

At Glasgow and via MS Teams of the Royal Conservatoire of Scotland on Friday 26 June 2020 at 10:00am being a meeting of the Board of Governors

PRESENT	Andrew Butcher (AB) Morag Campbell (MC) Stuart Cross (SC) Dr Lois Fitch (LF) (Assistant Principal) John Hylands (JH) Tari Lang (TL) Susan Lee Kidd (SLK) Professor Donald MacRae (DM) Sharon Mair (SM) Carol Main (CM) Dorothy Miell (DXM)	Ed Monaghan (EM) Jasmine Munns (JM) (President SU) Agnes Robson (AR) Philip Rodney (PR) Caroline Roxburgh (CR) Jean Sangster (JS) Professor Jeffrey Sharkey (PJS) (Principal) Maria Taylor (MT) Aidan Teplitzky (AT) (VP SU) Colleen Toomey (CT)
IN ATTENDANCE	Janette Harkess (JXH) Jackie Russell (JR) Lindsey Shields (LS) Alan Smith (AS)	(Director of External Relations) (Director of Human Resources) (Secretary) (Director of Finance and Estates)
OBSERVER	John Craig (incoming President SU)	
IN THE CHAIR	Nick Kuenssberg (NK) (Chair)	

The Chair welcomed John Craig, the incoming Students' Union President, to the Board as an Observer.

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Mark Leishman and Sir Jonathan Mills.

2. DECLARATIONS OF INTEREST

Stuart Cross advised that he is a Board member of the Office of the Scottish Charity Regulator.

3. CONFIRMATION OF THE MINUTE OF THE MEETING OF THE BOARD OF GOVERNORS HELD ON 24 APRIL 2020

The minute of the previous meeting **was approved** as an accurate record and it was noted that all actions agreed at the last meeting had been actioned or were in hand.

4. MATTERS ARISING FROM THE MINUTE NOT ELSEWHERE ON THE AGENDA

None.

5. REPORT FROM THE PRINCIPAL

The report from the Principal was received and noted. PJS drew particular attention to the:

- concern across the Higher Education sector about finances going forward;
- RCS being ranked number 5 in the UK in the Complete University Guide for Arts, Drama and Music and the importance of reminding the Scottish Funding Council and Scottish Government of the existence of a world class Conservatoire influencing the arts;
- strengths to be drawn from the digital experience; the RCS's first online open day drew thousands rather than the hundreds that would have come to the building;
- plan to open the RCS in a blended fashion in Autumn;
- two-metre rule which, if relaxed, may help how students are treated in performance spaces but would still not mean that the building could open as normal at this stage;

- RCS taking a conservative approach to campus activity; cleaning and maximum occupancy numbers would be closely monitored to instil confidence in students when the building re-opens;
- meetings with the Black Student Union and the Senior Management Team which had resulted in the collective responsibility for the creation of an RCS Anti-Racism Action Plan;
- Quality and Learning & Teaching, there was a spectrum of what was offered across the Higher Education sector, with RCS at one end offering the most in-person teaching;
- first meeting of National Partnership for Culture, Fiona Hyslop's advisory group set up to advise on cultural matters and a way to get the importance of culture across in jump-starting the economy.

The Chair commented on the hard work of the Principal in this area as evidenced in the report from Universities Scotland, circulated to Governors, and the penultimate paragraph "We will engage with our communities to promote cultural opportunities and will develop people and ideas so that Scotland's outstanding creative industries can be a key strength in the nation's recovery".

6. UPDATE ON STRATEGY PLANNING

An update on the RCS's emerging Strategic Plan, prepared by the Principal and Assistant Principal, was received and noted. It was agreed that the RCS should pursue a strategy that would maintain its quality, profile and international character despite the impact of Covid-19, using the cash reserves where necessary. LF reported that the Strategy Planning approach had to evolve significantly due to the impact of Covid-19 and would be responsive and draw on the new reality in a shift, for example:

- (i) to 'blended' learning delivery mode for at least the Autumn term;
- (ii) towards further diversity in the curriculum; and
- (iii) along more digital and agile learning patterns.

