

the scottish code of

# GOOD HE GOVERNANCE



ONE YEAR INTO IMPLEMENTATION

2014  
PUBLISHED BY THE COMMITTEE OF THE CHAIRS OF SCOTTISH HIGHER EDUCATION INSTITUTIONS

## TERMINOLOGY

This report uses the terminology of the *Scottish Code of Good HE Governance*. Different higher education institutions may refer to aspects of their governance structures in different ways. This guide to the terminology is intended to clarify the terms used.

**Governing body** should be understood to mean university Court, Board or Board of Governors.

**Senate** is referred to as academic board in some institutions and should be understood as such.

**Chair** is the member responsible for the leadership of the governing body. Five universities have Rectors, four of whom preside over meetings of the governing body. More information about Rectors is found on page seven.

**Independent member** is defined as a member of the governing body who is both external to and independent of the institution. Independent members are sometimes referred to as 'lay members' in university charters and statutes.

The terms '**university**' and '**higher education institution**' will be used interchangeably throughout the report and should be understood to mean one or all of Scotland's 19 higher education institutions which include: 16 universities, the Glasgow School of Art, the Royal Conservatoire of Scotland and Scotland's Rural College, SRUC.

**Supporting Guidelines.** The Code includes a set of Supporting Guidelines as well as Main Principles. The paragraphs of the Supporting Guidelines in the Code are not numbered but for ease of reference in this report they are referred to as though each paragraph of the Supporting Guideline is numbered. Thus Supporting Guideline 5.1 refers to the first paragraph of the guidelines to Main Principle 5.

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# PREFACE



I was very pleased to be asked to take on the role of Chair of the group that developed a new Scottish Code of Good HE Governance in 2012 because I believe passionately in the important role that universities play in our society and economy and the fundamental difference they are capable of making to the lives of those both directly and indirectly linked with them. Governance structures are a significant part of this contribution as they underpin the processes that universities rely on to make strategic decisions about their values, their priorities and mission, and their overall direction.

My role as Chair was to ensure we built on governance arrangements that are delivering robust accountability, an inclusive approach and effective decision-making. My group's aim was to add new progressive measures to ensure the Code would serve our institutions well into the future. The new Code, implemented within the sector from 1 August 2013, built on a strong foundation of sound governance. That much was made clear by Professor von Prondzynski in his review of governance when he said: *"The story of Scottish higher education is overwhelmingly a good one. This report is not an exercise in criticism or complaint"*.

University governance starts from a highly inclusive base, with the membership of governing bodies reflecting a wide range of stakeholders. Scotland respects the principle of university autonomy which is distinct from, but protective of, the principle of academic freedom. I believe inclusivity and autonomy are two core elements that lie beneath the success of Scotland's higher education sector.

The Code was designed to be a stimulus to reflection and enhancement. These are processes which themselves reflect good governance and it is pleasing that outcomes are already emerging. For instance, diversity – and the diversity of views that come with it – characterises our universities. Universities want to see diversity fully reflected within the appointments to all roles on the governing body, and at all levels within the university and the Code reflects this. Outcomes are already evident in enhanced processes and in the appointments made over the last year. I am particularly pleased to see a significant shift in the gender balance amongst the Chairs over the last year and look with interest towards further rounds of appointments of board members and Chairs.

On publishing the report I recommended that it be reviewed after three years as I believe this was an appropriate time frame in which to judge its success. However, there was much interest in university governance at the time the Code was developed and I respect the fact that the Chairs of university governing bodies wanted to demonstrate the momentum with which the Code has been adopted and to report on the enhancements it has delivered in its first year. As is evident in these pages, the Code is doing what I hoped it would; preserving the strengths that were already there in universities' system of governance whilst also challenging each individual institution to improve continuously.

I am proud to have served as Chancellor at the University of the West of Scotland and to serve currently as Chancellor at the University of Strathclyde; two very effective yet very different institutions in their character and mission. This experience has reinforced for me the tremendous diversity of higher education institutions that we are fortunate to have in Scotland and the vast array of stakeholders that universities deliver for and in partnership with. This perspective also confirms the need for Scotland to have a system of university governance that is flexible and accommodating enough to encompass not just these two, but all 19, of these remarkable institutions. I also firmly believe our model of governance should ensure that our institutions are responsive to all of their stakeholders, not beholden to any one group. I feel we have achieved that in the Scottish Code of Good HE Governance and I remain confident that it will help our institutions achieve even greater success.

**Lord Smith of Kelvin**

**Chair of the Steering Group that developed the Scottish Code of Good HE Governance**

# EXECUTIVE SUMMARY

A new *Scottish Code of Good HE Governance* was introduced on 1 August 2013. The Code recognises that the continued success of Scotland's universities rests on their autonomy, exercised within a robust, responsive and ambitious system of governance.

