

QUEEN MARGARET UNIVERSITY

**A REVIEW OF THE
EFFECTIVENESS OF
THE COURT 2015**

A Report to the Court Effectiveness Review Working
Group from the External Adviser, John Lauwerys

John Lauwerys Consultancy Services

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1 INTRODUCTION

- 1.1 As part of a process of ensuring the effectiveness of its governance, and in fulfilment of the requirement of the Scottish Code of Good Governance, the Court of Queen Margaret University initiated a governance effectiveness review early in 2015. In February, half a day was set aside by the Court at a special Away Day meeting to determine how best to undertake the review and to identify the key questions and issues that required to be answered and addressed. This session was facilitated by an external adviser, John Lauwerys, formerly Secretary and Registrar of the University of Southampton, who has wide experience of governance effectiveness reviews.
- 1.2 Prior to the Away Day session, a questionnaire was produced and used by Court members on the day to help guide the discussion on identifying the main factors relating to the Court's effectiveness. Consideration was also given to how best to review the effectiveness of the Chair of Court against agreed key requirements of that role.
- 1.3 Following the special meeting, it was decided to set up a Working Group of the Court to take forward the Review with the assistance of the External Adviser. The Group met on two occasions in June and September 2015 and will meet for a final time in November prior to submitting its report and recommendations to the Court for consideration at its meeting on 2 December 2015. The External Adviser attended all meetings of the Working Group and contributed to the discussions, and in particular introduced an external perspective by drawing on examples of practice at other universities.
- 1.4 At its first meeting, the Working Group identified a series of key questions relating to the effectiveness of the Court. It was agreed that all members of Court, together with those members of the Senior Executive who regularly attend Court meetings, should be interviewed and asked their views on these questions. The majority of interviews were conducted by members of the Group but the External Adviser undertook the interviews of the members of the Group itself.
- 1.5 Following the Away Day in February 2015, in addition to attending the two meetings of the Working Group, the External Adviser was also able to attend as an observer the Finance and Estates Committee meeting on 22 September 2015 and the Court meeting on 7 October 2015. There was also an opportunity for the External Adviser to interview the Principal and two other members of the Court in addition to the six members of the Working Group, and of course the External Adviser was able to consider past papers of the Court and its Committees and reviewed these in detail, going back to December 2014. He also reviewed other key documents including the Court Members' Handbook, the Annual Report for

2013-2014 and the Statement of Primary Responsibilities in addition to perusing the University's website.

- 1.6** It is against this background and with the benefit of the evidence gained over the period since February 2015, that the following report has been prepared. What follows is not a Full Governance Effectiveness Review of the kind I have carried out elsewhere, which was not the remit I was given. It is rather an external contribution to the review being led by the Court Effectiveness Working Group. I have sought, where appropriate, to support the key conclusions of the Group but also to identify other issues which strike me as significant and to provide suggestions and examples of interesting practice drawn from other universities across the UK.
- 1.7** As External Adviser, I would wish to record my thanks for the friendly and open way everyone I have met at Queen Margaret University has responded to my enquiries. I would especially like to thank the University Secretary, Irene Hynd, and her former colleague Riley Power for the huge help they gave me throughout my assignment.

2 OVERALL EFFECTIVENESS OF THE COURT

- 2.1** My review of the relevant papers of the Court and its Committees, together with observing one Court meeting and one of its Finance and Estates Committee, leads me to conclude the University is effectively governed. The Court is well chaired, and the members have a wide and impressive range of experience and skills which they bring to bear for the benefit of the University. I also observed a dedicated and enthusiastic commitment to the University on the part of Court members. In fulfilling their responsibilities, they are ably supported by the University Executive and particularly in a governance context by the University Secretary.
- 2.2** Queen Margaret University is a comparatively small institution whose resources are constrained, and yet it is obliged to meet the same legal and regulatory governance requirements as apply to much larger and better resourced universities. It is a tribute to the Court and those who advise and support its role that the University has been able to show the highest level of compliance with the Scottish Code of Good Governance. This was mapped out in a report from the University Secretary to the Court meeting in June 2014 and further endorsed in a KPMG Internal Audit H.E. Governance Review Report in December 2014. I have reviewed these reports and agree there is a very high degree of compliance with the Scottish Code. Where there is a divergence, this is principally because there are some differences between the provisions of the Code and those of Queen

Margaret University's Governing Articles or because, in other cases, changes are still in progress.

