

# MINUTES - Draft



SRUC Board Meeting

Date: 23 August 2018

Place: Lecture Theatre H, King's Buildings, Edinburgh

Status: Draft - Strictly Private & Confidential

Distribution: SRUC Board  
SAC Commercial Board  
ELT

**Present:** Mr S Cumming (Chairman), Mr J Cross (for items 18.35), Mr F Dinning, Mr J Hume, Mr S MacKenzie, Mr A Marshall, Professor S McDaid, Mr J McLean (for items 18.35), Ms C Millar, Dr K Richards, Mr I Ross, Professor W Powell, Professor C Williams and Mr B Wood.

**In attendance:** Mr H Anderson, Mrs C Bysh, Mr C MacEwan, Mr G Macgregor, Professor J Newbold, Mr C Peebles, Professor S Skerratt, and Mrs D Taylor (Minutes Secretary).

## 18.25 Apologies and Welcome

**Noted that:**

- a) Apologies were received from Nancy McGowan, Head of Finance.
- b) The Board welcomed Caroline Bysh, Director of Marketing, Digital and Communication to her first Board meeting.
- c) Although he observed the previous Board meeting, Stuart MacKenzie was welcomed to his first official Board meeting as the SRUCSA Student President and student member on the Board.
- d) Professor Sarah Skerratt, Director of Policy Engagement, was welcomed back to the Board room in her new role as an Executive Leadership Team (ELT) member and not as the staff member on the Board.
- e) The Board congratulated the ELT on a very successful Royal Highland Show and Graduation. The amount of work that goes into these events was recognised.
- f) The Chair invited all Board members to attend the SRUC graduation ceremonies as these are ideal events to engage with SRUC staff, students, and their families.
- g) The Chair highlighted that he had been in post for a year and was pleased with progress on the Strategic Plan, development of SAC Commercial work programme, and the implementation of the Governance Effectiveness Review.

## 18.26 Register of Interests and Conflict of Interest

**Noted that:**

- a) Any updates to the Register of Interests are to be forwarded to the Assistant Company Secretary.
- b) The Principal & Chief Executive declared that he had potential conflicts relating to discussions involving NIAB, as his wife was the Chief Executive.
- c) The Chair reiterated the importance of keeping the Register of Interest up-to-date and declaring any conflicts of interest.

## 18.27 Minutes of Previous Meetings

### 18.27.01 Minutes of Meeting held on 5 June 2018

**Noted that:**

- a) The minutes of the meeting held on 5 June 2018 were **approved** as an accurate record of the meeting.

## 18.28 Matters Arising (not otherwise covered on the agenda)

### 18.28.01 South and West Business Case (**Confidential, closed business**)

## 18.29 Principal and Chief Executive Update

The Board received an update paper from the Principal & Chief Executive (paper 324).

**Noted that:**

- a) Updates from the ELT members were included in the Principal & Chief Executive's paper and would be included from now on.
- b) "Project 2022" referred to the whole change programme and not just achieving university status.
- c) The Principal & Chief Executive highlighted five points for the Board:
  - 1. People restructuring (independent of Property & Estates changes)
  - 2. Creating a new faculty structure
  - 3. Communication around South and West plans
  - 4. Agreeing with the Chair/Board a performance framework
  - 5. Addressing SRUC and SAC Commercial cross-over while creating the opportunity for collaboration which is required for successful funding bids in today's environment.
- d) It would be helpful for the Board to receive a communication note from the Director of Marketing, Digital and Communication which outlines the key aspects and dates of the transformation programme in case Board members are contacted, although

it was noted that any official queries received by Board members should be directed to the SRUC Communications team.

**Action: CB**

- e) The Academic Director confirmed that non-Scotland based staff had been mapped into the regional Dean structure.
- f) The Board congratulated the Director of Policy Engagement in her new appointment as the Scientific Director of the Scottish Consortium for Rural Research (SCRR, <http://www.scr.ac.uk/>). The Chair requested that she outline SRUC's policy engagement at a future Board meeting.

**Action: SS**

### **18.30 Items for approval/discussion**

#### **18.30.01 ASRC Follow-up report (Confidential, closed business)**

#### **18.30.02 Academic and Commercial Business Plans**

The Board received a paper on "Academic and Commercial Business Plans" from the Academic Director and Director of Commercialisation & Innovation (paper 326).

**Noted that:**

- a) The KPIs listed in the Business Plans will feed into the Balanced Scorecard which the Board will use to monitor the delivery of objectives. A draft Balanced Scorecard would be brought to the October Board meeting.
- b) On page 4 of the Commercial & Innovation Services Business Plan, the use of "charity" in the "SRUC Turnover Journey" graphs should be clarified. Metrics outlining how the suggested increase in income would be achieved in a short time would be helpful for the Board.
- c) The Business Plans would be updated over the upcoming year as plans are implemented and assumptions removed.
- d) There was discussion about how much detail should be included in the Business Plans to aid the Board in their assessment of them. It was also recognised that the Board already supported the detailed Strategic Plan and would be receiving a detailed Balanced Scorecard.
- e) The Principal & Chief Executive reiterated the importance of developing an ambitious plan and that the Board's help would be required in bringing people and organisations along for the journey.
- f) The Chair outlined that the cycle for strategic planning needed to be reviewed and that the 2019 schedule should not just include dates/venues but clarity on business items for discussion at key points.