There was general discussion around the Strategic Plan and Governors noted the extension of the timespan from five to ten years and the necessary postponing of the approval and publication of Plan until June 2021.

7. REPORT FROM THE STUDENTS' UNION

The President SU's report was received and noted. JM highlighted in particular:

- how quickly action had been taken by the RCS on the Black Lives Matter movement and that the Students' Union would continue to support the newly approved Black Students' Union especially during Freshers Week;
- The recent meeting with Richard Lochhead which gave Students Union leaders the opportunity to speak about student financial difficulties and the student hardship fund;
- the proposal for assistance to graduating students in 2020, presented to Senior Management Team, in order that they can have a continued line of support to the RCS.

The Chair thanked:

- (i) the outgoing President SU for the comprehensive report and her hard work and dedication over the last two years; and the
- (ii) VP SU and Students' Union team.

8. REPORT FROM THE ACADEMIC BOARD

The Chair acknowledged the benefit of longer, more detailed reports received from the Academic Board. The summary reports of the meetings held on 6 May and 17 June were received and noted. The Principal highlighted the:

- change in format of the last Academic Board to focus on the key issues of:
 - (i) Black Lives Matter and what the RCS would do from an academic, human resources and counselling perspective; and
 - (ii) the change to arts as a direct result of Covid-19 and the RCS being well poised to be genre-fluid, modular and accept digital as a new, additional tool, not to replace 'live performance' but to run alongside it and be embedded in the curriculum.
- the usual approvals of Quality Assurance.

9. REPORT FROM THE FINANCE AND GENERAL PURPOSES COMMITTEE

- 9.1 The summary reports of the meetings held on 8 May, 12 and 18 June were received and noted. DM acknowledged the three meetings of the Finance and General Purposes Committee (F&GP) since the last Board meeting and thanked members for their extra effort.
- 9.2 The provisional budget for 2020-21 was received **and approved**. DM reported that the budget was provisional due to the unprecedented level of uncertainty with:
- (i) student recruitment numbers; and
 - (ii) the potential for Scottish Government support which might emerge later this year.

DM drew attention to the deficit of £3.8M, largely due to a fall in tuition income of around £2M, accompanied by a projection of the erosion of the cash balances. F&GP had approved the provisional budget but it was noted that:

- (i) these trends were not sustainable in the medium or long term, so the current business model may need radical revision; and
- (ii) there were a number of options and scenarios under consideration from, at one end of the scale, a much smaller domestically focused RCS to, at the other end of the scale, a growth orientated model which would need significant investment, with options in between all with the objective of a balanced budget to break even within the next two to three years.

DM invited the Director of Finance and Estates to comment on the most important assumptions in the provisional budget and AS drew attention to:

- the student numbers, which was difficult to foretell as acceptances and returning student numbers were quite buoyant at the moment;
- this was the most significant factor for RCS having a provisional budget and the actual outturn in September could have significant implications for medium-term financial health;
- the potential for student accommodation voids with RCS being committed to taking rooms that might not be filled;
- the increased pension service charges arising from the associated actuarial assumptions;
- staffing/pay and, for example, the deferring of incremental increases until the financial position is clearer later in the year;
- the provision for fee discounts which the RCS had not done before. RCS in the past could fund student scholarships through the financial support received from the RCS Trust;
- the Trust was under pressure this year, due to the anticipated lack of income from the Associated Board of the Royal Schools of Music, which would have particular impact in future years and funding new scholarships to bolster the overall student numbers;
- the difficulty in RCS raising money from donations. The RCS's biggest single donation pre-Covid 19 was from the RCS Endowment Trust and this has been removed as the Trusts will likely need to direct all funding towards scholarships; and
- investment income would reduce significantly due to the recession.

