

**UNIVERSITY OF DUNDEE****UNIVERSITY COURT**

A meeting of the University Court was held on 13 December 2004.

**Present:** Mr J R Milligan (in the Chair), Principal Sir Alan Langlands, Professor A Bissett-Johnson, Mr P K Burgess, Vice-Principal Professor J Calderhead, Professor S C Hunt, Mr B W M Johnston, Professor A F Newell, Dr D S Robb, Ms E A Robertson, Dr A M Roger, Dr L A L Rolland, Mrs N Stewart, Mr W Sutherland, Dr M R Ward, Mr W Wilson, Mr I D M Wright and President of the Students' Association.

**In Attendance:** Vice-Principal Professor D H Boxer, Professor M C R Davies, Professor A Burchell, Secretary, Deputy Secretary & Clerk to Court, Director of Finance, Deputy Director of Finance, Director of Planning & Information, Director of Campus Services, Director of Admissions & Student Recruitment, Director of Sport & Exercise and President of the Sports Union.

**13. MINUTES**

**The Court decided:** to approve the Minutes of the meeting on 25 October 2004.

**14. MATTERS ARISING****(1) Review of Court and Corporate Governance (Minute 5)****(a) Amendment of Statute 9**

**The Court decided:** by 14 votes to 4, to confirm the proposed amendments to Statute 9 concerning the composition of the Court, which had been approved at the previous meeting - thereby securing the Special Resolution required for submission of these amendments to the Privy Council.

**(b) CUC Guide for Members of Higher Education Governing Bodies in the UK**

The Court received copies of the full revised Guide and its shorter version, which had been launched at a conference in London on 17 November 2004. It was noted that the Governance Code of Practice contained in the Guide, which was based on the model suggested by the Lambert Review, was voluntary; where institutions did not conform with aspects of the Code, however, they were expected to publish an explanation in their annual financial statements. The Guide had been available in draft form to the Court sub-group which had

conducted the review of Court and corporate governance; consequently the Court could be confident that the University was very largely in compliance with the Code of Practice and other advice in the Guide. Nevertheless some parts, particularly the annexes, had not been seen before and required further study.

**The Court decided:** to note that a supplementary report to the review of Court and corporate governance, on further issues arising from the CUC Guide, would be submitted to the Court's meeting in April 2005.

(2) Candidates for Honorary Degrees (Minute 9)

The Secretary reported that on investigation he had found no impediment to the award of an honorary degree to the candidate who had been rejected on a previous occasion. He had corresponded with the member of Court who had raised this concern and the candidate had been offered an honorary degree as proposed by the Senate.

15. **CHAIRMAN'S BUSINESS**

The Chairman indicated that he was involved in a series of meetings with senior members of staff of the University and was finding this a rewarding experience. When he had finished the present round, he intended to revisit these units and meet more members of staff. He invited Court members to let him know of any areas which he might not have covered in this process.

The Chairman also reported his enjoyment of the University Carol Service on Sunday 12 December in St Paul's Cathedral.

Finally, he reminded the Court that he was committed to meetings with members on an individual basis and he intended to start this process in the New Year. Meetings would be spread out over the year, so that he could keep himself in touch with the mood of the Court. He stressed that such meetings would be informal and were not intended to evaluate performance.

16. **PRINCIPAL'S REPORT**

The Principal introduced his report (**Appendix 1**). In particular, he thanked Professor Calderhead, Vice-Principal (Educational Development), and his colleagues for the University's strong showing in the Enhancement-Led Institutional Review, commenting that a common strand in this and previous quality assurance reviews was the judgment that students in the University were placed at the centre of the learning process. He also made special mention of the two major grants awarded by the Arts & Humanities Research Board to the Faculty of Duncan of Jordanstone College, which were regarded as a major breakthrough for the Faculty. The Principal stated in conclusion that 2004 had been a very good year for the University in many ways.

In answer to a question about the on-going programme of research reviews, he indicated that the discomfort to which he had referred in his report was caused by the exposure of some departments' optimistic assessment of their own research achievements to external scrutiny: this was, however, the whole point of the process. The Principal also confirmed that the Fresh Talent Scholarships, which had been set up by the Scottish Executive to attract overseas students in key disciplines, was a worthwhile initiative which the University should support.

17. **THE VISION: TOWARDS 2007 – INSTITUTIONAL PERFORMANCE INDICATORS**

The Court received a detailed set of performance indicators, reflecting in particular the strategic goals and objectives in the *Towards 2007* planning document. A variety of questions and comments arose in discussion. Salient points included: clarification of the nature of the University's Staff Development and Review Scheme; confirmation that disposal of the Gardyne Road campus was likely to take place in 2007, when the Faculty of Education & Social Work would move to the main campus; the hope that ways could be found to accelerate the implementation of the data network and telephony elements of the IT infrastructure improvement programme (which were reported as being delayed by the committee cycle); and reassurance that the raising of entry qualifications for courses in Engineering & Physical Sciences in 2005/06 reflected an increased market share in these areas and was not at the expense of wider access arrangements - with other faculties likely to follow suit over the next two years.

**The Court decided:** to note the performance indicators and to request that in future they should be provided in a more condensed format, focusing on matters of strategic importance at University level.

18. **ENHANCEMENT-LED INSTITUTIONAL REVIEW**

The Court received a report from Professor Calderhead, Vice-Principal (Educational Development), on the nature and outcome of the ELIR process to which the University had recently been subjected. His paper included a copy of the Key Themes letter, i.e. the initial response from the Quality Assurance Agency (pending their full report due to be received by the end of January 2005). The very positive tone of this letter included comment on the effective way in which academic staff, support services and students worked together to enhance the quality of the student experience. The relatively minor criticisms made included the need to improve the delivery of pastoral services to students outside the main campus, including distance-learning students: it was acknowledged in discussion that addressing this problem would not be straightforward and would require significant resources.

**The Court decided:** to note the Vice-Principal's report, and the Key Themes letter, with satisfaction.

19. **STUDENT RECRUITMENT**

The Court received a presentation from Mr Gordon Craig, Director of Admissions & Student Recruitment, providing a comprehensive summary of the University's

marketing strategy, as well as performance indicators including breakdowns by faculty. The following main points arose in subsequent discussion:

- (a) Greater promotion of direct entry to second year required extra support measures, including a proper induction process. Second year entry schemes were easier to provide in some faculties than in others.
- (b) Competition to attract applicants to science and engineering courses continued to be strong. Despite the rising numbers of applicants for courses at Dundee, it was important to encourage academic staff to produce attractive new options.
- (c) The 'Serious Fun' brand was still in use, although it was now more specifically targeted, i.e. on TV channels popular with the student age group.
- (d) Despite having won a number of awards for design, the University's Prospectus was capable of improvement by providing more helpful information about course content. Academic staff were responding positively to this need.
- (e) While the University valued help from alumni in student recruitment, particularly in overseas markets, the most effective supporters were without doubt existing students.

**The Court decided:** to thank Mr Craig for his very informative and encouraging presentation.

## 20. FINANCE & POLICY COMMITTEE

The Court received the report of a meeting of the Committee on 16 November 2004 (**Appendix 2**). The Convener drew attention to various uncertainties affecting the financial position of the University: income and expenditure in relation to the residences project, the outcome of the Spending Review, and the SRIF 3 allocations. In the longer term there was also the problem of pension scheme deficits. The Committee would take a further view on some of these matters at its February meeting.

Responding to questions about improving underlying surpluses (item 7), the Principal commented as follows:

- (a) Much work had been done on improving income, but staffing levels remained a difficult issue. The alternative of cutting the capital programme was, in his view, short-sighted. It was important to make the University operate more efficiently and this would be addressed at key meetings leading up to the February Court.
- (b) While income and expenditure in future years might be less predictable, the University could not afford to opt for risk-averse strategies against the background of a declining demographic position in Scotland. The answer to increased risk was a more professional management approach by the

University, which was being continually strengthened. The involvement of Deans in the Senior Management Team was part of this process.

