

**At Glasgow and within the Board Room
of the Royal Conservatoire of Scotland
on Friday 31 October 2014 at 10.30am**

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

PRESENT	Mr Matthew Chinn	Miss Eileen Mackay
	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
	Dr Paul Jourdan	Mr Jeffrey Sharkey
	Professor Maggie Kinloch	Professor Norman Sharp
	Mr Mark Leishman	Dr Cindy Sughrue

IN ATTENDANCE Mr Andrew Comrie
Mr Ewan Hailey
Mr Hugh Hodgart
Mrs Jackie Russell
Mr Alan Smith

IN THE CHAIR Lord Vallance of Tummel

The Chairman welcomed the Principal, Jeffrey Sharkey, to his first meeting of the Board. The Chairman also welcomed Andrew Comrie, recently appointed Director of Academic Innovation, to his first meeting.

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Professor Gillies and Mr Saunders.

2. STATUTORY ACCOUNTS 2013/14

The previously circulated draft accounts and report from the external auditors, Grant Thornton LLP, were received.

Although there were no representatives from Grant Thornton LLP available to present their report and opinion on the accounts, the Director of Finance and Estates read from their report, which confirmed that they were content to sign an unqualified audit report. The Director of Finance and Estates also reported that the auditors had asked that, in order to ensure compliance with the principles of the 2010 UK Corporate Governance Code, remunerated directorships held by any executive Governor (i.e. the Principal and/or the

Deputy Principal) and for which any remuneration paid was retained by the executive Governor should be reported in the accounts. As the Deputy Principal held such a directorship (Professor Kinloch was a member of the SFC), it was **agreed** that the draft accounts should be amended to report that fact. It was also **agreed** that the draft accounts should be amended to disclose information on all senior management salaries as determined by the Remuneration Committee (see also Item 11 below).

Mr Hylands, Chairman of the Audit Committee, presented the Audit Committee's Annual Report to the Board, which was taken as read. The report concluded with an assurance that, in the opinion of the Audit Committee, the Board's responsibilities as described in the Responsibilities Statement in the Annual Report had been satisfactorily discharged. Mr Hylands stated that appropriate mechanisms and processes were in place to identify and manage risk and that the current risk register appeared comprehensive.

Mr Donald MacRae, Chairman of the Finance and General Purposes Committee, drew Governors' attention to the reports of the meetings of the Finance and General Purposes Committee of 12 September and 17 October 2014 in respect of the Statutory Accounts for 2013/14. Mr MacRae highlighted the reported surplus of £129,000, which was positive. However, he noted that if the FRS 17 adjustment was removed, then the outcome was merely breakeven.

Mr MacRae reported that no Governors received remuneration in their capacity as Governors, other than out of pocket expenses, with the exception that Directors' and Officers' Liability Insurance cover is provided for all Governors.

The Conservatoire's position in respect of pension provision was noted. The level of volatility in relation to the Strathclyde Pension Fund and the consequences of that volatility for the Conservatoire's balance sheet were also noted. Both the Audit and the Finance and General Purposes Committees would monitor that situation closely.

It was **agreed** to adopt the accounts with the amendments noted above, and to lay them before members at the Annual General Meeting to be held on 10 December 2014. In particular, Governors confirmed that they were content with the Report of the Governors.

Subsequent to the meeting, the accounts were signed by the Chairman, the Principal and the Director of Finance and Estates on behalf of the Board of Governors.

3. CONFIRMATION OF THE MINUTE OF THE MEETING OF THE BOARD OF GOVERNORS HELD ON 4 JULY 2014

The minutes of the previous meeting were approved as an accurate record, subject to 'Mr Jennison' being substituted for 'Mr Jamieson' at Item 11 and 'BBC Side-by-side' being substituted for 'BBC Sinfonietta' at Item 12.2.

4. MATTERS ARISING FROM THE MINUTE

The Secretary confirmed that both elected staff Governors had approved the Remuneration Committee's proposals noted at Item 17 of the minute of the previous meeting.

It was **agreed** that actions arising from each meeting should be timed.

5. REPORT FROM THE PRINCIPAL

Governors received the Principal's report and welcomed its comprehensive scope.

Student numbers for 2014/15 were noted. Governors welcomed recruitment to budget and reiterated the importance of healthy student recruitment to the overall sustainability of the Conservatoire.