- 2.3** A key document which sets out the responsibilities of the Court and which forms a key reminder of what these are is the Statement of Primary Responsibilities. The current format of this document is directly drawn from the Queen Margaret University Order of Council 2007 and Articles of Association and does not fully cover in specific terms all that could be included in a Statement of Primary Responsibilities. To give just one example, when the University's current statement is contrasted with Main Principle Number 5 in the Scottish Code, or Appendix 1 of the CUC High Education Code of Governance, there is something missing. The Scottish Code makes clear the governing body should be responsible for the appointment of the Principal and for ensuring there are arrangements for monitoring his/her performance. The first part of this requirement is covered in the Q.M.U. document; the latter is not. I recommend therefore that the Statement of Primary Responsibilities be redrafted to create a more useful document and that it be subsequently reviewed annually by the Court.
- 2.4** One of the most important functions of a governing body is to provide constructive challenge to the Executive and the proposals that are put to its meetings. There are mixed views among Court members as to how effectively this process takes place at Court meetings. Certainly it should be not only accepted but welcomed by the Executive and this seems to be the case. However not all Court members recognise that challenge is an important part of their role and that asking questions for clarification is not constructive challenge.
- 2.5** As the discussion at the Court Away Day demonstrated, along with the interviews conducted by the Working Group and its conclusions on the outcome of these interviews, there is unsurprisingly scope for improvement in the Court's effectiveness. A number of ideas have already been formulated by the Group, and the rest of my report which follows makes further observations and recommendations which the Group, and subsequently Court itself, may wish to consider and embrace.

3 UNIVERSITY STRATEGY, REVIEWING RISK AND MONITORING INSTITUTIONAL PERFORMANCE

- 3.1** The Court has adopted a new Strategic Plan for the University (QM150 in short) leading through to 2025. A more detailed Strategic Plan for 2015/16, together with 'refreshed' supporting strategies, is being developed and this is all commendable. There has been wide engagement in developing the new plan from members of the University, and the Court has participated fully, particularly at Away Day discussions. The Principal has also reported that operational or implementation

plans will be prepared to ensure the Strategic Plan goals are reached. The key targets should then be included in the Key Performance Indicators which are reviewed by the Executive Board and the Court to enable effective monitoring of progress.

- 3.2** The University has a Risk Register which is reviewed on a quarterly basis by the Executive Board and presented to Court annually at the December meeting. The Audit Committee also reviews the University's risk management process and has reported back to Court that it is satisfied with the process that is followed. The Register follows a standard layout with a 'traffic light' system to highlight areas of greatest risk. There are some potential risks not listed (e.g. the risk of a major fire in the University) and the ordering of the risks could, with benefit, be changed to bring the most significant risk areas to the top of the Register. There would also be benefit in breaking down some of the risk categories to enable more 'fine grained' reporting within these categories. So, for example, the risk of failure to meet student fee income targets is different in regard to R.U.K. students as compared to international students and the actions needed to mitigate risk are different.
- 3.3** The performance of the University is reviewed on a quarterly basis by Court which receives a Schedule of Key Performance Indicators (KPIs) and a covering commentary paper. This is an example of good practice by a governing body which is by no means universal across the sector. It is also commendable that this same report is circulated to Senate on a regular basis. There are over fifty KPIs on the Schedule presented to Court and they range from the highest level indicators of the greatest importance to some which are very marginal in importance. It would very much help to focus discussion on the key indicators if the number reported on a quarterly basis was reduced to around ten or a dozen, with the lesser indicators presented perhaps on an annual basis.
- 3.4** At this annual presentation, the targets for each KPI should be approved by Court and then not amended until the next annual review. The current practice of amending targets mid-session can give a false sense of the trends on KPIs. It would also make the presentation more useful if targets were set going forward two or three years to reflect the aims of the Strategic Plan. This in turn would give Court a clearer picture of the challenge ahead. At the same time, the KPI Schedule could be simplified by ceasing to give quarterly projections, a degree of granularity which adds little to the effectiveness of the monitoring process. This detail could simply be replaced by a rolling updated projection figure for the year in question.
- 3.5** Where the KPIs reveal a challenge for the University to reach the targets that have been agreed, or where there is an adverse change in performance perhaps brought about by external factors, the University Executive will need to take

appropriate action and this in turn should be reported to Court on a regular basis, either in the Principal's Report or, if of lesser importance, in the commentary to the quarterly KPI Report.