- (c) The workload model for staff referred to in the Committee's report was being developed with reference to comparators in other institutions, at home and abroad. It was evident that there were significant differences between faculties in the amount of time spent by academic staff on teaching, research and administrative duties and it was sensible to work towards agreed norms.
- (d) While not a business, the University should be run in a business-like manner. The stark choices facing the University had to be confronted, but it was essential for management to maintain the consent and cooperation of its staff – on whose creativity and productivity the University critically depended.

On the outsourcing of the residences (item 9) the Court noted that firm construction costs had not been known when the transaction had been signed off in July and the issue of the conference and catering business was still under consideration. The Court was asked to approve a resolution regarding the proposed property development facility of £42m to be obtained by Dundee Student Villages from the Bank of Scotland. Notwithstanding the uncertainties referred to, which were a source of particular concern to one member, it was agreed that the action proposed was a necessary procedure to implement the strategy already approved by the Court; any delay could be disadvantageous in terms of project completion dates. A full report on all aspects of the outsourcing deal was to be made to the next meeting of the Committee and the Court would subsequently be provided with updated information.

- The Court decided:**
- (i) to invite the Secretary to establish a sub-group of Court members to examine in further detail the University's car parking strategy;
  - (ii) to approve the terms of the following resolution, required for legal purposes:
    - (a) to invite the Secretary to conclude negotiations with Dundee Student Villages Ltd and the Bank of Scotland regarding the proposed property development facility of £42m and to authorise the Secretary to agree, on behalf of the University, in final form such documentation in such terms as the Secretary in his absolute discretion sees fit in connection therewith, including (without prejudice to that generality) a Direct Agreement between the University and the Bank and a Minute of Amendment to the Project Agreement and any ancillary or supplementary documentation relating thereto;
    - (b) to authorise the Secretary, the Principal and two members of the Court to execute any such documents as authorised signatories for and on behalf of the University;

- (iii) to approve the terms of the following resolution, also required for legal purposes, concerning a loan facility from Barclays Bank plc (item 2(2) in the Committee's report):
  - (a) to delegate to the Principal, acting for and on behalf of the University, the execution, delivery and performance of the Facility Agreement to which the University is a party;
  - (b) to authorise the Secretary and the Director of Finance to seal or execute and deliver the Facility Agreement on the Court's behalf, and to sign and to deliver any notices or other documents to be delivered by the University pursuant to the same;
- (iv) otherwise, to approve the Committee's report.

## 21. FINANCIAL STATEMENTS 2003/04

The Court received draft Financial Statements for the year ended 31 July 2004, which were presented by the Director of Finance. In discussion a member commented on the increase in the number of higher paid staff (in receipt of salaries exceeding £50k) and on the emoluments of the Principal. It was noted that the former was largely due to substantial salary increases for clinical academic staff and that a similar profile was likely to be found in other universities with a medical school; the question of the Principal's salary was revisited in consideration of the report of the Remuneration Committee (see Minute 24 below).

- The Court decided:**
- (i) to approve the draft Financial Statements, as recommended by the Finance & Policy and Audit Committees;
  - (ii) to authorise the issue of letters of comfort to the directors of the subsidiary companies DUUSCo Ltd and DUPM Ltd, in respect of the indebtedness of those companies to the University.

## 22. CAPITAL DEVELOPMENTS

### (1) Institute for Medical Science & Technology

The Dean of Engineering & Physical Sciences, Professor Michael Davies, delivered a presentation to the Court concerning the proposed establishment of an academic centre of excellence for interdisciplinary research in medical technology, through the collaboration of relevant departments in the Universities of Dundee and St Andrews. The objective would be to research and exploit developments that were occurring at the interface between the

biomedical and physical sciences. It was proposed that the new Institute would be based in an existing shell building on the Medipark in Dundee and that its Director would be a Chair appointment in the University of Dundee. The total costs of the project (mainly for the purchase and fitting out of the new building) were estimated to be £2.1m, of which £387k had already been secured and a further £1.1m was subject to applications to Trusts. It was noted that a full capital project authorisation proposal would be brought to the next meeting of the Court.

**The Court decided:** to approve the project in principle, subject to the submission of further detailed information.

(2) Perth Royal Infirmary

Professor Boxer, Vice-Principal (Research & Enterprise), and Professor Ann Burchell presented a detailed proposal, setting out the case for the development of a sustainable, long-term centre of teaching and research excellence at Perth Royal Infirmary, in partnership with NHS Tayside. The project would allow an increase in clinical placements available to the growing number of medical students in the University, and in the longer term aimed also to increase undergraduate applications from Perth & Kinross through a higher University profile in the region. On the research side, the new facility would provide access to greater numbers of patients for recruitment to clinical trials. The plan was consonant with the strategy of NHS Tayside to transfer some acute care provision to Perth and to establish PRI as an acute teaching hospital.

The proposal centred on the redevelopment of wards 11 and 12 at PRI. Initial capital costs were estimated at £2.2m, with a contribution from the University of £200k, as provided in the capital programme. Other sources of funding included a proposed public appeal in Perth, various Trusts and NHS Tayside. The long-term business plan was predicated on significant research grant income.

In discussion it was pointed out that the business plan had been phased cautiously to ensure that commitments were not entered into without the certainty of supporting income. The strong support of NHS Tayside for this project was also emphasised. It was confirmed that the proposed development was not expected to impact adversely on the University's relations with NHS Fife.

**The Court decided:**

- (i) to give full approval for the project to proceed;
- (ii) to approve the commencement of a public fund-raising campaign in Perth in 2005 and the conjoint use of the University and NHS Tayside logos for this purpose.

(3) Institute of Sport & Exercise

Mr Brian Ewing, Director of Sport & Exercise, presented a paper setting out a business plan for the financing of planned capital developments, at a total

estimated cost of c. £9m, which had been approved in principle at the Court's meeting in June 2004. The President of the Sports Union spoke in support of the planned developments, emphasising the need for improved facilities to attract potential students to the University, the disadvantage for competitive sport of facilities which were poor by comparison with other institutions, and the cost to sports clubs of having to use external facilities for home fixtures.

**The Court decided:** (i) to establish a sub-group comprising the Chairman, Dr Rolland, Mr Sutherland and Professor Bissett-Johnson, together with the Secretary, the Director of Finance and the Director of Sport & Exercise, to scrutinise the business plan in detail and to make recommendations to the Court in due course;

(ii) to invite the sub-group to consider also the prioritisation of elements of the development plan, by reference to the separate needs of casual student participants, competitors at representative level and outside users.

(4) Proposed Rental of Storage Facilities

The Director of Campus Services presented a proposal for lease by the University of the former Comet warehouse in West Henderson's Wynd, at a total cost over five years of £511k. The value of this site lay in its potential to support on-going and imminent projects: off-campus book storage as part of the Library strategy; accommodation for the waste management facility and other activities to be displaced from Heathfield Mill (to make way for the proposed new teaching block); and additional car parking spaces to replace some of those lost through capital developments.

**The Court decided:** to approve the proposal.

23. **REDUNDANCY COMMITTEE**

The Court received a report from the Redundancy Committee, presenting the first case under the approved procedure for redundancy of members of academic staff for whom there was no further work beyond the end of their fixed-term contracts.

**The Court decided:** to approve the Committee's recommendation regarding termination of the employment of the individual concerned.

24. **REMUNERATION COMMITTEE**

The Court received the report of a meeting of the Committee on 8 November 2004 (**Appendix 3**). The Principal answered members' questions about salary increases awarded to non-clinical professorial and ALC 6 staff. In relation to the increase awarded to the Principal, the Chairman indicated that the Committee had used a set of performance objectives in a process which was mirrored in industry.



On the proposal to award honoraria of up to £4000 per annum to Associate/Vice Deans<sup>1</sup>, it was noted that the duties of some of these posts were quite onerous, but there were significant variations between faculties. It was accepted that the posts concerned were as listed in the report, but that the number and titles of such posts might alter as the result of future organisational changes. It was pointed out that the new pay and grading structure arising from the Framework Agreement would provide a means of evaluating the total contribution of other academic staff with administrative responsibilities.