The Principal added to his report that CUK had recently agreed that each of its members should seek the NSPCC Standards Kitemark in respect of child protection and highlighted the perennially successful forthcoming *Big Guitar Weekend* and graduate success from that area. Governors also noted that a BAFTA Breakthrough Brit award had been won by third year BA Acting student, Katie Leung.

The Deputy Principal reported that the University of St Andrews, which had very recently re-opened the Byre Theatre, was keen to discuss how it might collaborate with the Conservatoire on the theatre's use and development.

6. REPORT FROM THE STUDENTS' UNION

There was no report from the Students' Union.

The Director of Finance and Estates reported that discussions in respect of SU officers' payments were continuing.

7. SFC OUTCOME AGREEMENT

7.1 University Outcome Agreement Guidance 2015-16

Governors noted the SFC's Outcome Agreement Guidance for 2015/16. The Principal confirmed that, because the Conservatoire was about to embark on the creation of a new Strategic Plan, the Outcome Agreement for 2015/16 would extend to that year only. Thereafter, it was intended that Outcome Agreements would span three years.

7.2 Outcome Agreement 2013/14: Self-Assessment

Governors noted the Conservatoire's self-assessment for the 2013/14 Outcome Agreement, which the Principal had previously approved for submission to the SFC.

Looking at the detail of the self-assessment, it was confirmed that the Conservatoire would once again offer a summer course jointly with the University of Edinburgh and the Edinburgh International Festival. On the basis of lessons learned, the course would be better planned and resourced than hitherto and would be developed in the broader context of an evolving relationship with the University of Edinburgh, which included the possibility of the introduction a joint MA in Arts Entrepreneurship.

The Principal undertook to determine whether there was value/potential in developing a relationship with the AR Rahman KM Conservatory and to clarify the status of the Partnership Policy.

It was confirmed that collaborating with the Glasgow School of Art in mentoring secondary schools' delivery of the Expressive Arts Baccaulaureate was no longer a priority.

7.3 Additional Funded Places

Governors noted the outcome of the Conservatoire's request to the SFC for additional funded places and particularly the conditions of grant attached to those additional funded places, one of which was in relation to the promotion of access. In accepting the additional funded places, the Principal had written to the SFC's Chief Executive confirming the Conservatoire's commitment to widening access and also highlighting the particular challenges which the Conservatoire faced in that regard. Governors were supportive of that approach.

8. GOVERNANCE

8.1 SFC Financial Memorandum

The Director of Finance and Estates reported that the SFC had agreed to amend the section in its draft Financial Memorandum that defined the criteria upon which financial sustainability would be assessed in order to take account of the Conservatoire's likely reported operating position following implementation of FRS 102. The new Financial Memorandum would come into effect on 1 November 2014.

Governors thanked Mr Smith and congratulated him on achieving this outcome, which was recognised as very significant.

Mr MacRae reported that the Finance and General Purposes Committee had suggested that the Chairman should write to the SFC detailing the Conservatoire's concerns in respect of stakeholder perceptions if the Conservatoire reported operating deficits on an annual basis.

8.2 SFC Good Practice in Higher Education Governance and Subsequent Correspondence

Governors noted the SFC's expectations in respect of the Scottish Code of Good HE Governance.

8.3 Scottish Code of Good Higher Education Governance: Compliance Report

Governors noted the compliance report in respect of the Scottish Code of Good HE Governance, which had already been considered by the Audit Committee.

In order to ensure full compliance, it was **agreed** that the Academic Board should confirm arrangements for an externally facilitated review as soon as possible (based on the approach adopted by the Board, if considered appropriate) and commence such a review before Christmas.

Governors also **agreed** that the Board would adopt a robust annual internal review process that would take the form of a 'traffic light' questionnaire being administered in May of each year, with the outcome of the questionnaire being considered at the Board's July meeting. The Secretary would bring a draft questionnaire to the next meeting for the Board's approval.

8.4 Board Effectiveness Review: Progress Report

Governors noted progress against actions arising from the Board's effectiveness review, which reported in January 2014. It was **agreed** that the 4 actions still under consideration should be addressed by either the Conservatoire Senior Management Team or the Academic Board as appropriate in time to report conclusively to the next meeting of the Board.