The governing bodies of Scotland's higher education institutions believe in progressive governance. The new Code was developed by a Steering Group, chaired by Lord Smith, and comprised of university Chairs, independent members and a former Rector. The process had significant stakeholder input from every higher education institution across Scotland and other stakeholders and was conscious of the need to preserve existing key strengths in governance, to build on good practice and to continue to strive for progressive change.

To ensure momentum in its implementation the Committee of the Chairs of Scottish Higher Education Institutions undertook to evaluate progress one year into its implementation. The sector has responded quickly to the new governance expectations laid down by the Code. Progressive changes have been made that enhance the sector's diversity, inclusiveness, transparency, accountability and effectiveness. In total over 350 actions have been taken across the sector.

The Code is clear that compliance with the Main Principles is **expected** and that institutions should **observe** the Supporting Guidelines. Institutions are working to both, with the Guidelines offering, to a diverse sector, ways to meet the Main Principles.

Key enhancements, following the Code's introduction, have included:

- \* **DIVERSE: FIVE OF THE LAST SIX APPOINTMENTS TO THE ROLE OF CHAIR HAVE BEEN WOMEN.**
- \* **DIVERSE: A RAFT OF MEASURES HAVE BEEN INTRODUCED WITH THE GOAL OF SECURING GREATER DIVERSITY AMONGST INDEPENDENT MEMBERS.**
- \* **DIVERSE: 42 PER CENT OF ALL NEW APPOINTMENTS TO INDEPENDENT MEMBERS ON GOVERNING BODIES HAVE BEEN WOMEN.**
- \* **INCLUSIVE: INCLUSION OF STUDENTS AND STAFF ON NOMINATION COMMITTEES WHICH LEAD THE RECRUITMENT OF THE PRINCIPAL, THE CHAIR OF THE GOVERNING BODY AND INDEPENDENT MEMBERS.**
- \* **ACCOUNTABLE: A NEW FORMAL MEANS WITHIN THE CODE FOR STAFF AND STUDENTS TO HOLD THE PRINCIPAL AND CHAIR TO ACCOUNT.**
- \* **ACCOUNTABLE: THE CODE NOW REQUIRES EXTERNAL INVOLVEMENT IN THE REVIEW OF UNIVERSITIES' GOVERNANCE ARRANGEMENTS AT LEAST ONCE EVERY FIVE YEARS.**
- \* **TRANSPARENT: THE REGISTER OF INTERESTS FOR INDEPENDENT MEMBERS OF THE GOVERNING BODY IS NOW PUBLISHED ONLINE.**
- \* **TRANSPARENT: THE GOVERNING BODY SETS THE POLICIES OF THE REMUNERATION COMMITTEE, WHICH DECIDES ON PAY FOR THE PRINCIPAL AND SENIOR STAFF. THE GOVERNING BODY CAN SEE FOR ITSELF THAT DECISIONS MADE BY THE REMUNERATION COMMITTEE COMPLY WITH THESE POLICIES.**

# INTRODUCTION

## A NEW LEVEL OF GOVERNANCE ARRANGEMENTS

The purpose of this report is to show the momentum with which the *Scottish Code of Good HE Governance* has been adopted and to report on progress with its implementation one year after its introduction.

Prior to the introduction of the new Code Scotland's higher education institutions adhered to a UK Code which was last revised in 2009. That model was held in high esteem amongst international peers as a robust approach to governance arrangements which supported university autonomy.

The Steering Group tasked with developing a new Code of Good HE Governance for Scotland's higher education sector started with the existing governance structures, many of which have carried forward into the new Code, but took them to a new level, adding progressive measures that enhance inclusion and accountability, thus setting a new benchmark across the sector.

Scotland's higher education institutions have spent much of the last year reviewing their governance structures in light of the new Code and implementing changes, where necessary, through discussions in meetings of the governing body. The Code expects **compliance** with all of its 18 Main Principles. It expects institutions to **observe** the provisions set out in the Supporting Guidelines.

As this document attests, one year on every institution is either fully compliant with the Main Principles in the Code, currently completing its programme of compliance or has specific exceptional circumstances which require adaptation of this approach. This document reports progress against 12 of the Code's 18 Main Principles in detail and groups them according to the principles of good governance which they look to uphold: diversity, inclusiveness, transparency, accountability and effectiveness. Scotland's higher education institutions are compliant with the other six Main Principles not covered in this document (but which are listed in full on page 31).

In some areas, where the Code has the potential to make the greatest impact, such as the selection of new members of the governing body and selection of Chairs, the effects of the Code will only be seen in full over the next two to three years.