- The Court decided:**
- (i) to approve the proposal to award honoraria to Associate/Vice Deans, the precise levels of award to be determined in each case by the Principal on the recommendation of the relevant Dean, within limits set by the Remuneration Committee - and to make appropriate amendments to the Schedule of Delegation and Decision-Making Powers;
  - (ii) to note that the new CUC Guide for Members of Higher Education Governing Bodies recommended that reports of the remuneration committee to the governing body 'should provide sufficient detail of the broad criteria and policies against which decisions have been made', and to invite the Committee to take this into account in future;
  - (iii) otherwise, to note the report.

## 25. MEMBERSHIP OF COURT

### (1) Vacancy for Co-opted Lay Member

The Chairman reported that an individual approached on behalf of the Nominations Committee had declined to be considered for Court membership; consequently it was proposed to reconvene the Committee early in 2005. The Committee would now engage in a broader consideration of the recruitment of co-opted lay members in the light of the proposed restructuring of the Court from 1 August 2005.

### (2) Election of Non-Academic Staff Member

The Deputy Secretary & Clerk to Court reported that Mrs Carolyn Bain had been elected as a member of Court by the clerical, manual and technical staff of the University, for the period 1 January 2005 – 31 July 2008. Mrs Bain was a member of the technical staff, working in Web Development.

On behalf of the Court, the Chairman bade farewell to Mrs Norma Stewart, who was relinquishing this position following promotion, and thanked her for her contribution to the work of the Court.

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<sup>1</sup> Dr Ward declared an interest as Associate Dean in the Faculty of Life Sciences.

(3) Vacancy for Member Elected by the Senate (Professorial)

The Deputy Secretary & Clerk to Court reported that Professor David Rowley had resigned from the Court owing to pressure of other commitments.

**The Court decided:** to approve the recommendation that, to avoid difficulties that would arise in the context of the restructuring of the Court from 1 August 2005, the present vacancy should not be filled as a casual vacancy but should await the next biennial election of Senate representatives due in May 2005.

26. **COMMUNICATIONS FROM THE SENATUS ACADEMICUS**

The Court received a report from the meeting of the Senatus on 1 December 2004 (**Appendix 4**). Regarding the establishment of a Redundancy Committee in connection with the closure of the Division of Physical & Inorganic Chemistry (item 1), the Secretary confirmed in answer to a question that the University was still applying its best efforts to find solutions for the remaining staff of the Division whose future had not been secured, but redundancy could not be ruled out.

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

27. **AUDIT COMMITTEE**

The Court received the report of a meeting of the Committee on 24 November 2004 (**Appendix 5**). In response to a question, the Convener explained the Committee's concerns regarding the security of assets in the custody of the Bank of New York (item 2(2)). The Director of Finance indicated that a full written response, awaited from the brokers, had now been received. On item 2(6), it was confirmed that there had been no significant complaints about the tighter regime which had been introduced for the management of student debt. While this was properly an issue of financial control from the point of view of the Audit Committee, the Court was reassured that the University had robust procedures for dealing with the welfare aspects of student debt.

**The Court decided:** to approve the report, including the Committee's annual report for submission to SHEFC.

28. **CAMPUS SERVICES COMMITTEE**

The Court received the report of a meeting of the Committee on 1 December 2004 (**Appendix 6**).

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

29. **STAFF**

(1) Exercise of Delegated Powers: Professorial/ALC 6 Appointments

The Court noted the appointment of the following:

Professor Allan Gillespie	Chair of Photonics	1 December 2004
Professor Elizabeth Leo	Chair of Education	1 March 2005

(2) Honorary Chaplain

**The Court decided:** to approve the recommendation of the University Chaplain that Rev Gordon Campbell, a manager in the Finance Office, be appointed as an additional Honorary Chaplain.

## APPENDIX 1

### PRINCIPAL'S REPORT (Minute 16)

The Senior Management Team has met on two occasions since the last Court meeting – on 2 and 9 November and will meet again at an 'away-day' on 7 December. The new arrangements are still at an early stage and much of the time has been spent on mapping the key issues at the faculty-faculty interface and at the faculties-University interface. The away-day on 7 December is to focus on developing a clear programme of action for 2005 and beyond.

#### **Finance and Resource Allocation**

The meeting of the Senior Management Team on 7 December will review the key elements of the financial strategy submitted to Court in June 2004 and progress towards the planned surplus of 3% by 2006/07. The review will take account of the SR 2004 settlement, predicted increases in capital grants, the likelihood of a net shortfall on net capital receipts, the phasing of the capital programme, pensions pressures and the (early) estimated costs of implementing the Framework Agreement. A sub-group of the Senior Management Team will continue to work on specific proposals for expenditure reductions, efficiency gains and new income generation and will report to the first meeting of the Finance & Policy Committee in 2005. Recommendations for adjustments to the resource allocation model will also be brought forward ahead of the 2005/06 budgeting round.

#### **RESEARCH**

##### **Research Reviews**

The University is mid-way through the review programme. Initial results suggest that this has been an effective, sometimes uncomfortable exercise. The use of external experts has led to a realistic assessment of strengths and weaknesses. The majority of subject reviews will be completed by Easter but key requests for change and investment will be brought forward as the review recommendations are finalised. The overall research strategy and tactical decisions in relation to RAE 2008 will be crystallised in spring 2005.

##### **Research Pooling**

The principle of pooling research resources across Scotland's universities is gaining strength. The University is currently seeking to influence the position in relation to the creative disciplines, economics, life sciences, civil engineering and work on geosciences and the environment. There is concern about the ad hoc nature of the process for formulating bids and the ground rules for assessing bids and a meeting has been arranged (for 15 December) with SHEFC's Director of Research to discuss these issues.

#### **LEARNING AND TEACHING**

##### **Enhancement-Led Institutional Review**

The ELIR process was completed in mid-November and we have since received very positive initial feedback from the QAA. Their report will conclude that the University's quality assurance procedures are 'comprehensive and effective' and that 'broad confidence can be placed in the soundness of the University's current, and likely future, management of the quality of its provision and the academic standards of its awards'. A number of aspects of activity are expected to be highlighted as features of good practice and the report will also highlight as excellent the 'quality of the web-based quality assurance documentation'. The commitment of staff and students to promoting an inclusive and supportive learning experience is also highlighted. The final report is expected from the QAA by 28 January 2005. This will inform the further development of the Learning and Teaching Strategy. A number of reviews by professional regulatory bodies (in nursing, dentistry and architecture) have also been successfully completed.

### **Fresh Talent Scholarships**

A Scottish Executive programme has been set up to fund scholarships in key disciplines to attract overseas students. The University will be required to waive 20% of the overseas fees for each scholarship place. The implications of participating in the programme are being examined.

### **7 December Away-Day**

The aim of the meeting is to ensure a better understanding of how strategic and operational decision-making can be managed so that decisions made at faculty and University level are mutually supportive. Key areas for discussion include:

- the process for prioritising investments in staff, buildings and equipment
- RAE 2008
- postgraduate provision
- learning and teaching strategy.

### **FACULTY-SPECIFIC ISSUES**

#### **Arts & Social Sciences**

- the English Department is to be reviewed by a team of internal staff with one external expert. The focus will be on curriculum development, forward research plans and recruitment issues.
- the new postgraduate centre at College Hall is proving popular and successful.

#### **Law & Accountancy**

- work is in hand to recruit to a number of strategically important posts.

#### **Education & Social Work**

- two new Chairs in Education and Educational Development and Technology have been appointed and a search is under way for a post in the social care area.
- positive progress is now being made in developing plans for the new Faculty building on the main campus and planning the transition process from Gardyne Road.

#### **Duncan of Jordanstone**

- two major grants totalling over £750k have been won from the Arts & Humanities Research Board in their latest round of awards.
- work on the graduate centre is completed and further work is being undertaken to ensure that the full benefits are realised from the centralisation of the technical workshops.
- rapid progress is being made in research postgraduate activity and research income compared to the period up to and immediately following the 2001 RAE.