There was general discussion amongst Governors as to:

- the insurers accepting that the RCS have a claim during a six-month window, which if successful, would reduce the deficit and defray the cost of student accommodation refunds;
- the important choice to make between the RCS being smaller and domestic or the preferred strategic option of aggressively international, maintaining quality and profile; it was noted that any loss or reputation could take 10 to 15 years to recover;
- lobbying for help to maintain the RCS as an internationally renowned conservatoire for the nation's economic recovery; and
- how it was unconscionable that the RCS should be attempting to reduce its international reach and status.

DM drew attention to the further F&GP meeting required before the end of July to consider the recent SFC request for the return of the 2018-19 actual performance, the 2019-20 forecast and crucially the 2020-21 budget with commentary. AS confirmed that:

- (i) the SFC recognised that Boards across the Higher Education sector would have met by the end of June and likely have approved a budget of some sort;

- (ii) the SFC wanted to hear from institutions on developing additional planning scenarios, re-prioritising, deferring expenditure and “trade-offs and choices to reach an optimal position” which was essentially an update on information provided in April; and
- (iii) Board approval would not be required for the above return as well.

9.3 The Management Accounts as at 30 April 2020 were received and noted. DM drew attention to RCS starting off with a break even surplus of 52K and now forecasting a deficit of 464K due to the effect of Covid-19. Building closure has resulted in a fall in box office income, pre-HE tuition fee income, short courses income and the need to refund student for BASE accommodation costs. Governors were advised that this deficit figure may reduce as a result of an interim insurance payment.

10. REPORT FROM THE AUDIT COMMITTEE

10.1 A summary report from the meeting held on 12 June 2020 was received and noted. JH drew attention to:

- the large number of outstanding internal audit recommendations, mostly to do with strategic and operational planning, have not been closed off due to Covid-19 and the delay in completing the strategic plan for a year. It was noted that Scott Moncrieff recognised the exceptional circumstances and may now not qualify the report but would need to refer to the outstanding recommendations;
- The Strategic Risk Environment included two new risks in the Black Lives Matter campaign and the SFC review of Higher Education provision in Scotland;
- Internal Audit Report on Student Experience which did not identify any high-risk exposure;
- Internal Audit Plan 2020-21 suggested three assignments:
 - (i) management response to the risks associated with the pandemic,
 - (ii) student experience; and
 - (iii) revised process and controls.
- The Committee wanted to look at the complaints procedures across the RCS to accommodate a review of this which would return to the October meeting of the Committee for approval;
- Clause 3.4 of the report and the Action Plan in response to the Independent Review of the Complaints Handling Process and the Culture of the CPP programme; the Committee noted that it was a full and comprehensive set of actions and that it was important to identify institution-wide structural or procedural issues from those that related specifically to the CPP programme. JH advised Governors that the report would be sent to the members of the independent review panel for comment and then be publicly available. PJS and LF commented that:
 - (i) the RCS actions had been encouraged and praised by the external reviewers; and
 - (ii) LF had been fully supportive of the CPP cohort and had made herself available to meet them but that there may still be information that goes public due to the residual feeling from the programme and environment. This would continue to be prioritised in the new academic year so that the staff team/continuing students on the programme would be supported and the dynamic on the programme re-set.
- The RCS and the RCS Trust may need to take legal advice on the Associated Board of the Royal Schools of Music pension fund deficit.

10.2 The outline of the terms of reference of the Ad Hoc Corporate Governance Reference Group was received **and approved** subject to the wording around ‘informal’ being removed. It was noted that the group was part of the structure and mechanism of the Board of Governors and that the Secretary would amend the wording.

11. REPORT FROM THE BUILDINGS COMMITTEE

The summary report from the meeting held on 12 June 2020 was received and noted. EM drew particular attention to:

- Covid-19 had impacted the evaluation of extending the RCS estate at Wallace Studios as any future estates expansion would be linked to the emerging outcomes from the strategic plan;
- the work by the Head of Estates and team in getting the building ready for re-occupancy by staff and students in the new term; and
- expanding capacity in the building noting that changing from two to one metre social distancing will not increase capacity as a result of the toilets issue.