4 COMPOSITION OF THE COURT AND THE APPOINTMENT AND INDUCTION OF MEMBERS

4.1 SIZE OF THE COURT

The Court currently has twenty-three members but is permitted by the University's Governing Instrument to have between twenty and twenty-four members. In practice currently the maximum size of the Court is twenty-three because there is provision for the ex-officio membership of two Vice Principals but at present there is only one Deputy Principal. At a point when further revision of the Governing Instrument is in prospect, I would recommend the maximum membership be reduced by one by allowing for only one Deputy/Vice Principal to be in membership, which would be nearer the norm in the sector for senior executive membership of the governing body.

There have been some views expressed that the Court is too large and would function more effectively if it were to reduce in size. There is a trend among higher education institution governing bodies to become smaller, and a reduction to twenty could prove beneficial. However, at a time when the Scottish Government may force changes in the composition of University governing bodies and change the balance of the membership, it would be premature to consider any alteration in the current size or composition of the Court beyond that mentioned in the first paragraph above.

4.2 CHAIR OF THE COURT

The Queen Margaret Order of Council 2007 has recently been amended to allow for the Chair of the Court to be appointed from outwith the current membership of Court and to establish the post of Chair in a separate membership category. This anticipates changes that may be forced on all universities in Scotland depending on the outcome of the Scottish H.E. Bill 2015. It is still likely to allow appointment from within the current membership of the Court provided the post had been externally advertised and all the candidates are considered on merit (or perhaps, depending on the legislation, on the outcome of a ballot). The Court has just appointed a new Chair to succeed Keir Bloomer from late March 2016 so any changes in legislation will have no immediate impact on the University in this regard.

The current arrangements for the appointment of the Chair provide for the Nominations Committee to interview a shortlist of candidates and to make a

recommendation for appointment to a full meeting of the Court. This seems an appropriate and rigorous process for making this appointment.

4.3 APPOINTMENT OF MEMBERS OF THE COURT

The Nominations Committee is responsible for making recommendations to the Court for the appointment of new members. Vacancies are advertised in the Press and interviews are held with the aim of identifying people who have the skills and experience that most complement those of existing Court members and who best help improve the diversity balance of the Court. In October 2015, 43% of Court members were female against a target that not less than 40% of members should be of either gender. Achieving a balance in diversity in regard to ethnicity, disability and age is a much greater challenge still.

It is not always easy for universities to find suitable candidates to join their governing bodies and it is an even greater challenge to achieve balance in terms of diversity while still finding potential governors who bring the right mix of skills and experience the University needs. While public advertisement of vacancies is good practice, it is not always a successful way of bringing forward the candidates the University needs. Some universities have engaged 'head hunter' firms to help in this search but this is a very expensive approach. The University can, however, engage in its own search process by contacting a range of institutions, organisations and companies to ask for their help in identifying potential candidates. So, for example, contacting major NHS bodies, Local Authorities, trade associations, the CBI, etc., can help to bring forward additional candidates beyond those who reply to any advertisement. I would recommend the Nominations Committee adopts this approach in future.

However, before undertaking the search for new Court members, it is important to agree the qualities and characteristics that are being sought to fill any particular vacancies. A number of universities have found it helpful to devise a template to assist in this process. This should cover both diversity factors and the full range of skills/experience that Court members might ideally possess. That, in turn, would help the Nominations Committee to identify 'gaps' which it should strive to fill to ensure a good balance across the whole membership of Court.

4.4 TERMS OF OFFICE OF COURT MEMBERS

The University Governing Instrument limits the term of office of other than ex-officio members of Court to two terms of three years, although it allows for the extension of the term of office for a further three years in exceptional circumstances. In practice, this has meant that six years is regarded as the maximum term of office. In contrast, the Scottish Code provides for members to serve three terms of three years (or two terms of four years) without the need to justify a third term of three years as only being agreed in exceptional circumstances. It also makes clear that where a member of the governing body is

appointed as its Chair, he/she should automatically begin a new term of membership linked to the office (this could be a further two terms of three years).

While it is not just desirable, but of importance, to bring new members onto the Court to refresh thinking, continuity and the opportunity to retain the service of outstanding members is also very important. The reappointment of members for a second, or as it might be, third term of office, would need to be considered very carefully as it is now by the Nominations Committee. I would recommend change in the Governing Instrument at the next opportunity to enable the greater flexibility in regard to the terms of office of members of Court provided for in the Scottish Code.