The sector has always subscribed to the principle of enhancement in governance, as in all aspects of its activity, and that is the approach the sector will take beyond the first year of implementation. The sector will keep delivering to high standards of governance and each institution will keep its processes under review.

The next opportunity for an evaluation of progress at a sector-wide level is in 2016, three years on from the Code's publication. This was a commitment made by the Scottish Chairs as the Code was first published and it represents a reasonable timeframe in which to assess its effectiveness and continued suitability.

## A LONG-STANDING CULTURE OF INCLUSION THROUGHOUT THE UNIVERSITY SECTOR

The Code, and its expectations for compliance, focus mostly on the governing body and the committees that report to the governing body, as this is the most senior level of governance in a higher education institution. However, it is important to remember that the Code and these governance structures are part of a wider, inclusive culture that has long existed within universities. Examples of the culture of inclusiveness within Scottish higher education include:

- **Staff: academics lead on academic matters.** The structure of a higher education institution ensures that academics form a Senate which is charged with decisions on academic and research matters.
- **Staff: academic freedom.** The code requires all universities to ensure the protection of the academic freedom of relevant staff in compliance with relevant legislation and its own governing instruments. Under statute, academic freedom includes freedom within the law to: hold and express opinion; question and test established ideas and received wisdom; and present controversial or unpopular points of view. It is a vital foundation to processes of inquiry and debate that not only advance disciplines but are also part of universities' contribution to civic society.
- **Students: historical role of student associations.** Every one of Scotland's higher education institutions has a student association, some of which have been in existence since the 19th century. Student associations are supported by their universities and exist to support students as well as to represent their views and to challenge universities to continuously improve the student experience.
- **Students: an integral role in teaching enhancement.** Students have had a central role in the enhancement of teaching at university since 2003/04 with full student participation in the Enhancement-Led Institutional Review (ELIR) as one of six reviewers of the student learning experience and academic standards. Student involvement in this way was a pioneering concept introduced by Scottish universities and is now imitated around the world.
- **Wider stakeholders: public, private and third sectors.** As the von Prondzynski review identified: *"Universities in today's world play many roles of direct significance to society, going well beyond the personal interests of those embarking on higher education, well beyond the organisational ambitions of individual institutions, and well beyond the expectations of those who employ graduates."* The range of stakeholders that have an interest in universities, and whom universities serve, is now very wide indeed. The composition of a university's governing body reflects this as academic and other staff, students, and members drawn from Scotland's public, private and third sectors are part of the membership at every institution (more on membership on page seven).
- **Wider stakeholders: local community.** Higher education institutions are involved in Community Planning Partnerships at a local authority level ensuring effective community engagement.

## LEGEND

This report gives an account of the sector's implementation of the Code as of September 2014. The reporting and all figures provided in this document are accurate as of this date.

The Code expects **compliance** with all 18 of its Main Principles. It expects institutions to **observe** the provisions set out in the Supporting Guidelines. Institutions are working to both, with the Guidelines offering, to a diverse sector, ways to meet the Main Principles.

This report shows where institutions are in terms of compliance with the Main Principles and observation of the Supporting Guidelines (see table one for the legend). In some cases institutions are still at the stage of "reviewing and implementing" change as they move towards compliance with the Code. The process of reviewing and implementing includes consideration of existing practice and assessment of the compatibility (or not) of the institution's current set of statutes with the Code's expectations, discussion within the governing body or other appropriate fora, and in some cases change requires the final approval of Privy Council, a process which takes some time to conclude. "Explain" is the final category; it indicates where institutions are not compliant with the Main Principles. The principle of "comply or explain" is a widely-accepted governance concept and any exceptions to compliance with the Main Principles of the Code will be disclosable by individual institutions through the process of audit.

In order to be fully transparent about the Code's implementation across the sector, this document shows the progress of every institution. Abbreviations are used throughout this document for each of the 18 higher education institutions. The Open University in Scotland was not included in this survey for the reasons explained below.

A code explaining the abbreviations used for institutions is provided in table two.

## NOTES SPECIFIC TO CERTAIN INSTITUTIONS




Two of the Scotland's 19 higher education institutions are in a slightly different position with regard to implementation of the Code. There are specific exceptional circumstances for this which are provided, in each case, below.

**The Open University in Scotland** is part of the Open University, the only university which operates in all four nations of the United Kingdom. It's governance arrangements reflect that unique characteristic. As a result The Open University in Scotland observes the Scottish Code along with the UK's Committee of University Chair's Code.

**University of the Highlands and Islands (UHI)** assumed wider responsibilities under the Post-16 Education (Scotland) Act 2013 which took effect from 1st August 2014. The legislation designated UHI as the regional strategic body responsible for the planning, funding and monitoring of further education delivery across the Highlands and Islands. To ensure the institution was prepared to assume its new responsibilities, new governance and management arrangements were put in place during 2013/14. These are now effective and will ensure full compliance with the governance Code going forward.



