supporting guidance, it would be open to the Board to depart from that guidance if it believed that there was a compelling reason to do so. The Nominations Committee noted that the Code recognised that this freedom to 'comply or explain' may be particularly important for Small

Specialist Institutions such as the Conservatoire. Additionally, the example provided by the Code was simply that – an example which, self-evidently, did not take account of the specific circumstances surrounding this exceptional case (although the Code did implicitly acknowledge that there might be other instances of exceptional circumstances).

Given the reasons noted above, taken together with the unique character and scale of the Conservatoire within the higher education sector, it was agreed that the institutional impact of change at the top would be qualitatively different from what it would be in a larger multi-faculty university; and hence that the need for continuity of leadership at a governance level at the time of a change (and induction) of Principal would be greater, other things being equal.

On the basis of all of the above, the Nominations Committee recommended that:

- Lord Vallance should be offered an extension to his period of office as Chairman to the end of December 2016.
- That the search and recruitment process for a new Chair should commence in June 2015, with advertisements being placed in January 2016 so as to ensure that s/he would be recruited in good time. (Depending on availability, there might be advantage in their joining the Board in the summer of 2016.)

Governors concurred with the Nomination Committee's rationale for extending Lord Vallance's period of office to December 2016 and therefore agreed to support that recommendation. Governors also agreed with the proposed timescale for the search process to find a new Chairman.

19. APPRAISAL OF THE CHAIRMAN'S PERFORMANCE

Mr Hylands, Senior Independent Governor, assumed the Chair for this item. In the context of the Board's recent review of its effectiveness, Mr Hylands shared feedback received from individual Governors in respect of their perceptions of the Chairman's performance. On that basis, Governors agreed the collective feedback that Mr Hylands should convey to the Chairman – which was overwhelmingly positive. The Chairman would, however, be asked to consider how discussion of strategic issues could be enhanced through adjustments to the Board's agenda.

20. REPORT FROM THE PRINCIPAL

The Principal's final report to the Board was received. On the occasion of his last meeting of the Board, Governors thanked John Wallace for a remarkable 12 years of dedicated, inspired and inspiring service to the Conservatoire and wished him all the very best for the next stage of his life.

21. DATES OF FUTURE MEETINGS

31 October 2014
30 January 2015
24 April 2014
3 July 2015

22. ANY OTHER COMPETENT BUSINESS

There was no other competent business.

Items for Information

The SDTN Director's May 2014 report was received.

ACTIONS

Agenda Item No.	Person(s)	Action
6	CSMT	To review progress in terms of the Operational Plan and report to the next meeting of the Board.
6	Deputy Principal	To ensure that the impact of the undergraduate curriculum is critically appraised at the strategic level.
8	Secretary	Provide the Board with a further progress report in respect of the outcome of the review of Board effectiveness to its next meeting.
9	Secretary	Prepare a schedule which identifies the means through which the Conservatoire ensures compliance with the principles of the Scottish Code of Good HE Governance and provide the Board (via the Audit Committee) with a further progress report in respect of the state of compliance with the Code's principles.
10	Secretary	Circulate a brief biography for the recently appointed Director of Academic Innovation.
12.1	Secretary	Ensure Board approval of the Follow-up Report to

		the March 2013 ELIR report prior to its submission to QAA.
12.3	Principal	Present the draft Partnership Policy to Academic Board and the Finance and General Purposes Committee for approval prior to its consideration by the Board.
13	Director of Finance and Estates	Seek to negotiate a solution to the issues raised by the adoption of HE SORP and FRS 102 with the SFC.
15	Director of HR	Identify and utilise expertise in the School of Music in respect of the control of noise.
15	Health and Safety Committee Buildings Committee	Consider causes and effects of the GSA fire and identify lessons to be learned from GSA's experience.
17	Secretary	Seek approval of elected Staff Governors for the Remuneration Committee's response to the Scottish Code of Good HE Governance.
18.1	Lay Governors Secretary	Complete Skills Matrix. Collate overall Skills Matrix and take to Nominations Committee.
18.2	Secretary	Devise a process for the collection, storage and analysis of equality and diversity data.
18.3	Miss Mackay	Ask the Chairman to agree to an extension of his period of appointment to December 2016.
19	Mr Hylands	Convey feedback arising from Governors' appraisal of the Chairman to the Chairman.