4.5 INDUCTION OF NEW MEMBERS

The University Secretary has introduced an induction day for new members, which is good practice. This programme will undoubtedly develop and improve in the light of experience and feedback from those who attend. A Court Members' Handbook has also been produced for all members and a range of information is made available on the University intranet site. The University website includes the list of Court members (with their declaration of interest statements) and the minutes of past Court meetings which are publicly available. All Court members are informed of additional training and development opportunities including those provided through the Leadership Foundation for Higher Education.

Bearing in mind the limited resources available to support the University's governance function, the above is commendable. When it is possible, I would recommend an extension of the University intranet site to provide a Court members' section which could include, in addition to all Court papers, other material which could support the work of the Court. Certain lengthy papers (such as the recently revised Memorandum between the Funding Council and the University) could be held electronically rather than being circulated in hard copy to all members.

5 COURT MEETINGS AND PAPERS

- 5.1** The Court meets four times a year and holds a fifth regular meeting at the start of the Away Day meeting which is intended to focus on strategic issues. The meetings start at 4.00pm and typically last for just over two hours. This is less time than is usual for university governing body meetings which typically last rather over three hours. There is of course no point in having longer meetings for their own sake, but taking account of the widely stated view that Court meetings seem rushed and that a number of members contribute little to discussions, suggests that it would be beneficial for the meetings to be designed to take longer, perhaps

three hours. However, this cannot happen without a redesign of the Agenda and Court papers.

- 5.2** There has already been some reordering of the Agenda but this could go further. In many universities the Agenda is divided into Part A where significant discussion is expected, and Part B where items are essentially to be noted or approved but which should not require discussion.
- 5.3** Really engaged discussion at Court meetings however requires less time to be taken presenting information and more papers written in a style which encourages discussion. This is more likely to happen if questions are posed and options presented rather than just concluding with a recommendation and a request that it be approved. At the Court meeting in October 2014, a 25 minute presentation was given on the University Masterplan Development Strategy which concluded with a discussion session. A comprehensive paper, not just copies of the slides projected onto a screen, could have been circulated in advance and the introduction made correspondingly shorter. An introductory paper could have concluded with some 'what if' questions and options which would have engaged Court members more meaningfully and allowed them actively to steer the strategic direction of this important long term development of the University.
- 5.4** Some have commented that the contribution of individual Court members is enormously varied. Some members speak very rarely, while a small number speak very often. This is the nature of discussions in relatively large groups and is one argument in favour of reducing the size of the Court to provide a greater and more even contribution from all members. However a feeling that time is short will discourage some from contributing, and if the item under discussion is a matter of formal approval there is little perceived need for members to say anything. When relevant, the Chair of the meeting can draw in those less inclined to speak by specifically asking them to make a contribution to a discussion, particularly when they are likely to have relevant experience or knowledge.
- 5.5** The present format of Court meetings involves, as with many other universities, the receipt of a large amount of information and dealing with set items of business. A university governing body does require to receive a wide range of reports and to give formal approval to many items which do not necessarily require any significant discussion. However the agenda needs to be planned so that not too much time is spent with Court members in passive mode receiving large amounts of information but not having the need or opportunity to contribute significantly. In many universities, before formal governing body meetings, time is set aside for presentations or visits to departments. This would be possible if Court meetings started with such a briefing session at 4.00pm, with the main meeting starting at 4.30pm and continuing till 7.00pm or 7.30pm. If the meetings were to finish at that time, it would make it ideal to follow with a buffet supper which can be a very helpful means to enable informal networking between Court members and with the

Executive. The guiding principle should be to fix the times of meetings both to suit current members and encourage potential members to feel that the commitment of being a Court member could be managed along with the rest of their, no doubt, busy lives.

- 5.6 There may be some resistance to the proposal that meetings continue till about 7.00pm, and mixed enthusiasm for a buffet supper to follow, however beneficial the networking opportunities may be. This in turn may lead to the suggestion that meetings start earlier at 3.00pm or even 2.30pm. In considering this option, thought should be given to those who are still working full-time and heavily engaged in their careers and who would potentially find it more difficult to get away during 'normal office hours'. Indeed, meeting at a time which breaks substantially into this period may put off some potential Court members, who are at a busy middle stage of their careers, from considering joining Court. If this group is 'put off' by the difficulty of attending Court meetings it will work against the possibility of finding younger members of Court and the age profile will continue to be skewed towards old age groups.