**Table one: Stage of implementation**

	<b>Compliant</b> with the Main Principle.
	<b>Observing</b> the Supporting Guideline.
	<b>Reviewing and Implementing.</b> Institutions are either reviewing their compliance with the Code or are in the process of making change.
<b>E</b>	<b>Explain.</b> The Code operates on a “comply or explain” basis. Where institutions are not compliant with the Main Principles they are required to explain why. The principle of “comply or explain” is a widely-accepted governance concept.

**Table two: Abbreviations for institutions**

Ab	University of Aberdeen
Atay	Abertay University
Dun	University of Dundee
Ed	University of Edinburgh
GU	University of Glasgow
GCU	Glasgow Caledonian University
GSA	Glasgow School of Art
HW	Heriot-Watt University
Nap	Edinburgh Napier University
QMU	Queen Margaret University Edinburgh
RGU	Robert Gordon University
RCS	Royal Conservatoire of Scotland
SRUC	Scotland’s Rural College (SRUC)
StA	University of St Andrews
Sti	University of Stirling
Str	University of Strathclyde
UWS	University of the West of Scotland
UHI	University of the Highlands and Islands

# DIVERSE

A university's governing body is comprised of people who reflect the tremendous diversity of stakeholders and communities that higher education institutions serve.

Not every governing body is the same therefore the membership of the 18 governing bodies in Scotland does differ between institutions. However, all governing bodies include staff, students, independent members and the university Principal or Director. In addition, some institutions include alumni and local councillors amongst their governors and five institutions have Rectors.

The principles of good governance require that all members exercise their responsibilities in the interests of the institution as a whole rather than as a representative of any constituency.

## Independent members

Having a majority of independent members on the governing body is considered to be a fundamental principle of good governance and is actually a statutory requirement at Scotland's small, specialist institutions.

As independent members are neither employed by the university nor are currently being educated by the university, they are well positioned to fulfil a role of oversight and to objectively evaluate the decisions of those who are running the institution on a day-to-day basis. This is the basis for the Code's recommendation that they should be in a majority.

Independent members are selected for the particular skill sets and experience they bring and they are reflective of the broad communities that universities serve.

## Staff

Every university's governing body includes staff members as a key stakeholder of the institution.

Academic staff have a very strong presence on the governing body. This reflects the central role of a university's Senate in institutional affairs. The Senate has responsibility for academic matters including curriculum content and assessment. The Senate sends members to the governing body to ensure an academic voice in institutional governance and strategic direction.

## Student community

The governing body also includes members drawn from the university's student community; usually including the elected student President.

## Senior management

The university Principal (or Director) is always a member of the governing body. Some governing bodies include up to three Vice Principals with responsibility for teaching or research as members. The university Secretary is sometimes listed as a member of the governing body whereas in other institutions the role of Secretary is to the governing body. Senior management without direct academic responsibilities are not members of the governing body. Other members of senior management (e.g. Director of Human Resources or Finance Director) may observe meetings of the governing body and contribute, where asked, to specific items.

## Alumni community

The ancient and chartered institutions specifically include members of their alumni on the governing body. Twenty university alumni currently serve on governing bodies in this capacity across the sector.

## Local Council

Eight universities include a member of the City and/or Regional Council on their governing bodies.

## Rectors

The Universities of St Andrews, Glasgow, Aberdeen, Edinburgh and Dundee have a Rector who is elected by the students (in Edinburgh, by students and staff). 19th century legislation provides that the Rector should "preside at meetings of the Court". Since then, developments have led to the need for the much more extensive role of 'Chair' as distinct from the specific role of the Rector in presiding at Court meetings.

The exact interpretation of the Rector's role in governing body meetings is a matter for agreement by the governing body of the individual institution concerned.

At the University of Dundee the Rector is an *ex-officio* member of the governing body but does not automatically preside at meetings.


## INDEPENDENT MEMBERSHIP OF COURT

The Code requires that independent members form the majority within governing body membership.

**Governing body members.** *The governing body shall have a clear majority of independent members, defined as both external and independent of the Institution. A governing body of no more than 25 members represents a benchmark of good practice.*

### Main Principle 10

This is now the case at almost every institution in Scotland. Two institutions are currently in the process of moving to this arrangement and are awaiting Privy Council approval. Once this has been secured, every institution in Scotland will be compliant.

Ab	Atay	Dun	Ed	GU	GCU	GSA	HW	Nap	QMU	RGU	RCS	SRUC	StA	Sti	Str	UWS	UHI
	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Independent members are drawn from a diverse range of backgrounds which reflect the full breadth of interests that universities work with and for, as well as drawing on the skill sets required by the governing body in order to govern highly complex institutions with legal, financial and entrepreneurial responsibilities.