**Action: WP/GM**

### **18.30.03 Terms of Reference**

The Board received a paper on “terms of reference” from the Academic Director (paper 327).

**Noted that:**

- a) As agreed at the 5 June Board meeting, the Committee Chairs had been given the opportunity to review the terms of reference and make any final comments. The final drafts were provided to the Board to approve.

**Agreed that:**

- a) There were a few minor amendments/additions to be made and the Board delegated authority to the Company Secretary to work with the Committee Chairs to finalise the terms of reference.

**Action: CP**

### **18.30.04 Governance Effectiveness Review Monitoring Report**

The Board received a “Governance Effectiveness Review Monitoring Report” from the Company Secretary (paper 328).

**Noted that:**

- a) An updated Governance Effectiveness Review monitoring report was provided to the Board.
- b) The Chair confirmed that a formal Board self-evaluation would be in place by the end of October. This would involve Board members completing a form/questionnaire followed by a one-to-one discussion with the Chair.

**Action: CP/DT**

- c) A review of the Chair would also take place by the end of the year and the Board were invited to forward any recommendations on how to facilitate this based on their experiences to the Assistant Company Secretary.

**Action: CP/DT**

- d) It was suggested that more work could be done on agendas and papers to clarify what were the key and important items and what the Board were being asked to do (i.e. to note, make a decision, etc). A history of where items had been discussed would also be helpful.

- e) The Chair invited all Board members to contact the authors of papers in advance of the meetings to ask questions and clarify items. He also suggested that Board members focus on items listed as “for approval/discussion”.

## **18.31 Items for information**

**18.31.01 The Food Hub update (confidential, closed business)**

**18.31.02 Inverness Rural Veterinary Hub update (confidential, closed business)**

### **18.31.03 Aviagen update**

The Board received an “Aviagen update” from the Director of Finance (paper 331).

**Noted that:**

- a) The Director of Finance provided the Board with an update on the proposed collaboration with Aviagen Limited and confirmed this was not a capital commitment for SRUC. The Board welcomed the outcome of the negotiations.
- b) A meeting with Aviagen is scheduled for 5 September to discuss the future relationship.
- c) There was discussion regarding the biosecurity of bringing birds onto the site. The Academic Director confirmed that the birds were on a different site from other animals and were kept apart.

### **18.31.04 Sale of Auchincruive Land update (confidential, closed business)**

### **18.31.05 Pension update**

The Board received a “Pension update” from the Director of Finance (paper 333).

**Noted that:**

- a) The Director of Finance provided an update on the Citrus pension scheme and confirmed that the actuarial assumptions were being challenged.
- b) The Audit & Risk Committee have been kept informed and have been monitoring SRUC’s pension risk. They are pleased with the work that Mercer have done to date.
- c) The Board agreed with the actions being taken and asked that any substantial changes be brought to their attention.

### **18.31.06 Finance update (Management Accounts Q1)**

The Board received a “Finance update” from the Director of Finance (paper 334).

**Noted that:**

- a) The Director of Finance provided the Board with the financial results to 30 June 2018, with the caveat that this was only three months worth of data.
- b) The F&E Committee had received and reviewed the Finance update at their meeting on 14 August. The need to strategically review the Farms was recognised.

### **18.31.07 Strategic Risk Register (Confidential, closed business)**

### **18.31.08 SRUCSA update**

The Board received a “SRUCSA update” from the SRUCSA President (paper 336).

**Noted that:**

- a) The Board received an update on SRUCSA activities and their plan for the upcoming year from the SRUCSA President.
- b) The update included information on the election results, by-elections, liberation officers, Healthy Body Healthy Mind, responsible futures, revamp of class rep system, speak week, gender based violence, ELIR, student partnership agreement, and developing internships/work experience.
- c) The Board suggested that in terms of developing internships/work experience, there was potential for SRUCSA to form links with Women in Agriculture.
- d) The SRUCSA President confirmed that he was in discussions with the Head of Environment, Health & Safety regarding the daily mile initiative in order that they did not duplicate their efforts.

## **18.32 Board Sub-committee updates**

### **18.32.01 Finance & Estates Committee – 14 August**

The Board received a verbal update from Professor S McDaid, the Chair of the Finance & Estates Committee.