6 COURT COMMITTEES

- 6.1 The Court has the typical committee structure of a governing body found in many universities. The Governance Code requires every university governing body to have an Audit, a Nominations and a Remuneration Committee. It is common to have a Finance Committee which often includes oversight of estate's issues. Many universities also have Human Resources or People Committee, and where these exist, Equality and Diversity and Health & Safety Committees often report through this committee to the governing body.
- 6.2 The issue of greatest importance is that Court itself, rather than its Committees, should be seen as the place where the key issues are fully considered and the major decisions are taken. So while it is essential that the Court should delegate a large range of matters to its Committees and authorise those Committees to take decisions on its behalf, the most significant matters should be considered and determined by the Full Court. Such issues will most often be considered by the relevant Committee first, but should then be presented in a way that leaves the decision for the Full Court to determine.
- 6.3 A number of Court Committees have quite a small membership and this is expressed as not less than x and up to y members. The quorum is often very small. In any governing body it is desirable that all members are also members of one of the sub-committees which should not have a large membership but need not be very small. I believe there would be benefit in increasing the numbers slightly in the case of the Audit and Finance and Estates Committees which would potentially allow a greater number of Court members to participate in the work of

its Committees while at the same time strengthening the Committees. All Committees should have a quorum of half the number of members plus one as a guideline.

- 6.4** At present, the style of agendas and minutes between the different Court Committees varies. There is best practice which could, with benefit, apply across all Court Committees, not least concluding each discussion item with a clear indication whether something has been resolved, that is a decision taken by the Committee within its area of authority, recommended where it is for the Court to determine but with a recommendation from the Committee, or noted where no decision is required but formal account has been taken of a particular issue. I recommend that the University Secretary should introduce a standard format for the agendas and minutes for all Court Committees.
- 6.5** I have one other general suggestion to make which is that the Court might consider, from time to time, establishing 'task and finish' groups to address particular issues and then report back to Court. An issue such as reviewing the potential risk and cost to the University arising from its pension liabilities would lend itself to be addressed by such a group. The membership could include other members of the University which would be an important means of further engaging Court members with the University.

6.6 AUDIT COMMITTEE

The Committee clearly operates effectively and is well supported by the two firms which provide the external and internal audit services. Its business is well understood and effectively discharged, and regular and appropriate reports are made to Court. The Committee has just four members at present, two of whom are professionally qualified in the finance area. The quorum is two members. I recommend an additional member be appointed and that the number of members should not be less than five and that the quorum be revised to three members. In many other universities, it has been found helpful to co-opt an external member of the Audit Committee who may bring specialist expertise not readily available among the current members of the governing body.

6.7 FINANCE AND ESTATES COMMITTEE

This is a key Court Committee which has the vital role of monitoring the University's financial performance. It also oversees estates and capital development issues and has closely monitored the complex renegotiations surrounding the student residencies. There is no Court Committee which oversees H.R. policy issues and the Court may wish to consider extending the remit of the F&E Committee to this area (and then perhaps renaming it the Finance and General Purposes Committee).

The Committee has comprised between four and six lay Court members together with the Principal and Deputy Principal who are ex-officio members. The quorum is two non-executive members. I recommend that the membership be increased to seven Court members (without a minimum number) plus the two non-executive members. I also recommend that the quorum be raised to four non-executive members.

6.8 NOMINATIONS COMMITTEE

The Committee's membership has been increased to include one staff and one student member of Court which is a requirement of the Scottish Code. The Committee has adopted best practice by involving these two new members in the interviews for the new Chair of Court who takes office at the end of March 2016. It has also produced role descriptions for the Chair of Court, the Vice Chair of Court and ordinary members of Court, all of which have now been adopted. It has also been examining the diversity of the membership of the Court, and with the advice of the Equality Challenge Unit, considering ways to improve the diversity balance of the Court. All commendable progress.

- 6.9** The one recommendation I would make beyond the recommendations made in section 4.3 above concerning the identification of candidates and the appointment of new members, is that the Nominations Committee has its remit extended to include governance effectiveness and developments related thereto. This would cover effectiveness reviews and the induction and training of Court members.