A review of the career profiles of the independent members currently serving on the governing bodies of higher education institutions across Scotland, found:

- Over 70 members are from the public and/or third sector.
- In addition to public sector numbers, eight higher education institutions have a separate role on their governing body for a local and/or city Councillor.
- Over 110 members are currently working, or are most recently retired from, the private sector - although many of these had also spent part of their careers in the public or third sectors.

In practice, many of the independent members of Scotland's higher education sector have had highly varied careers, switching between the public, private and third sectors.

As you would expect from individuals prepared to give their time freely to serve on a university's governing body, the majority have multiple interests beyond their 'day job' and this provides a broader range of experience on which universities are able to draw.

# MEET THE INDEPENDENT MEMBERS

Independent members are a particular focus of the Code as many of its Main Principles have formalised open, transparent and inclusive processes for their appointment.

Independent membership is an important element of good governance in higher education for three reasons:

1. their independence from the university means such members can bring complete impartiality and objectivity to the strategic decision-making of an institution.
2. they bring a range of skill sets such as finance, human resources, accounting and audit, law and property, which can often complement the skill sets belonging to senior managers employed by the institution and which enable robust scrutiny and questioning of proposed decisions on an informed basis.
3. independent members are also a way for a university to connect with a wide group of stakeholders beyond the immediate university community. In both teaching and research, higher education institutions have a need to connect with relevant industry sectors in Scotland and beyond.

As an example of this last point, Colin Macdonald, Games Commissioning Editor at Channel Four serves as an independent member of Abertay University's governing body. Such an appointment is helpful to an institution which is a Centre for Excellence in computer games education.

Similarly, the University of Aberdeen is home to the Rowett Institute of Nutrition and Health. Brian Pack, former Chief Executive of ANM Group, one of the largest and most diverse producer-owned farming, food and finance businesses in the UK, is an independent member of the University of Aberdeen's governing body.

The independent members of universities' governing bodies bring significant added value to university governance which is given freely. The sector is very appreciative of their service.

The profiles opposite and overleaf showcase the skills and experience of a small number of independent members currently serving as governors across the sector.

Just as interestingly, it sets out their motivations for becoming a member of the governing body. Often this is driven by a desire to give something back to the institution from which they graduated, or to give back to higher education more generally as they attribute their own career and personal success to their experience at university.

Commonly, the motivation is student-centered, a desire to ensure students have access to opportunities in the first place, that students should have a positive experience at university and they leave as confident, highly employable individuals.

In a sector with such diversity amongst its higher education institutions there is no such thing as a 'typical' independent member.



## MARGARET MORTON

HEAD OF INVESTOR RELATIONS  
AT INSPIRING SCOTLAND

INDEPENDENT MEMBER AT  
THE UNIVERSITY OF GLASGOW

Having graduated with an Honours Degree in Law and a Diploma in Legal Practice from the University of Glasgow, Margaret was, until 2007, a Partner of Tods Murray LLP specialising in property finance but dealing with a wide range of commercial property transactions across Scotland. In search of a new challenge, Margaret joined Barnardo's Scotland as Development Manager in 2007 and soon took on the role of Head of Fundraising, delivering significant growth in the charity's income. In 2009 Margaret joined the innovative venture philanthropy organisation, Inspiring Scotland, as Head of Investor Relations. It is a unique partnership amongst the private, public and not-for-profit sectors in Scotland, taking the principles of venture capital - long term investment and tailored development support – and applying them to the not-for-profit sector. However, instead of financial investment, Inspiring Scotland works in social investment.



I WAS THE FIRST PERSON IN MY FAMILY TO GO TO UNIVERSITY. I BELIEVE EDUCATION IS KEY TO SUCCESS IN LIFE.

MY LAW DEGREE FROM GLASGOW UNIVERSITY HAS ALLOWED ME TO ENJOY SUCCESSFUL CAREERS IN LAW AND SOCIAL JUSTICE ACROSS SECTORS.

I WISHED TO GIVE SOMETHING BACK AND WAS KEEN TO BECOME INVOLVED AT SUCH AN EXCITING TIME IN THE HISTORY OF THE UNIVERSITY, WITH CAMPUS DEVELOPMENT OPPORTUNITIES.

I BRING A WEALTH OF EXPERIENCE IN BOTH THE PRIVATE AND NOT-FOR-PROFIT SECTORS AND, MORE SPECIFICALLY, EXTENSIVE COMMERCIAL PROPERTY AND DEVELOPMENT/FUNDRAISING EXPERIENCE.