#### **Engineering & Physical Sciences**

- the new SRIF-funded link building has been opened.
- work on developing plans for the Institute of Medical Science & Technology is advancing with the current staffing and funding constraints.

#### **Life Sciences**

- discussions are continuing about the possibility of a joint initiative with Tayside Police in relation to human identification and other forensic services.
- the related issue of developing anatomy to ensure adequate provision for medical, dental, nursing, anatomical science, sports biomedicine and forensic anthropology students is also being considered in light of proposed legislative changes and the overall provision in Scotland. A joint Life Sciences/Medicine, Dentistry & Nursing working group, chaired by Professor Rowley, is to be set up.

**Medicine, Dentistry & Nursing**

- the Faculty's research strategy and a range of related organisational issues are currently subject to consultation and discussion with a view to developing a forward plan by February 2005.
- The new 'Cuschieri' Skills Centre was opened on 8 November, including a new anatomical skills centre funded by NHS Education for Scotland.

## APPENDIX 2

FINANCE & POLICY COMMITTEE  
(Minute 20)

A meeting of the Committee was held on 16 November 2004.

**Present:** Mr B W M Johnston (Convener), Professor D H Boxer (Vice-Principal), Professor S C Hunt, Ms A Newton, Dr M R Ward and Mr I D M Wright.

**In Attendance:** Mr W Sutherland, Secretary, Director of Planning & Information, Director of Finance, Deputy Director of Finance and Mr G A Campbell.

## 1. MINUTES OF PREVIOUS MEETING

**Resolved:** to approve the minutes of the meeting on 11 October 2004.

## 2. MATTERS ARISING

(1) Provisional Year-End Result 2003/04 (Minute 4)

The Vice-Principal (Professor D H Boxer) indicated that he would report to a future meeting on plans for establishing better procedures for predicting research income.

The Director of Finance reported briefly on continuing Finance Office initiatives to improve forecasting. In particular, he reported that a reallocation of responsibilities from early 2005 aimed to improve communication between the Finance Office, Faculties and Directorates. It was also planned to customise reports to assist budget managers.

The Committee received an amended report from the Deputy Director of Finance on underlying surplus generations. It was noted that incremental growth in student numbers in recent years had been the major contributing factor to the University's 'operating surplus'. However, pay expenditure in 2003/04 outpaced income significantly.

**Resolved:** to note that staff costs would need to be controlled to protect and increase the University's underlying surplus.

(2) Borrowing - Report on Progress (Minute 8)

The Director of Finance reported that tenders had been received for loan facilities from the Allied Irish Bank (GB), Barclays Bank plc, Lloyds TSB Scotland plc and The Royal Bank of Scotland. Barclays had offered the most competitive rate of interest (0.22% above base rate), loan structure (revolving £20m facility over 7 years), fee level and flexibility.

The Director of Finance reported that, having gone through the offer in detail with Barclays and Noble Grossart Ltd, the University's legal advisers would now be asked to comment. In response to a question from Dr Ward, the Director of Finance confirmed that no potential drawbacks had so far been identified.

**Resolved:** to recommend that Court approve a loan facility through Barclays Bank plc, subject to clearance from the University's legal advisers.

(3) Riverside Biosciences Ltd (Minute 11)

The University Secretary reported that mediation had been rejected by Riverside Biosciences and that it was not expected that a proof hearing would be held for some 18 months. It was noted that the University was receiving legal advice from Dundas and Wilson and that Riverside Biosciences was backed by venture capitalists.

**Resolved:** to note that Court had invited the Director of Finance to review the general terms of research contracts, to identify any scope for reducing the risk of bad debts.

### 3. DUNDEE UNIVERSITY STUDENTS' ASSOCIATION (DUSA) FINANCES

Mr Sutherland declared an interest (as a DUSA Board Member).

The Director of Finance reported on the DUSA financial projections. It was noted that surpluses were significantly lower than in the report presented to Court, on which DUSA's loan approval was based. That said, the projections did show the loan being repaid to the University over a 10-year period as agreed.

Various factors had affected DUSA's trading activity, including the disruption to activity throughout the refurbishment period, an increase in senior staff costs, semesterisation and increased competition from other entertainment venues.

- Resolved:**
- (i) to note that consideration of duplication or gaps in welfare provision by DUSA and the University fell outwith the remit of the Finance & Policy Committee but would be addressed by the liaison group comprising senior University officers and DUSA sabbatical postholders;
  - (ii) to invite the Director of Finance to explain at the next meeting the kinds of activities contained under the heading 'Sundry Income';
  - (iii) to continue to monitor DUSA finances on a regular basis.

### 4. YEAR-END RESULT 2003/04

The Deputy Director of Finance presented an amended set of financial reports for 2003/04. A surplus of £2.6m was reported. The plateauing of research income and the increase in staff costs were noted in particular, as were Notes 17 and 22 concerning the Residences transaction and Riverside Biosciences respectively.

- Resolved:**
- (i) to invite members of the Finance & Policy Committee to contact the Director of Finance by 23 November 2004 with any queries on the draft accounts;
  - (ii) to invite the Director of Finance to check, by the date of the Audit Committee, that the pension figure at item 5, page 35, was consistent with the SORP;
  - (iii) to delegate authority to approve the accounts and related reports for the Committee to the Convener and Mr Wright.

### 5. CAPITAL EXPENDITURE

The Director of Finance reported on capital approvals. He indicated that in future he would split the totals to show contributions from general and external funds, so that the University contributions could easily be matched against the cash flow forecasts.

### 6. FORECAST YEAR-END RESULT 2004/05

The Deputy Director of Finance reported on the forecast year-end result. The forecast surplus was £2,967k compared to a budgeted figure of £3,024k. The forecast was based on major known changes in material items identified since the beginning of the year. A more thorough review of the forecast based on five months' actual expenditure would be made at the next meeting of the Committee.

### 7. CREATING AN UNDERLYING SURPLUS

The Convener noted that the strategy before the recent Spending Review envisaged an additional £18m or so of cumulative underlying surplus being built up over the current and following three years to 2007/08. Salary and employment costs represented around 62% of total expenditure. In 2003/04 staff costs rose by 5.85% compared with an increase in total income of 4.6%.

It was noted that the SHEFC settlement was better than expected and that the workload model for staff would, it was hoped, lead to efficiency gains. Further work by a group chaired by the Principal would identify ways to achieve surplus targets. If the surplus targets were not met, however, the capital programme (for maintenance as well as new-build projects) would have to be reviewed.



**Resolved:** to explore further ways of achieving the surplus targets, including top-slicing of 3% of income before budgets were allocated.

#### 8. COMPANIES IN WHICH THE UNIVERSITY HAS AN INTEREST

The Director of Finance reported on companies in which the University has an interest.

He also reported that a further £40k had been received from DDS Medicines Research Ltd since the last meeting.

**Resolved:** to invite the Director of Finance to update this report periodically.

#### 9. RESIDENCES

The Deputy Director of Finance reported on progress to date. It was noted that a 98% occupancy rate had been assumed whereas the University had nominated students to only 96.5% of rooms.

The Secretary advised that, as reported at the last meeting, efforts were continuing to keep the cost of new builds within affordable limits. However, due chiefly to inflationary pressures in the construction industry and the need to balance cost against quality and marketability, the original cost estimates as reported to the sub-group in May could not be achieved.

The Secretary reported that no agreement had been reached with the Bank of Scotland regarding the value of the conferencing business at West Park. The business had only been included in the DSV contract on a temporary basis, subject to further negotiation. It was noted that part of the target capital receipt depended on the outcome of this matter. Ultimately, if agreement could not be reached with the Bank, the University would have the option of retaining the conferencing business and the associated income or outsourcing the business to another party.

On the positive side, it was now felt that the value of some of the disposals resulting from the project had been underestimated. It was proposed to record higher estimates in the University's financial forecasts.