6.10 SENIOR MANAGEMENT REMUNERATION COMMITTEE

The Committee has four members, three of whom are ex-officio - the Chair of Court, the Vice Chair and the Chair of the Finance and Estates Committee. It is usual in other universities for the Chair and Vice Chair to be ex-officio members of the Remuneration Committee but not usual for the Chair of the Finance Committee to be ex-officio a member of this Committee. Until very recently, the fourth member of the Committee was a man which meant that all the members were male. The gender balance of this Committee, which operates in this sensitive area of senior salaries, should always be considered when appointments are made. Some universities have co-opted an external member with particular expertise relating to salaries and reward onto their Remuneration Committees and this might be an option to consider. The University Secretary acts as Secretary to the SMRC and this is good practice.

- 6.11** The Committee is chaired by the Vice Chair of Court rather than the Chair which is the implied good practice proposed in the Scottish Code. The Committee's remit covers the review and setting of salaries for members of the Executive Board. I note that it has now been agreed that it should also review and approve the salaries, on the Principal's recommendation, in regard to the small number of other staff who are paid in a range above the UCEA Salary Spine. This is good practice.

The Committee also oversees the policy on severance payments and its implementation.

6.12 Regular reports and minutes from the Committee are submitted to the Court.

There would be benefit in once a year having a discussion on the approach being adopted by the Remuneration Committee with the Court being asked whether it is receiving the information it feels it needs. This is all the more important in light of the publicity and sensitivity which surrounds senior salaries in the public sector which is deemed to include universities.

6.13 EQUALITY AND DIVERSITY COMMITTEE

This is a large Committee which is doing an important job and producing results. I have no particular suggestions beyond that of encouraging it to refine the reports it makes to Court so that they are briefer and give a clearer view of the high level conclusions and proposed actions. In this regard, an Annual Report which is given proper time at Court for a meaningful discussion is one of the potentially best ways to review the Equality and Diversity agenda. I note a member of Court is a member of the Committee and this is good practice.

6.14 HEALTH AND SAFETY COMMITTEE

This is another 'statutory' Committee which has a large membership, which again usefully includes a Court member. Aside from the issue of the University Smoking Policy which has proved beyond the Committee's ability to resolve, it appears to be doing a competent job.

7 OTHER MATTERS

7.1 DELEGATION BY THE COURT

As the Instrument of Governance makes clear, almost all authority and responsibility for the University rests with the Court. In practice, no governing body can function effectively unless it delegates a large number of its responsibilities to its Committees or to the University Executive. Certain matters, as the Instrument makes clear as section 4(11) and 4(12), may not be delegated by the Court. It is of great importance that there is no ambiguity or misunderstanding about where the authority lies for taking particular kinds of decisions, and to this end the Scheme of Delegation should be reviewed regularly. The University has a Court Delegated Authorisations Schedule and this should be reviewed to confirm that it is up to date and comprehensive and then submitted to Court once a year to gain endorsement that it remains acceptable and valid.

7.2 THE COURT'S COMPREHENSION OF THE 'ACADEMIC' AGENDA AND ITS ENGAGEMENT WITH SENATE

The comments made during the interviews with Court members suggest not all Court members feel well informed about, and engaged in, the academic agenda of the University. Equally, there was not a high degree of understanding of the role of Senate. The Working Group has already identified some ways of dealing with these issues including holding an annual joint meeting of Court and Senate. At one other university, this works well with the joint meeting receiving and discussing a report from the Principal about the academic work of the University. I have suggested above that meetings of Court could be preceded by a visit or presentation and this would be another way to further inform members about the academic agenda. The standing invitation for Court members to attend Senate meetings is also good practice.

7.3 IMPROVING LINKS BETWEEN COURT AND THE WIDER UNIVERSITY

Thought needs to be given on how to raise awareness across the University about the Court and the important role its members perform. Court members do, I understand, get invitations to attend University events, and a majority do join in the graduation ceremonies. More thought should perhaps be given to the kind of events that it would be really valuable for Court members to be invited to attend. While taking up such invitations bites further into the busy lives of governors, they provide an invaluable means to get to know the University better and to do so in an enjoyable way.

7.4 MANAGING CHALLENGING SITUATIONS

I was asked to provide some advice and comments on how the Court and the University's governance structure might best prepare itself to respond to any really challenging situations that might arise. In responding, I would observe that it is only when the 'tsunami hits', to use a metaphor, that the true robustness of the University's governance is revealed. Over the years, there have been many very serious failings at a number of universities, the University of Plymouth being perhaps the most recent example, and certain lessons can be drawn by considering these failings and indeed studying the reports which are publicly available.