## PAUL STOLLARD

INDEPENDENT MEMBER AT  
EDINBURGH NAPIER  
UNIVERSITY



I BECAME INVOLVED WITH EDINBURGH NAPIER BECAUSE OF THE UNIVERSITY'S REPUTATION FOR DEVELOPING GRADUATES WHO WERE BOTH HIGHLY QUALIFIED AND IMMEDIATELY EMPLOYABLE.

MY BACKGROUND IN CONSTRUCTION TECHNOLOGY AND THE REDUCTION OF PUBLIC RISK MEANT THAT I HAD AN UNDERSTANDING OF ONE OF THE UNIVERSITY'S SPECIALISMS, BUT AS A MEMBER OF COURT I CAN ALSO BRING THE EXPERIENCE OF WORKING IN LARGE PUBLIC SECTOR BODIES TO ASSIST IN THE STRATEGIC PLANNING OF THE UNIVERSITY: WHERE WE SHOULD DEVELOP NEW COURSES AND FACILITIES, HOW WE SUPPORT OUR ACADEMICS IN THEIR DEVELOPMENT OF RESEARCH AND CONTRACT RESEARCH, AND HOW WE WORK OVERSEAS.

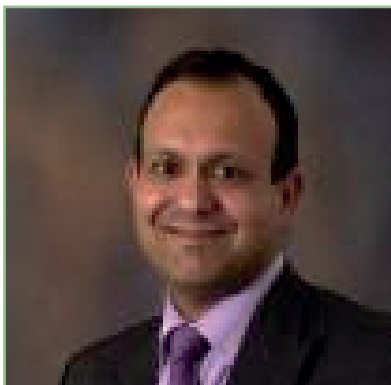
I ALSO HAVE A PARTICULAR CONCERN ABOUT THE STUDENT EXPERIENCE AND MY LONG INVOLVEMENT WITH SAMARITANS HAS TAUGHT ME THE IMPORTANCE OF CONSIDERING THE WHOLE PERSON AND NOT JUST THE ACADEMIC SIDE OF STUDENT LIFE.

Paul qualified as an architect and has worked mainly in the fields of fire safety, architectural technology and, more recently, building legislation. Running his own architectural practice from 1990, Paul specialised in the fire safety design of complex buildings, especially hospitals and shopping centres, and pioneered the fire risk assessment of existing buildings.

Having joined the Scottish Civil Service in the late 1990s Paul was responsible for the reform of the building standards system through the Building (Scotland) Act 2003, and in 2004 became the Chief Executive of the Scottish Building Standards Agency established to run the new system.

For many years a volunteer with Samaritans, Paul also served two terms as one of the national trustees of the charity.





## ASIF HASEEB MBA, ACMA

SENIOR MANAGER, AUDIT  
SCOTLAND

INDEPENDENT MEMBER AT  
THE UNIVERSITY OF THE  
WEST OF SCOTLAND



BEING A SECOND GENERATION IMMIGRANT FROM A HUMBLE BACKGROUND MEANT THAT EDUCATION WAS THE ONLY OPTION AVAILABLE TO ME. I WAS FORTUNATE TO GET FREE EDUCATION AT SCHOOL AND BELL COLLEGE AND WANTED TO GIVE SOMETHING BACK, SO I AM DELIGHTED TO SERVE ON THE UNIVERSITY COURT.

MOST OF MY WORKING LIFE HAS BEEN IN THE PUBLIC SECTOR WHERE THERE IS A STRONG ETHOS OF OPENNESS, TRANSPARENCY AND GOOD GOVERNANCE.

AS A QUALIFIED ACCOUNTANT WITH EXTENSIVE FINANCIAL MANAGEMENT AND AUDIT EXPERIENCE, I AM ABLE TO BRING A DIFFERENT PERSPECTIVE TO COURT MEETINGS.



Asif is a senior manager at Audit Scotland, involved in the external audit of a portfolio of public sector clients in Scotland.

As a previous Non-Executive Director of Learndirect Scotland and lay governor of Bell College, Asif has always been passionate about education, believing it is a passport out of poverty.



## JOHN REID

GENERAL MANAGER  
MICHELIN TYRES, DUNDEE &  
DIRECTOR OF MICHELIN TYRE  
PLC

INDEPENDENT MEMBER AT  
ABERTAY UNIVERSITY

John joined Michelin in 1988 after graduating with a MEng, Masters in Manufacturing Sciences and Engineering from the University of Strathclyde.

Over the first 13 years of his career he held a number of production and engineering roles in the UK and France. In 2001 he became Site Personnel Manager then in 2007 Head of Operations. In January 2010 he took over the position of General Manager. The Factory produces seven million car tyres per year in a 24/7 organisation and employs 850 people. In four years he has overseen a major transformation of the site bringing significant investment and expanding the workforce.

John received the Scottish Leadership Award for Manufacturing Leader of the year in 2011 and the Factory was a finalist in the UK National Business Awards in 2012.