- Resolved:**
- (i) notwithstanding the fact that the University Court, at its meeting on 14 June, had authorised the Secretary to use his absolute discretion to sign off the outsourcing of the University residences and conferencing facilities, to note the concerns expressed by the Convener, Mr Wright and Ms Newton that the Court's residences sub-group had not been re-convened to discuss the inclusion of the conferencing business on a temporary basis only prior to the contract being signed on 5 July 2004;
  - (ii) to note that the impact of these developments would need to be considered in the context of the University's overall financial forecasts;
  - (iii) to invite the Secretary to consider how the timing of meetings of the Dundee Student Villages Board and of the Finance & Policy Committee might most helpfully be arranged in future.

## APPENDIX 3

**REMUNERATION COMMITTEE  
(Minute 24)**

A meeting of the Committee was held on 8 November 2004.

Present: Mr J Milligan (Convener), Ms A Newton and Mr W Sutherland.

In Attendance: Principal (for part of the meeting); other officers also attended parts of the meeting to advise on specific items.

1. The Committee met to conduct a review of non-clinical professorial and ALC grade 6 salaries. The Committee noted its remit as outlined in the Schedule of Delegation and Decision-Making Powers, which had been approved by Court.

2. Salary increases were agreed as follows:

<u>Faculty</u>	<u>2004</u>
	£
Arts & Social Sciences	9,000
Duncan of Jordanstone College	7,000
Education & Social Work	4,000
Engineering & Physical Sciences	8,425
Law & Accountancy	3,000
Life Sciences	21,000
Medicine, Dentistry & Nursing (non-clinical)	9,000
Student & Academic Support Services	13,000
Principal's Office	2,000

3. A total of £76,425 (cf £66,750 in 2003) was distributed selectively to 51 individuals from the eligible group of 130 members of staff. The figure was calculated as the approximate pro rata equivalent of net incremental increases for other academic and related staff. In reaching decisions on this matter, the Remuneration Committee took note of the relevant 'Procedure and Guidelines' note, faculty average salaries for 2003 and 2004 and issues of gender equity in the non-clinical professorial group.
4. In addition, a number of salaries within one faculty were recalibrated to take account of equivalencies in other institutions.
5. The Committee decided to award a performance-related increase of £4,000 to the Principal.
6. The Committee recommended that honoraria should be paid to Associate or Vice-Deans of faculties to recognise the significant contribution they made to their faculties and the work they carried out in supporting the Deans. It was agreed that the Principal should make representations to Court regarding this matter (see annex).
7. All of the payments approved by the Remuneration Committee would be actioned in the November payroll, backdated to 1 October 2004.

## ASSOCIATE/VICE-DEANS

At its meeting on 8 November 2004, the Remuneration Committee considered a proposal from the Principal that the Associate or Vice-Deans of faculties should be awarded honoraria for the duration of their period of office.

Faculties typically have two or three Associate or Vice-Deans, covering such areas as learning and teaching and research. They play key roles in supporting the Dean and ensuring the effective management of the faculty. They are appointed by the Dean and their term of office is usually three years.

The Remuneration Committee agreed with the Principal that it would be appropriate to award honoraria to both professorial and non-professorial Associate or Vice-Deans for their period of office. It is proposed that the Remuneration Committee be given discretion to make these awards as an amendment to the Schedule of Delegation and Decision-Making Powers. For information, if this discretionary power is approved, the Committee is minded to award honoraria of no more than £4,000 per annum.

A full list of Associate or Vice-Dean positions is as follows:

### **Faculty of Arts & Social Sciences**

Associate Dean – Research  
Associate Dean - Learning and Teaching  
Associate Dean - Programme Development and Recruitment

### **Faculty of Law & Accountancy**

Associate Dean (Accountancy & Business Finance)  
Associate Dean (Law)

### **Faculty of Life Sciences**

Associate Dean

### **Faculty of Education & Social Work**

Vice-Dean  
Associate Dean (Research)

### **Faculty of Duncan of Jordanstone College**

Associate Dean of Research and Enterprise  
Associate Dean of Learning and Teaching

### **Faculty of Medicine, Dentistry & Nursing**

#### Medical School

Deputy Dean  
Teaching Dean  
Research Dean

Dental School

Sub-Dean for Teaching  
Sub-Dean for Research

School of Nursing & Midwifery

Associate Dean  
Acting Teaching Dean  
Research Dean

**Faculty of Engineering & Physical Sciences**

Director of Teaching  
Director of Research

## APPENDIX 4

COMMUNICATIONS FROM THE SENATUS ACADEMICUS  
(Minute 26)

## 1. UNIVERSITY COURT – REPORT OF THE MEETING OF 25 OCTOBER 2004

The Senatus received a communication from the meeting of the University Court held on 25 October 2004.

Arising from paragraph 2 of the report, the Review of Physical and Inorganic Chemistry, the Senatus was invited to nominate two members to join the Redundancy Committee which Court had decided to establish. A member of the Senatus objected both to the way in which this matter had been presented and to the establishment of the Redundancy Committee itself, which he felt to be unnecessary. Given that there were only two members of staff involved, their interests might be better safeguarded by more help and perhaps modest financial support by the University. In response, the Principal noted that there had been a comprehensive discussion of the issues both at Court and at a previous meeting of the Senatus and that Court was the appropriate body to decide upon the necessity for a Redundancy Committee. The University was providing, and would continue to provide, help and support - including financial support - to the staff concerned; while he was hopeful of a satisfactory resolution, that could not be guaranteed. On the manner in which this issue had been raised, it was pointed out that it was a decision of Court to establish the Committee and that the Senatus was simply requested to nominate two members to serve on the Committee.

On a motion to decline to nominate members to serve on a Redundancy Committee the Senatus voted as follows: in favour 5, against 26.

**The Senatus decided:**

- (i) to nominate Professor Ann Burchell and Professor Alan Werrity to serve on a Redundancy Committee;
- (ii) for the rest, and for its part, to approve the report.

## 2. ARRANGEMENTS FOR GRADUATION 2005

The Senatus received a paper from the Deputy Director of the Registry setting out the arrangements for the Graduation ceremonies in June/July 2005.

(1) Ceremonies

The following table sets out the proposed distribution of faculties among the five required graduation ceremonies in June/July 2005. In earlier drafts, it had been suggested that the Dental School would graduate in June with the other faculties, but the School has since declared a preference for dental graduands to graduate alongside those of the Medical School in mid-July. The Medical School is not in a position to finalise graduation lists for June, and so an extra ceremony in July has become necessary.

The revised start times of 10am and 2pm for morning and afternoon ceremonies respectively, introduced in 2004, worked well and have been retained for 2005.

The assignment of honorary graduands to a given ceremony is, of course, subject to their accepting the award.

<u>Date and Time</u>	<u>Venue</u>	<u>Faculty Groups</u>	<u>Honorary Graduands</u>	<u>Est. Nos</u>
10am, Thursday 23 June	Caird Hall	Arts & Social Sciences  Education & Social Work	Edward de Bono  Baroness Susan Greenfield  Paul Hewson (Bono)	420-450

2pm, Thursday 23 June	Caird Hall	Engineering & Physical Sciences  Duncan of Jordanstone	Professor Julian Hunt  Anish Kapoor	440-480
10am, Friday 24 June	Caird Hall	Life Sciences  Law & Accountancy	Fred MacAulay	380-410
2pm, Friday 24 June	Caird Hall	School of Nursing & Midwifery	Ann Gloag  Noerine Kaleeba	500-550
2pm, Tuesday 12 July	Caird Hall	Dental School  Medical School	Sir James Black  Professor Alasdair Breckenridge  Sir John Sulston	280-320

## 2. GARDEN PARTIES

Garden Parties for the ceremonies on Thursday 23 and Friday 24 June and for the ceremony on Tuesday 12 July will take place from 4pm on campus, the precise venue to be advised by External Relations in due course.

- The Senatus decided:**
- (i) to approve the arrangements proposed;
  - (ii) to note that academic members of staff would receive tickets for the garden parties free of charge;
  - (iii) to note that proposals to hold an additional ceremony in January 2006 would be considered in due course by the Senior Management Team.