12. REPORT FROM THE HEALTH, SAFETY AND WELLBEING COMMITTEE

The summary report from the meeting held on 10 June 2020 was received. CM noted the team's extra work during lockdown and highlighted how:

- Health, Safety and Wellbeing was critical and integral to everything RCS does and that lockdown had resulted in many changes; and
- the team and the President SU should be commended for their work in mental health;

CM invited the Director of Human Resources for comments and it was noted that:

- mental health support for staff and students had been prioritised and that the joint statement from the RCS and President SU was well received; and
- Universities Scotland are looking at student mental health across the sector and JR would be meeting them to take this forward.

JS advised that staff mental health had been a particular challenge and extended thanks to the Principal, the Assistant Principal, the Senior Management Team and everyone in the front line as she was proud of the RCS in gaining staff confidence.

13. REPORT FROM THE FAIR ACCESS COMMITTEE

The summary report from the meeting of 12 May 2020 was received and noted. DXM drew attention to two main issues:

- (i) continued funding – the committee were delighted with the uplift for the 'Transitions' programme but, although there was continued funding for 'Widening Access to the Creative Industries', this was stand-still funding which was not helpful given the expanded work they want to achieve; and
- (ii) online delivery during Covid-19 had resulted in students being really isolated and some not having access to the right equipment. It was noted that the team had worked hard to keep in touch with these students and particularly in providing advice on funding for extra equipment.

14. REPORT FROM THE DEVELOPMENT AND FUNDRAISING COMMITTEE

The minute from the meeting held on 16 June 2020 were received and noted. TL reported on:

- revisiting the financial targets in order to have the right balance in planning development in scholarship fund raising, unrestricted funds and other areas;
- Covid-19 had resulted in a concerted effort from other higher education/cultural institutions, with more resources, to be nimble and entrepreneurial in order to conduct high level development work.
- pushing ahead on the search for consultancy support as agreed, the Committee will receive presentations from three shortlisted companies in July for a partner to help develop strategy and reach in the UK and internationally.
- the urgent need to augment development capacity to reach high-net worth individuals at a professional level. It was noted that RCS has excellent raw material, alumni and stars to help reach other people.

TL invited CT for comments on the international work and it was noted that:

- there was a need to reach beyond the existing catchment area; and
 - the International Advisory Board needed rebuilding and to be more transparent in order to improve.
- There was discussion amongst Governors around how effective fundraising was in certain areas. It was noted that the Committee was awaiting a report on RCS numbers and names of donors but it was noted that development work also needed to grow organically. The Chair stressed the need to fund strategic consultancy and additional development resource.

15. RECOMMENDATION FROM THE NOMINATIONS COMMITTEE

The recommendations report from the Nominations Committee was received **and approved**. The Chair drew attention to:

- the outstanding input from JH and that he would leave a very big gap as a member of the Board in a number of roles as this was his last Board meeting. Governors thanked JH for his service to the RCS

- and noted that up to two new appointments could be made from 30 October 2020; and
- Walter Nimmo being a significant player with a distinguished entrepreneurial background would bring a considerable amount to the Board. Governors noted that he would visit before agreeing formally to join the Board at the October meeting.

Governors noted the need for more diversity on the Board in terms of age, ethnicity and background and that this would be taken into consideration by the Committee in future recruitment .

JH left the meeting

The Chair had great pleasure in submitting to the Board approval for the Award of Fellowship to JH for his nine years of service to the RCS in total. The Board **approved** this and noted that the fellowship would be awarded at the next Graduation ceremony.

16. DATES OF FUTURE MEETINGS

Board

30 October 2020

9 December 2020 (after AGM)

29 January 2021

23 April 2021

25 June 2021

AGM

Wednesday 9 December 2020

Graduations

2 July 2020 (online celebration)

October 2020 ceremony postponed until Spring 2021 (date tbc)

17. ANY OTHER COMPETENT BUSINESS

There was no other competent business.