MY EXPERIENCE TELLS ME THAT TO REMAIN SUCCESSFUL WE NEED COMPETENT AND CONFIDENT PEOPLE WHO HAVE THE CAPACITY TO LEARN FAST. AS A RESULT I RECOGNISE THE NEED FOR A STRONG UNIVERSITY SECTOR AND I BELIEVE IT'S TOO EASY TO STAND ON THE SIDE LINES AND CRITICISE. I WANTED TO GET INVOLVED. I WAS ALSO STRUCK BY THE AMBITION AND MOTIVATION OF THE ABERTAY TEAM AND BELIEVED I COULD SUPPORT THEIR AIMS. THEIR JOURNEY AS AN INSTITUTION HAD MANY PARALLELS TO OURS.

WHAT DO I BRING? EXPERIENCE OF THE KIND OF TRANSFORMATIONAL CHANGE THAT ABERTAY WANTS TO MAKE AND THE UNDERSTANDING OF HOW TO MOTIVATE AND MANAGE PERFORMANCE TO A VERY HIGH LEVEL.







## CAROL MAIN

**DIRECTOR OF LIVE MUSIC NOW  
SCOTLAND & LIVE MUSIC NOW  
INTERNATIONAL DEVELOPMENT**

**INDEPENDENT MEMBER AT  
THE ROYAL CONSERVATOIRE OF  
SCOTLAND**

Carol Main is Director of Live Music Now Scotland and Live Music Now International Development (UK) as well as a freelance music journalist, mainly as classical music editor of The List and music reviewer for the Scotsman.

After studying Music and English at Edinburgh University, Carol was the founding Director of the National Association of Youth Orchestras, and established its Festival of British Youth Orchestras in Edinburgh and Glasgow between 1979 and 2003. She co-founded the European Association of Youth Orchestras and was a founding member of the European Union Cultural Forum. She has served on the Music Committee, Local Authority Partnerships, Cross Media and Arts and Social Inclusion Panels of the Scottish Arts Council (now Creative Scotland). She is a past Chair and Director of Enterprise Music Scotland, Hebrides Ensemble and Vice-Chair of Voluntary Arts Scotland. She served almost 20 years as a Board Director of Edinburgh Festival Fringe.



SINCE ATTENDING THE RSAMD AS A STUDENT OF SINGING I HAVE BEEN HIGHLY IMPRESSED BY THE EXCEPTIONAL QUALITY OF EDUCATIONAL AND PERFORMING OPPORTUNITIES OFFERED BY IT.

NOW, I AM INVOLVED ON A DAY TO DAY BASIS, SUPPORTING THE PROFESSIONAL DEVELOPMENT OF OUTSTANDING EMERGING ARTISTS AND WORK CLOSELY WITH THE RCS, WHICH IS THE MAIN SOURCE IN SCOTLAND OF MUSICIANS WHO ARE RECRUITED, AUDITIONED AND TRAINED TO BE PART OF THE LIVE MUSIC NOW SCHEME THROUGHOUT THE UK AND INTERNATIONALLY.

AS A MEMBER OF THE BOARD, I HOPE I CAN BRING AN EXPERIENCED UNDERSTANDING OF THE NEEDS OF MUSICIANS WHO ARE BUILDING THEIR PROFESSIONAL CAREERS IN SCOTLAND.



## MARION VENMAN

**HEAD OF LEGAL & GENERAL  
SECRETARY AT SCOTTISH  
POWER**

**A DEPUTY CONVENER AT THE  
UNIVERSITY  
OF STRATHCLYDE**

AS A STRATHCLYDE GRADUATE SERVING ON THE COURT PROVIDES A GREAT OPPORTUNITY TO HELP THE UNIVERSITY THAT PLAYED SUCH A SIGNIFICANT ROLE IN MY EARLY CAREER.

MY EXPERIENCE AT SCOTTISH POWER, WITHIN A NUMBER OF DIVERSE FUNCTIONS, GIVES ME A RANGE OF INSIGHTS AS A GOVERNOR AND I FEEL PRIVILEGED TO BE ABLE TO CONTRIBUTE MY LEGAL, GOVERNANCE AND INTERNATIONAL EXPERIENCE, AS WELL AS MY KNOWLEDGE AS A RECRUITER AND GRADUATE, TO THE COURT'S DECISION-MAKING PROCESS.

I JOIN THE ESTATES COMMITTEE THIS YEAR AND SO WILL BE HELPING SHAPE THE SUPPORT AND FACILITIES FOR CURRENT STUDENTS - THIS IS REALLY IMPORTANT TO ME GIVEN STRATHCLYDE'S COMMITMENT TO WIDENING ACCESS FOR THOSE FROM DISADVANTAGED BACKGROUNDS.