**APPENDIX 5****AUDIT COMMITTEE  
(Minute 27)**

A meeting of the Committee was held on 24 November 2004.

**Present:** Mr W Sutherland (Convener), Mrs S Brown, Councillor M Taylor, Ms J M Thomson and Mr W Wilson.

**In Attendance:** Mr B W M Johnston, Secretary, Deputy Secretary & Clerk to Court, Director of Finance and Deputy Director of Finance; Mr I Lee and Mr A Aitchison (Ernst & Young); Mr S Inglis (Henderson Loggie).

**1. MINUTES OF PREVIOUS MEETING**

**Resolved:** to approve the minutes of the meeting on 28 September 2004.

**2. MATTERS ARISING****(1) Joint VFM Studies (Minute 3(2))**

It was confirmed that the next joint meeting of Audit Committees would be held on 8 December 2004, in the University of Abertay, and joint VFM studies would be on the agenda. It was noted that the proposed study on management of debtors, involving the two firms of internal auditors, could proceed without delay in the New Year once any remaining issues had been finalised at the joint meeting. The Director of Finance confirmed that the various desktop VFM studies were being progressed and that there were other benefits in all three Directors meeting on a regular basis. Their view about the best way forward for joint VFM studies was beginning to emerge.

**(2) Security of Assets (Minute 3(3))**

The Director of Finance reported that he had discovered from the brokers that assets in the custody of the Bank of New York were kept as eurobonds, payable to the bearer, in a secure location in Luxembourg. A full written response regarding the security issues raised by the Committee was still awaited.

**(3) Implementation of Commitment Accounting (Minute 3(4))**

The Director of Finance reported that Windows XP had not yet been implemented in the Finance Office. Also, the recent death of the Purchasing Manager would inevitably cause delay. Testing of the CODA upgrades would take place as soon as possible in the New Year.

**(4) DUSA Building Redevelopment – VAT (Minute 3(5))**

The Director of Finance confirmed that action had been taken to tax the activities in the DUSA building, as discussed, and it would therefore be possible to reclaim VAT on the University's contribution to the costs of the DUSA redevelopment.

**(5) Asset Management (Minute 4)**

The Director of Finance reported that IT Services, the Faculty of Duncan of Jordanstone College, the Faculty of Engineering & Physical Sciences and the School of Nursing & Midwifery had been selected for the provision of support in the development of asset management capability. It was confirmed that the internal auditors would reinforce to departments, in the course of their audit programme, the importance of compliance with the University requirement to maintain local inventories.

(6) Student Debt Control (Minute 5)

The Director of Finance reported that fee invoices had been issued by the first week in November, three months ahead of the position in 2003. The process of issuing reminders had already commenced. The matriculation exercise had been far more satisfactory this year from the Finance Office perspective and outstanding student debt had been reduced from £1.1m (at 31 July 2004) to £671k. Bad debt provision (£430k) now exceeded the current level of debt older than 12 months (£182).

(7) Minimum Value for Inclusion of Assets in Departmental Inventories (Minute 7)

The Director of Finance reported that, following discussion within the Finance Office, it had been decided that the current threshold for the recording of assets at departmental level should remain at £500, but with no limit on attractive portable items. It was agreed in discussion that it was not easy to define what was attractive and that this would have to be left to departmental discretion. In answer to a question, the Director confirmed that the insurance brokerage contract was being reviewed.

3. **FINANCIAL STATEMENTS – YEAR ENDED 31 JULY 2004**(1) Financial Statements

The Committee received draft Financial Statements for 2003/04, which had already been submitted to the Finance & Policy Committee. The external auditors confirmed that, in their view, the accounts were satisfactory and that they had no particular concerns. The Convener of the Finance & Policy Committee indicated that the only issue which had worried that Committee was the £16.7m deficit in the University of Dundee Superannuation Scheme as disclosed under FRS17. The Committee had decided to invite the Scheme's Actuary to attend its next meeting on 7 February 2005 to explain the significance of the different valuations under SSAP24 and FRS17. The assumptions underlying these valuations were critical; the Actuary was currently being changed, so it was possible that some assumptions might be modified in future. The auditors confirmed that pension scheme valuations would have to be consolidated in the University's accounts from financial year 2005/06.

With regard to the overall result (an operating surplus of £682k before capital gains), the Committee acknowledged the challenge of reaching the Court's surplus target of 3% of income by 2006/07. It was pointed out that an executive group had been established to look further into how this could be achieved. It was noted that maintenance liabilities were being reduced by disposals and demolition, while payroll costs were monitored by the Staffing Sub-Committee.

(2) Auditors' Report

The external auditors presented their report and answered questions from members. It was noted that no provision had been made for a VAT assessment for c. £330k for the year ended 31 July 2002, but that this was expected to be reduced to immateriality following the provision of archived invoices to HM Customs & Excise for inspection. The report also commented on the accounting treatment applied to the outsourcing of the student residences.

(3) Management Letter

The external auditors presented their draft Management Letter, including management responses, making recommendations arising from the audit exercise and following up certain issues from the previous year's letter. The Committee queried the sufficiency of the management response to the auditors' comment on the robustness of controls over IPR royalty income, since this currently amounted to an estimated £1.5m per annum.

- Resolved:**
- (i) to note the auditors' report and to recommend approval of the Financial Statements for 2003/04;
  - (ii) to welcome the invitation to members of the Audit Committee to attend the meeting of the Finance & Policy Committee on 7 February 2005, for the purpose of hearing the Actuary's comments on pension scheme valuations;



- (iii) to invite the Director of Finance to review procedures for the monitoring of IPR royalty income and to report back to the next meeting – and in the meantime to revise the relevant response in the Management Letter;
- (iv) otherwise, to approve the Management Letter for submission to SHEFC.

#### 4. IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS

The Committee received a status report on all grade A/B internal audit recommendations due to be implemented by 5 November 2004. As requested by the Committee, the internal auditors had reviewed certain recommendations relating to Estates & Buildings and Research & Innovation Services and consequently resolution of outstanding issues in these areas could now be achieved.

- Resolved:**
- (i) to request monthly reports from management concerning implementation by Estates & Buildings of an improved risk assessment system for prioritising outstanding jobs;
  - (ii) to invite the auditors to agree with officers a target implementation date for the outstanding recommendation from the procurement VFM study, allowing a reasonable period from the date of appointment of a new Purchasing Manager;
  - (iii) to invite the Secretary to communicate directly with the Dean of Nursing & Midwifery regarding the outstanding recommendation relating to cash handling on the Fife campus.

#### 5. INTERNAL AUDIT REPORTS

The Committee received reports on the following assignments:

2004/11 DUSA - Cash Handling  
 2004/13 Payroll/Personnel  
 2004/14 Risk Management

On the Payroll report, the Committee received assurances on various aspects of security in relation to the P3 system. The Committee discussed several recommendations in the Risk Management report which had not been agreed by management. It was noted that the auditors' recommendations were based on published best practice, while management felt that there was an issue about how feasible and effective some of these measures might be. The Committee agreed that the University's approach to risk management should not be overly bureaucratic and accepted the management view that the University's 'risk appetite' should continue to be decided on a case-by-case basis by the Court and by other bodies with specific responsibilities.

**Resolved:** to note the reports.

#### 6. ANNUAL REPORT OF INTERNAL AUDITORS

The Committee received the auditors' annual status report for 2003/04. The Committee discussed the extent to which the University should attempt to provide advice and support to the Students' Association on corporate governance. It was agreed to allocate more internal audit activity to DUSA (at the University's expense) and that the Convener, who was a member of its Board of Management, would suggest that this should include corporate governance. In addition, the Convener would bring DUSA matters to the attention of the Committee as he deemed appropriate.

- Resolved:**
- (i) to approve the auditors' annual report for submission to SHEFC, subject to amendment of the operational plan for 2004/05 to include additional audit days on DUSA topics instead of scheduled work on the Library;
  - (ii) within their work on corporate governance in the University, to invite the auditors to examine the quality of papers submitted to the Finance & Policy Committee and Court, on which strategic decisions were based.