**Noted that:**

- a) the Committee Chair confirmed that the F&E had spent time discussing the accounts at their meeting and most other items had already been covered elsewhere on the Board agenda.
- b) The Committee also highlighted the need to make the governance around the Trusts more robust, which is being taken forward.

### **18.32.02 Audit & Risk Committee – 14 August**

The Board received a verbal update from Mr A Marshall, the Chair of the Audit & Risk Committee.

**Noted that:**

- a) The Committee Chair confirmed that most items discussed by the Committee had been covered elsewhere on the Board agenda.
- b) The Internal Audit report highlighted three moderate findings which the Committee accepted.
- c) The Committee felt that the Critical Finding (Purchase Orders) remained an issue and asked the Director of Finance to make improvements in this area by their next meeting.

### **18.32.03 Remuneration & Appointments Committee – 23 August**

The Board received a verbal update from Professor C Williams, the Chair of the Appointments & Remuneration Committee.

**Noted that:**

- a) The Committee Chair highlighted the following items from the R&A Committee's meeting that morning.
- b) A blended approach would be used for the recruitment of two, preferably female, Non-executives. This would involve using a recruitment firm, advertising on specific websites, and potentially holding targeted events at SRUC campuses.
- c) The Committee would be looking at skill gaps on the Board and felt that there was a need for more FE representation and accountancy skills.
- d) While, ideally, appointments would be made by December the Committee felt that quality of candidates should be the focus and were content if the timeline needed to be extended to achieve this.
- e) The election process to appointment of two new staff members to the Board (one non-academic, one academic) had begun and 12 nominations had been received.
- f) In terms of appointing a second student member to the Board, discussions had been held with SRUCSA. Elections for a Women's Officer would be held in October and SRUCSA would like to appoint the successful candidate to the Board. The R&A Committee agreed that this would be a suitable interim situation but reiterated that the second student member on the Board was not automatically a SRUCSA appointment and would need to be revisited.
- g) The Board agreed that a SRUCSA representative could attend the October Board as an observer and the newly appointed Women's Officer could attend the December Board as the second student member.
- h) The R&A Committee also recognised that there would be a number of Board members stepping down in 2020 and this would need to be planned for, as would the retirement of the Chair and the resulting Chair election.

### **18.33 Any Other Business**

#### **18.33.01 Nancy McGowan, Head of Finance**

- a) The Director of Finance confirmed that Nancy would no longer be attending Board meetings now the accounts for 2017/18 were complete and the Director of Finance was in post. The Board extended their sincere thanks and appreciation to Nancy for all her work and support over the years.

### **18.34 Dates of Future Meetings**

#### **2018**

- Thursday, 4 October, Elmwood Campus
- Thursday, 13 December

### **18.35 Finance (joint meeting with SAC Commercial Board) (Confidential – Closed business)**

### **18.35.01 Annual Financial Statements**

The Boards received the “Accounts” paper from the Director of Finance and the Head of Finance (paper 337).

**Agreed that:**

- a) After due consideration the Board was satisfied for the SRUC, SAC Commercial Ltd, SAC Corporate Trustee Ltd, the SAC Foundation, Equestrian Facilities Scotland Limited, and the three Trusts accounts to be approved for signature by the Chairman and the Principal & Chief Executive.

### **18.35.02 Letters of Representation**

The Board received the “Letters of Representation” paper from the Director of Finance (paper 338).

**Agreed that:**

- a) After due consideration, the Board was satisfied for the Letters of Representation in respect of the below to be approved for signature:
  - SRUC
  - SAC Commercial Limited
  - SAC Corporate Trustee
  - The SAC Foundation
  - Equestrian Facilities Scotland Limited

### **18.35.03 Annual Audit Report**

The Board received the “Annual Audit Report” from Ernst & Young (paper 339).

**Noted that:**

- a) The Director of Finance confirmed that the preparation of the Annual Audit Report had been a good process and positive experience with the external auditors posing good questions to the finance team.
- b) The Board noted the content of the report and that it had been considered by the Finance & Estates and Audit & Risk Committees.
- c) The current contract with the external auditors was for 3 years with the possibility of a 1 year extension. This would be discussed at the next Audit & Risk Committee meeting.

### **18.35.04 Going Concern Report**

The Board received the “Going Concern Report” from the Director of Finance (paper 340).

**Noted that:**

- a) The Board was pleased with the 2018 Going Concern Report, as they had had concerns with the 2017 report due to a lack of strategy, business plan and demonstrating financial sustainability.

- b) The Finance & Estates and Audit & Risk Committees had reviewed the report and recommended it to the Board.

**Agreed that:**

- a) A strong strategy and ELT were now in place and the Board had no hesitation in accepting the Going Concern Report.
- b) The Board thanked the Director of Finance, the Head of Finance and the finance team for compiling the accounts and acknowledged the wider executive team for their efforts in delivering an improved financial position.

**Devon Taylor**  
**Assistant Company Secretary**  
**23 August 2018**