

## **SCOTTISH CODE OF GOOD HE GOVERNANCE**

### **CONSULTATION RESPONSE – UNIVERSITY OF DUNDEE**

#### **General**

1. The University of Dundee welcomes the opportunity to consider the draft Scottish Code and offers the following observations and suggestions for further improvement.
2. In general, the University and the University Court welcome the Code as a positive and welcome contribution to the continued enhancement of good governance of Scottish higher education institutions. Insofar as the governance of the University of Dundee is concerned the principles and guidance set out in the Code are already well established in the governance mechanisms of the University, and therefore the University will have little difficulty in implementing them in their entirety. Some small changes to our governing instruments are likely to be necessary, but these are unlikely to cause any problems.
3. Whilst the University welcomes the Code, there are a number of areas where the University believes it would benefit from some revision, particularly in introducing greater clarity around expectations. The principles set out in the Code provide a strong framework for the 'comply or explain' approach, but the University suggests that the guidelines may be viewed as providing rather more flexibility than might have been expected to those who wish to 'explain' rather than 'comply'. In saying this, the University accepts that there is a range of governance frameworks and traditions currently operating at Scottish HEIs, and that as a result the Code will present greater challenges to some universities than to others.
4. To this extent, while the University is content for the Working Group to determine how best the principles should be implemented, it would strongly encourage the Working Group to consider revising some of the language used in the draft Code to emphasise that it is an expectation that the guidelines will be followed (even if this requires institutions to seek changes to governing instruments) and that the 'explain' route should be regarded as exceptional. The University would also encourage the Working Group to set a timetable for periodic review of the Code itself.
5. The paragraphs below set out a series of areas for potential further improvement, and in the spirit of the evidence-based consultation process, the University has attempted to provide an institutional context for each of these suggestions.

#### **Appointment of the Principal**

6. On the appointment of the Principal, it would arguably be more effective if the Code were to specify the means by which consultation with students might be achieved. At the University of Dundee, for instance, the appointing panel for the last two principals has

included membership by the President of the Students' Association. Whilst this is not laid down in the procedure, it is now an accepted practice, which has also been widened in such recent senior academic and administrative appointments as the Vice-Principal (Learning & Teaching), Director of Student Services and the Chief Technology Officer. The quality of input from student members of such panels has invariably been high and we would suggest, therefore, that the Working Group might consider insisting that such appointing panels must always include student representation.

## **Remuneration**

7. We note that the Working Group has not insisted, as would be in line with the UK Corporate Governance Code, that the Chair of the Governing Body should not also chair the Remuneration Committee. The University can understand the argument that strict adherence to the UK Code is unnecessary since it is designed for organisations where the chair him/herself is remunerated. Nevertheless the University feels it would be a straightforward matter to adopt this principle explicitly as a means of diffusing any criticism of the Chair having undue influence on decision-making as a result of the close working relationship that develops between Chair and Principal.
8. In addition, the University has introduced further reforms of its approach to the remuneration of senior staff, which it believes could merit consideration for more widespread adoption. For example, the Court as a whole considers in advance the University's overarching approach to the remuneration round each year, setting the policy and budgetary framework for the work of the Remuneration Committee accordingly. There are also arrangements for the Chair to consult with all members in relation to the performance of the Principal prior to the Remuneration Committee meeting and in the current year the Court has introduced an annual 'Remuneration Report' to Court on the pay of members of the Senior Management Team.

## **Review of Effectiveness**

9. Principle 16 states: 'Normally not less than every three years, [the governing body] shall undertake an externally-facilitated evaluation of its own effectiveness...'. The University has taken this to mean a full review of the effectiveness of Court and its Committees, which currently the University carries out on a quinquennial basis. If this is what the Code means by an 'evaluation of effectiveness', then the University believes three years to be an unrealistic timeframe. If the evaluation mentioned in the Code is different from the current five-year effectiveness reviews (as set out in the current CUC guide; §2.62), then the University would ask for clarification on the relative frequency of evaluations and reviews, particularly when, at Dundee, the Court undertakes a light-touch annual assessment of effectiveness.
10. If the new evaluation is designed to replace the effectiveness reviews in the CUC Guide, then the University supplies the following example of its last review to show why the timeframes as set out in the Code might be too short.
11. The University undertook an effectiveness review in 2009, and whilst not externally facilitated it was preceded by a comprehensive review of corporate governance carried out by its internal auditors. The review took around nine months to complete, from initiation to final agreement on proposed changes to governance arrangements. This was followed by a period of negotiation with the Privy Council on changes to the University's governing Statutes, before the changes could be fully implemented. Full implementation therefore was not in place until 18 months or so after the review had taken place. Under Principle 16, this would leave just 18 months to assess and evaluate the extent to which the changes have been effective before beginning a review again.

12. The University would therefore urge the Working Group to reconsider the ideal frequency of such a review. Since external facilitation is required under the Code, there is a concern that this might lead to continual and potentially unnecessary governance revisions, as external facilitators seek to justify their appointment. Stable governance is as important as effective governance. We would suggest that governing bodies engage in annual self-reflection accompanied by five-year reviews which are externally facilitated only when appropriate, but which are not required to be so each time.

#### **Attendance by Court Members**

13. The UK Corporate Governance Code sets out at paragraph A.1.2. that the attendance of directors should be set out in the annual report. The University suggests that this is a precept of good governance and accountability that should be enshrined in the draft HE Code.

**University of Dundee Court  
May 2013**