#### 7. ANNUAL REPORT OF AUDIT COMMITTEE

**Resolved:** to approve a draft annual report for 2003/04, for submission to the Court and SHEFC (annex).

8. **OUTSOURCING OF RESIDENCES**

The Secretary tabled a report summarising the nature and outcome of a submission to HM Customs & Excise on the VAT treatment to be applied to transactions arising from the outsourcing of the residences. Such a report fulfilled an undertaking to the sub-group of Court which had been responsible for the project. He also advised the Committee that the Finance & Policy Committee had expressed concern that it had not received a detailed report on aspects of the final agreement on the outsourcing arrangements, which had been signed in July 2004. Such a report would be made to the next meeting of the Finance & Policy Committee.

9. **PERTH ROAD FLATS**

The Secretary informed the Committee that, in the process of disposing of student flats on the Perth Road, the Title Deeds of certain premises which had not been included in the sale had been mistakenly transferred to the purchaser. The fault lay with the University's solicitors. Appropriate legal action was being taken.

10. **PRIVATE MEETING WITH AUDITORS**

After the departure of the officers (except the Deputy Secretary & Clerk to Court), the auditors were invited to raise any matters which they wished to discuss privately with the Committee. The auditors confirmed that they had no significant concerns to report. Discussion of various matters ensued, including the understatement of depreciation charges by more than £800k in the draft annual accounts, which had been overlooked by the auditors; the net impact had been a reduction of the University's surplus by £324k. Mr Lee explained how this oversight had occurred and apologised to the Committee.

**AUDIT COMMITTEE: ANNUAL REPORT 2003/04****1. MEMBERSHIP AND MEETINGS**

The Committee began 2003/04 with a new Convener: Mr Bill Sutherland, a member of Court and former member of the Committee, succeeded Mr Harry Terrell, who had completed his term of office on Court. Otherwise the membership was unchanged from 2002/03, comprising Councillors John Henderson and Willie Wilson (both members of the Court), Mrs Stephanie Brown of Instep Initiatives Ltd and Ms Jacqui Thomson of The Parr Partnership. Collectively the Committee's membership possessed broad experience of commercial operations and financial management.

Meetings of the Committee were held on the following dates, with 3-4 members present on each occasion:

1 October 2003  
2 December 2003  
4 February 2004  
19 May 2004

The Convener of the Finance Committee attended two of these meetings.

**2. DIRECTOR OF FINANCE**

At the December meeting the Committee bade farewell to the University's Director of Finance, Mr Robin Walker, who retired at the end of the year. Mr Walker was thanked for his excellent stewardship of the University's finances throughout his long period of service, which had been characterised by a high degree of professionalism and an approachable management style. Mr Walker was succeeded as Director by Mr Peter Cooper, formerly Deputy Director.

**3. FINANCIAL STATEMENTS – YEAR ENDED 31 JULY 2003**

At its December meeting the Committee received draft Financial Statements, which had been approved by the Finance Committee. Having considered the report of the external auditors, the Committee recommended to the Court that, with agreed amendments, the Financial Statements should be accepted. The Committee also approved the auditors' draft Management Letter, together with the associated management responses, subject to minor modification of both regarding certain IT-related issues.

In the course of considering these documents the Committee gave particular attention to pension scheme liabilities and issues relating to subsidiary companies. The Committee was reassured by the auditors that pension liabilities were properly disclosed and noted that the University would in future be seeking actuarial advice annually. It was agreed that the Court should be provided with a summary of the differences arising from valuations under SSAP 24 and FRS 17.

The external auditors also provided, and commented on, a summary of International Financial Reporting Standards and their implications for the higher education sector.

**4. FINANCIAL CONTROLS**

Two matters received continuous attention by the Committee at all meetings, although neither was brought to a conclusion during 2003/04.

**(1) Student Debt**

The total outstanding student debt at 31 July 2003 was reported as £1.13m. This represented an increase over the previous year (£1.07m), although there had been no change in the level of debt as a proportion of total fee income (about 6%). The auditors confirmed that the University was one of the better performing institutions in the sector on the management of student debt, but the Committee felt that there was scope for improvement.

The Committee was accordingly provided with a detailed analysis of student debt prepared by the Finance Office. The internal auditors were asked to undertake a study on Registry procedures, as speeding up the entry of fee data was seen as the key to achieving earlier issue of

invoices and activation of follow-up procedures. The auditors' report (see item 5 below) was received at the May meeting, together with a paper from the Director of Finance outlining ways in which debt collection could be made more efficient. The Committee was not satisfied, however, with the overall response and took the view that tougher actions were required. It remained a concern that responsibility for the management of student debt was diffuse, involving the Registry, the Finance Office and Faculty staff who registered students. The Director of Finance was invited to lead an initiative, involving all interested parties, to achieve tighter control of student debt.

(2) Asset Management

During 2002/03 the Committee had invited the Director of Finance to consider with the internal auditors the introduction of centralised procedures for improving asset control. Equipment costing over £10k was capitalised in the University's accounts and the central asset register maintained by the Finance Office recorded all items valued at over £5k; the unmet need which had been perceived was for a uniform system of recording items of lower value in departmental inventories. A position paper received detailed consideration at the February (2004) meeting. It was concluded that the needs of departments requiring assistance in setting up an inventory were varied and in reality a single solution might not be appropriate.

The Director of Finance was therefore invited to collect information on the systems currently in use and to produce proposals on how best to provide central support to those departments requiring it. At the May meeting the Committee considered his initial report, but action was deferred pending a further options appraisal.

## 5. INTERNAL AUDIT PROGRAMME

In October the Committee reviewed and approved the internal audit operational plan for 2003/04. In May the Committee took the opportunity to review the whole Audit Needs Assessment and Strategic Plan 2002-05, in the light of developments and the degree to which improvements had been successfully implemented. The document had originally been drawn up on the basis of a rudimentary version of the University's risk register: for the review the auditors compared the ANA with the more developed risk register currently in force and confirmed that the audit needs identified were still appropriate.

The Committee received at each meeting progress reports from the internal auditors on implementation, against the identified target dates, of all their higher priority recommendations in previous reports. Officers were invited to take further action in particular cases of non-compliance. Concern was expressed repeatedly about the considerable slippage of time in the implementation of certain recommendations. Since it was clear that in some cases there were good reasons for delays, the Committee asked the auditors to focus attention in their follow-up reports on outstanding recommendations about which they were most concerned. The first report including this refinement was submitted to the May meeting and officers were asked to take cognisance of the auditors' comments.

During 2003/04 the Committee received reports on the following internal audit assignments:

2002/14 Payroll/Personnel  
 2003/09 Student Experience – Quality Assurance Unit  
 2003/10 Creditors/Purchasing  
 2003/11 Payroll/Personnel  
 2003/12 External Relations  
 2003/13 Estates & Facilities – Capital Authorisation Procedures/Disaster Recovery Plans  
 2004/01 Review of Corporate Governance  
 2004/03 Budgetary Control  
 2004/04 Faculty of Education & Social Work  
 2004/05 Student Fees

Each report was considered in detail, with the auditors and officers addressing comments and questions from Committee members. The Committee invited the auditors at the October meeting to put a value, wherever possible, on the activities they were reviewing as a guide to their significance in terms of financial control. The report on Corporate Governance, which benchmarked the University against the draft code of governance contained in the Lambert Review, was commissioned to inform a review of Court and corporate governance which was undertaken by a working group of Court members over the period April – May 2004. The report on Budgetary Control produced a strong recommendation that the University should proceed with the implementation of commitment accounting and the Committee was

advised that £150k had been set aside in the capital programme for this purpose, with a target date for implementation of financial year 2005/06.

**6. JOINT VFM STUDIES**

The Committee received proposals from the Directors of Finance at Abertay, Dundee and St Andrews Universities regarding joint VFM work (as a follow-up to the joint meeting of Audit Committees in September 2003). Two approaches were recommended: studies which were amenable to desktop review by the three institutions and those which were more suitable for investigation by internal audit. The Committee, for its part, approved all the proposed desktop studies - on banking, VAT advice, utilities and insurance; and, having considered the options identified, selected debt control as the most suitable subject for an audit-led process review. A protocol for progressing these various studies was subsequently approved.