8.5 Revised Statutory Instrument

Governors noted the revised Statutory Instrument, which had now received Privy Council approval.

9. STRATEGIC PLAN

9.1 Strategic Plan 2012-15: Creating The Future For Performance: Progress Report

Governors noted progress against Strategic Aims and Objectives included in the current Strategic Plan.

9.2 Strategic Plan 2015-20

Governors noted the Principal's approach to the development of a new Strategic Plan and **agreed** that the scope of that plan should extend to five years i.e. 2016 to 2020. The Principal reiterated his intention to consult Governors in the development of the plan as it emerged. The Strategy Away Days discussed at Item 17 below would provide an opportunity to do that and thought would be given to how Governors might be engaged in the drafting process outwith that event.

10. ANNUAL REPORT FROM THE NOMINATIONS COMMITTEE

Governors received the 2013/14 annual report from the Nominations Committee. The skills matrix, which was appended to that report, confirmed that all of the skills which the Board had identified as either essential or desirable were adequately represented on the Board. It was **agreed** that the Nominations Committee would review the skills matrix when it next met. In the meantime, Governors should notify the Secretary of any amendments that they would wish to make to their individual entry in the matrix.

The Nominations Committee would consider a process for the collection, storage and analysis of equality and diversity data when it next met.

11. ANNUAL REPORT FROM THE REMUNERATION COMMITTEE

Governors received the 2013/14 annual report from the Remuneration Committee and **agreed** that it met the requirements of the Scottish Code of Good HE Governance in respect of the reporting of senior salary decisions to the Board.

The tabled paper in respect of senior staff salaries was considered without members of the Conservatoire Senior Management Team being present. The Board **agreed** that senior management salaries should be published in bands of £10K in the Conservatoire's annual accounts, without naming individual posts (see also Item 2 above).

12. REPORT FROM THE ACADEMIC BOARD

Reports from the meetings of 20 August and 15 October 2014 were received.

Recognising the need to critically appraise the impact of the undergraduate curriculum at the strategic level, it was **agreed** that Academic Board should approve and recommend an evaluative framework to the Board for consideration at its next meeting. Whilst recognising that aspects of the impact of the undergraduate curriculum (e.g. graduate destinations) could only be evaluated over an extended period of time, the Board nevertheless **agreed** that other aspects of the impact of the undergraduate curriculum could be usefully evaluated now e.g. its effect on recruitment, student satisfaction, stakeholder perceptions, cost of delivery and effectiveness of communication to potential applicants and their advisers.

12.1 Annual report to the SFC regarding review activity in the previous session

The annual report to the SFC regarding review activity in the previous session was approved retrospectively, it having already been approved by the Finance and General Purposes Committee and submitted to the SFC.

13. REPORT FROM THE FINANCE AND GENERAL PURPOSES COMMITTEE

Reports from the meetings of 12 September and 17 October 2014 were received and the following was noted:

- The Deputy Principal was seeking a resolution from the SFC to the problem of funded numbers for the BEd Music i.e. the difference between SFC funded numbers for that course and actual recruitment – the latter being significantly higher than the former.
- Mr MacRae reiterated the Committee's clear expectation that the £206K budgetary surplus forecast for 2014/15 must be achieved.
- The Committee's consideration of the draft SFC Financial Memorandum was dealt with under Item 8.1 above.

14. REPORT FROM THE AUDIT COMMITTEE

A report from the meeting of 17 October 2014 was received and the following was noted:

- The Audit Committee's Annual Report for 2013/14 had been taken under Item 2 above.
- Progress in respect of the development of Business Continuity Planning (BCP) was noted. Governors emphasised the need for BCP to have a proactive and preventative, rather than a reactive and curative, focus, which should permeate the operating culture of the Conservatoire. The Audit Committee would review BCP on an annual basis.

15. HEALTH AND SAFETY COMMITTEE

A report from the meeting of 2 October 2014 was received and the following was noted:

- Noise monitoring was being dealt with effectively.
- A round the clock counselling service would be made available to students and discussions were taking place with the Glasgow School of Art about the possibility of collaborating in provision in that general area.
- All issues in respect of child protection that had been identified by the Audit Committee had been addressed. Arrangements for PVG checks of appropriate staff and students were in hand. Governors **agreed** that, following the initial PVG check, staff and students should be re-checked every three years.