Clearly as well as having a competent and experienced Senior Executive team which places the university first, ahead of any personal ambitions and interests, a university needs a governing body with members who are persons of broad experience with a high degree of integrity and not a little wisdom. The Governing Body needs to be well informed about all aspects of the university and well

advised. In this latter context, the role of the Secretary to the Governing Body is especially important.

Turning from the general to the specific, the Court needs to ensure it has regular reports on the University's performance and risk profile. Court also needs to be well informed, particularly the Chair of Court, about the wider context in which higher education is operating. The Court must ensure that the University has robust policies and procedures in place and that these are being followed. The Audit Committee will have a particularly important role in this regard.

When a major issue arises, sharing of information is key. The Chair, Vice Chair, Principal, Deputy Principal and University Secretary* would need to meet quickly and, if necessary, seek external advice (legal, P.R., etc) and probably seek advice through Universities Scotland/CUC/AHUA from any other institution which might have experienced similar issues.

Above all, Court should follow the proper processes which govern the University, whether they relate to the law of the land or the University's own governing instruments. All members of Court should be kept fully informed, possibly in confidence, and an emergency meeting of Court should be convened if necessary to brief members and authorise any actions which may need to be taken. When taking a decision on how to manage a problem, no course of action should be considered which could not be defended in public.

* and other senior members of the Executive depending on the nature of the challenge facing the university.

8 RECOMMENDATIONS

- 8.1** The Statement of Primary Responsibilities of the Court should be redrafted to create a more useful document which should then be reviewed annually by the Court. [Paragraph 2.3]
- 8.2** The format of the Risk Register should be further developed particularly to enable finer 'grained' reporting under certain risk categories. [Paragraph 3.2]
- 8.3** The number of Key Performance Indicators presented on a quarterly basis to Court should be reduced to ten or a dozen high level KPIs. The performance targets should be agreed by Court annually and not amended during the following year. [Paragraph 3.3]
- 8.4** Action being taken to address adverse performance under any KPI should be regularly reported to the Court. [Paragraph 3.5]
- 8.5** The maximum size of the Court should be reduced to 23 by removing provision for a second Vice Principal to be an ex-officio member. [Paragraph 4.1]
- 8.6** When seeking candidates for membership of Court, the Nominations Committee should, through its Secretary, invite suggestions from public and private bodies as well as advertising vacancies in the Press. [Paragraph 4.3]
- 8.7** A template should be devised for the use of the Nomination Committee to setting out the characteristics to be sought among Court members both in terms of diversity and skills/expertise. [Paragraph 4.3]
- 8.8** The Court should amend the terms of office for Court members and its Officers when the Governing Instrument is next amended to reflect the greater flexibility of the Scottish Code. [Paragraph 4.4]
- 8.9** When resource is available, the University intranet site should be developed to provide a section to support the work of the Court. [Paragraph 4.5]
- 8.10** The format of Court meetings should be amended to permit more discussion of significant items facilitated by papers which present more alternatives and options. [Paragraph 5.3]
- 8.11** More time should be allowed for Court meetings and the formal agenda should be preceded by a presentation or visit to part of the University. Consideration should be given to concluding Court meetings with a buffet supper to enable networking discussions between members and the Executive. [Paragraph 5.5]
- 8.12** The membership of the Audit Committee should be increased to five members (without a minimum lesser number of members) and the quorum raised to three.

One member could be co-opted onto the Committee rather than necessarily appointed from the Court. [Paragraph 6.3]

- 8.13** The membership of the Finance and Estates Committee should be increased to seven (without a minimum lesser number of members) in addition to the Principal and Deputy Principal who are ex-officio members. The quorum should be raised to four non-executive members. [Paragraph 6.7]
- 8.14** The terms of reference of the Nominations Committee should be extended to include governance effectiveness and the Committee should then be renamed the Nominations and Governance Committee. [Paragraph 6.9]
- 8.15** An annual discussion should take place at Court over the work of the Remuneration Committee, and the Court should approve the policies and processes used by the Committee as laid down in the Scottish Code. [Paragraph 6.10]
- 8.16** The Scheme of Delegation should be reviewed to ensure it is comprehensive and it should then be presented to Court on an annual basis for endorsement that it remains acceptable and valid. [Paragraph 7.1]

John Lauwerys

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