**7. AUDIT OF 2002 FIRST DESTINATION SURVEY**

The Committee received a copy of a letter reporting the outcome of an audit, undertaken by the HEFCE Audit Service on behalf of SHEFC, of the University's First Destination Survey in respect of students leaving in summer 2002. The audit had found some instances of incorrect coding, but none of these impacted upon the main employment performance indicator to be published by HEFCE. The main conclusion of the audit was that the system in use by the University for carrying out the First Destination Survey had adequate controls in operation.

**8. TRANSPARENT APPROACH TO COSTING**

The Committee received a report from the internal auditors on the conduct of the TRAC exercise for the year ended 31 July 2003, including an assurance that the method and processes used to collect data were in accordance with the guidance from the Joint Costing and Pricing Steering Group. It was noted that two understatements on the TRAC return identified by the auditors were not within the bounds of materiality and consequently no correction would be necessary.

**9. INVESTIGATION**

The Committee was apprised in October of an investigation into a possible case of fraud within the University involving a former member of staff. Updates were provided at each meeting until it was finally reported in May that the police had decided not to prosecute. The Committee was also advised that efforts were continuing to recover the monies which were considered to be owing to the University.

**10. EXTERNAL AUDIT – YEAR ENDING 31 JULY 2004**

At its final meeting the Committee approved the external auditors' proposed approach to the annual audit for the financial year 2003/04. The Director of Finance was asked to pursue a particular issue, concerning the redevelopment of the Students' Association building, with the University's VAT advisers.

The Committee had been awaiting guidance from the external auditors on the accounting treatment to be applied to the outsourcing of the University's student residences to a special purpose vehicle (the transaction was eventually completed in July 2004). Pending their final report, the auditors advised the Committee in May that most accounting matters had been settled to the satisfaction of both sides; the outstanding point at issue was whether new builds should be included on the University's balance sheet. The Committee invited the auditors to have direct discussions with their colleagues in London (who were advising DSV), a resolution of differences being regarded as more important than rules on potential conflict of interest within the same company.

## APPENDIX 6

### CAMPUS SERVICES COMMITTEE (Minute 28)

A meeting of the Committee was held on 1 December 2004.

Present: Dr L A L Rolland (Convener), Professor A Burchell and Professor A Bissett-Johnson.

In Attendance: Secretary, Director of Campus Services, Mrs J Donachie and Mr R Eaton.

#### 1. MINUTES OF PREVIOUS MEETING

**Resolved:** to approve the minutes of the meeting on 7 October 2004.

#### 2. MATTERS ARISING

##### Review of Estates & Buildings (Minute 5)

The Director of Campus Services informed the Committee that the review was progressing well. The eventual outcome would be a more streamlined organisation populated by staff who were committed to a customer-based service. Discussion had taken place with Deans of faculties, the staff themselves and their trade union representatives, all of whom were committed to the review.

Professor Burchell suggested that there should be a closer alignment between University Estates and NHS Tayside in the context of provision at Ninewells Hospital.

**Resolved:** to note that a formal presentation would be made to the Campus Services Executive Team early Spring 2005.

#### 3. MASTER-PLANNING

The Secretary sought the Committee's approval for a proposal that up to 20% of a £647,000 in-year capital grant allocation be spent on a master-planning exercise to be carried out by Sir Terry Farrell and Partners.

**Resolved:** to support the proposal.

#### 4. SPORTS FACILITIES

The Director of Campus Services addressed a paper presenting an update on matters previously reported to the Committee.

Although there was no significant change to the report made to the Court, three elements of the strategy were highlighted:

Phase 1 upgrading of the all-weather pitches at Riverside.

Phase 2 expansion to the Sports Centre to accommodate squash courts, fitness suite and a gymnasium for the Faculty of Education & Social Work.

Phase 3 construction of a sports centre at Riverside, subject to grant funding from Sport Scotland.

The Committee noted that the Court had already given authority for phase 1. An option appraisal for phase 2 would be submitted to Court in February 2005.

Discussion ensued regarding the poor state of repair of the tennis courts. The Committee heard that a business plan would be submitted to Court in December with a view to a sub-group being set up to scrutinize the plan in more detail. Meanwhile, the Director of Campus Services agreed to review current spend to identify funds for some maintenance measures.

The Committee recorded concerns about sports facilities provision in general and in particular the fact that a number of competitive sports now had to take place off-campus. The potential impact of this on attracting students to the University was noted. A letter from a former Vice-Principal, Professor Ian

Stevenson, highlighting similar concerns, was received by the Committee. The Secretary acknowledged these concerns, intimating that Court would require to be convinced that expenditure in this area was a good investment against future projected income streams.

With regard to the application to Sport Scotland, the Secretary indicated that any grant from this body would require matched funding from the University.

5. **FACULTY OF EDUCATION & SOCIAL WORK/TEACHING BLOCK**

The Director of Campus Services reported that a series of meetings had taken place with the Dean and Faculty staff and a formula for housing all staff on campus had now been agreed. The transfer of activities and staff was projected to be completed during 2007.

6. **LIBRARY STRATEGY**

The Director of Campus Services updated the Committee on progress. He advised that development of enhanced facilities would help to achieve one of the objectives in the 'Towards 2007' vision statement. Arrangements for an off-campus recall service were discussed. It was emphasized that academic staff were involved in the decision-making process. Professor Bissett-Johnson raised concerns regarding the cost of downloading and printing material from the VLE. It was agreed the VLE should be accessible and affordable for students.

**Resolved:** to prepare an update together with cost estimates for the Court in February 2005.

7. **UPDATE ON ONGOING PROJECTS**

The Director of Campus Services advised the Committee of the completion of three significant projects: the link between the Fulton building and the Engineering laboratory block; the refurbishment of DUSA; and the postgraduate facilities at the Faculties of Duncan of Jordanstone and Arts & Social Sciences.

Progress on other projects was reported as follows:

Queen Mother Building – target July 2005 completion.

CIR – 6 weeks behind programme. It is hoped that this can be brought back on target for completion July 2005.

Carnegie/Peters redevelopment – to start summer 2005.

Refurbishment of Duncan of Jordanstone workshops - started in August 2004/target December 2004 completion.

Car parking – fewer spaces available as a consequence of developments. The Committee had debated possible measures to address this issue and these had been incorporated in the Green Travel Plan presented to the Court in June. Further discussion followed; members suggested a more aggressive pricing policy to deter single usage of cars.

**Resolved:** to note that progress on projects would be reported to the Court in February 2005.

8. **REVISED CAPITAL PROGRAMME**

The Director of Campus Services tabled a draft paper presenting an overview of the entire capital programme together with an identification of the associated funding streams.

9. **RESIDENCES BUILDING WORKS**

The Secretary reported that the contract to set up Dundee Student Villages had been signed in July 2004. The conference business had been included in the contract on a temporary basis only at this stage, as no agreement had yet been reached with the Bank of Scotland regarding its value.

The Secretary reported that construction costs for the four new builds had not been finalized. Every effort was being made to ensure that the new residences were affordable. However, it was noted that construction costs were expected to exceed the figures estimated by the cost consultants earlier in the year.

Professor Burchell alerted the Committee to concerns regarding the proposed closure of Wimberley Hall. It was agreed that the needs of students studying at the Ninewells campus should be given further consideration.

10. **DISABILITY-RELATED WORKS**

The Secretary drew members' attention to the tabled capital investment programme paper in which it was identified that £650k had been set aside for Disability Discrimination Act (DDA) compliance measures. It was noted that ring-fenced funding in this area would decrease. However, there was a desire to make a capital investment in this area in each financial year. The Director of Campus Services reminded members that all new projects would be DDA-compliant. The Committee heard that the compliance sub-group was working to ensure that works were not only compliant but also sensitive to the needs of a wide variety of users.

Concerns regarding compliance measures and associated funding at Ninewells were highlighted by Professor Burchell.