16. REPORT FROM THE BUILDINGS COMMITTEE

A report from the meeting of 17 October 2014 was received and the following was noted:

- The Speirs Locks Phase 2 project was now completed and paid for, the final main contract cost being £5k less than the last reported figure.
- An option appraisal in respect of the development of the Renfrew Street building was currently under way, which included looking at front of house and learning/teaching space.
- The Trust had decided to sell the Dunblane Street site.

17. STRATEGY AWAY DAYS

The precise timing of the next Strategy Away Days had yet to be confirmed, but it looked likely that they would take place in March 2015. In general terms, the away days would focus on the development of the new Strategic Plan. Within that context, Governors were invited to suggest specific topics to the Secretary. Governors were also invited to suggest venues to the Secretary.

18. AGM: 10 DECEMBER 2014

The AGM would take place on Wednesday 10 December at 12 noon.

19. ANY OTHER COMPETENT BUSINESS

Governors noted the imminent retiral of Ian Mills, Head of the Principal's Office. Ian would join Governors for lunch, which would provide an opportunity for Governors to say their farewells.

20. DATE OF NEXT MEETING

Friday 30 January 2015 at 10.30am.

The following items were circulated for information:

- Case for Additional Undergraduate Funded Places: Music
- Scottish Drama Training Network: Progress Report
- HESA Staff Return: 2013/14

ACTIONS

Agenda Item No.	Person(s)	Action	By/when
2	Director of Finance and Estates.	Make agreed amendments to accounts.	Immediate.
2	Chairman, Principal and Director of Finance and Estates.	Sign amended accounts.	Following the amendment of the accounts.
7.2	Principal.	To determine whether there was value/potential in developing a relationship with the AR Rahman KM Conservatory and to clarify the status of the Partnership Policy.	By 15 January 2015 (for inclusion in the papers for the Board's meeting of 30 January 2015).
8.1	Chairman (with the Director of Finance and Estates).	To consider writing to the SFC detailing the Conservatoire's concerns in respect of stakeholder perceptions if the Conservatoire reported operating deficits on an annual basis.	To decide approach by the end of November 2014.
8.3	Principal.	Academic Board to confirm arrangements for an externally facilitated review (based on the approach adopted by the Board, if considered appropriate).	Arrangements to be confirmed by the end of November 2014 at the latest and review commenced prior to Christmas.
8.3	Secretary.	Draft a self-evaluation questionnaire for the Board's annual effectiveness review.	By 15 January 2015 (for inclusion in the papers for the Board's meeting of 30 January 2015).
8.4	CSMT and Academic Board.	Address the 4 outstanding action points arising from the Board's effectiveness review.	By 15 January 2015 (for inclusion in the papers for the Board's meeting of 30 January 2015).
9.2	Principal.	To proceed with the development of a new Strategic Plan as agreed and consider how best to involve Governors in its development.	Immediately and to report to the Board's 30 January 2015 meeting.
10	All Governors.	Notify the Secretary of any amendments to the skills matrix.	Immediately.
10	Secretary/Nominations Committee.	Review the skills matrix. Consider a process for the collection, storage and analysis of equality and diversity data.	At the Committee's next meeting.

11	Director of Finance and Estates.	Publish senior management salaries in the annual accounts.	Immediately.
12	Principal/Academic Board.	Agree and recommend a framework to critically evaluate the impact of the undergraduate curriculum and, as a preliminary, to consider the factors identified by the Board.	At Academic Board's meeting of 14 January 2015 (for inclusion in the papers for the Board's meeting of 30 January 2015).
12.1	Deputy Principal.	Confirm with the SFC that the annual report regarding review activity in the previous session has now been approved by the Board.	Immediately.
13	CSMT.	Ensure generation of budgetary surplus forecast for 2014/15.	Immediate and continuous throughout 2014/15.
14	CSMT/Audit Committee.	Review approach to BCP with a view to ensuring a pro-active approach.	Immediately and continuous.
15	Director of HR.	Implement decision in respect of PVG checks.	Immediately.
17	Secretary.	Confirm arrangements for 2015 Strategy Away Days.	As soon as possible.
17	All Governors.	Suggest specific topics to the Secretary for discussion at the Strategy Away Days (and possible venues).	As soon as possible.