Marion was appointed Head of Legal and General Secretary in October 2007. Prior to this, she was the Legal and Commercial Director for Energy Networks.

Marion is responsible for the provision of all legal advice and support to the Scottish Power Board and Scottish Power businesses in the UK. These responsibilities include maintenance of the corporate governance system and corporate structure management.

Prior to joining Scottish Power, Marion held various roles in Clyde Blowers, Seagram Distillers plc, John Wood Group plc and a traineeship with Scottish Enterprise.

She has been appointed to the board of the Scottish Business Resilience Centre and holds a LLB (Hons) Dip LP from the University of Strathclyde.



## EQUALITY & DIVERSITY

The new Code expects all governing bodies to strive for a balance amongst its independent members with regard to equality and diversity. In addition to being an explicit part of Main Principle 9 (as below) this expectation is reinforced throughout the Code, in Main Principle 1 and in Supporting Guideline 5.4.

For example, with regard to gender higher education institutions share the ambition to see more women in senior governance roles and are committed to doing what they can to attract a wider pool of governors into the sector.

An analysis of the Code's first year of implementation finds the sector responding well:

**Governing body members.** ...*The governing body, having due regard to applicable law, shall establish appropriate goals and policies in regard to the balance of its independent members in terms of equality and diversity, and regularly review its performance against those established goals and policies.*

### Main Principle 9

The majority of institutions are now compliant with this expectation with one institution reviewing and implementing.

Ab	Atay	Dun	Ed	GU	GCU	GSA	HW	Nap	QMU	RGU	RCS	SRUC	StA	Sti	Str	UWS	UHI
✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

A number of constructive actions have been put in place that should help both attract and secure greater diversity amongst independent members when vacancies arise. Such measures include:

- liaison with the Equality Challenge Unit (ECU) prior to the advertisement of vacancies, to ensure that the appeal to target audiences is maximised.
- every institution makes specific reference to its interest in receiving applications from underrepresented groups in advertisements for new independent members or will do so at the next opportunity.
- targeted marketing of vacancies in media more likely to reach a female readership such as *"Women on Boards"*. Five have already taken this measure and another seven intend to.
- a relaxation at some institutions of the requirement that independent members should have former board level experience.

Main Principle 9 will take time to deliver in full as vacancies must arise before there can be an opportunity to recruit with this explicit consideration in mind. Independent members serve for a term of three years (with a maximum of two renewals) or four years (with a maximum of one renewal) as specified in the Code.



## GENDER BALANCE AMONGST CHAIRS

Across the sector there has been a positive change in the gender balance of Chairs over the last year.

Over the course of 2013/14 there have been six appointments to the role of Chair in the higher education sector in Scotland. Five of these appointments have been women.

Such appointments have seen the representation of women amongst university Chairs shift from the unusual situation of 0 per cent in 2012/13 to 28 per cent female membership within the Code's first year.

### ADDITIONAL ACTION

In addition to the action taken by each individual institution, the Scottish Chairs are working collaboratively on the issue of equality and diversity on governing bodies and have secured the support of the ECU to work together on a medium-term project to increase the proportion of women amongst independent members.

The aim of the project is to support governing bodies to meet their legal responsibilities relating to equality and to increase the diversity of their membership. In view of this the ECU is seeking to understand how governing bodies of Scottish HEIs oversee equality in their institutions and how they consider the diversity of their own membership. The project is supported by the Scottish Funding Council (SFC). The project will result in a guidance resource to support governing bodies.

## GENDER BALANCE ON THE GOVERNING BODY

As of September 2014, 32 per cent of independent members appointed by governing bodies are women.

It is useful to have this figure as a benchmark against which to monitor change over time.

Since the Code was implemented there have been 53 vacancies for independent members across the whole sector. Women have been appointed to 43 per cent of these roles.

The sector aims to achieve a better gender balance within the governing body given sufficient time for the raft of measures to appeal to a wider audience of potential governors to take effect.

The challenge of securing gender balance in such appointments is not unique to the independent membership of universities' governing bodies. Women currently constitute 33 per cent of the entire membership of universities' governing bodies which includes the roles that staff and students elect or appoint to. Therefore, staff and students have a similar challenge:

- amongst the staff membership on the governing body, which includes academic and non-academic staff members, chosen by the staff themselves, women account for 37 per cent of all members.
- last year, women accounted for less than a third of student representatives on governing bodies.

The Code's expectations for goals and policies to encourage greater diversity within the governing body (Main Principle 9) focus only on independent members because the recruitment to these roles is led by universities' nominations committees with final approval from the governing body as a whole. The governing body has no role in the appointment of members who are elected or appointed by other constituents, including academic and non-academic staff and student unions. In addition, some members of the governing body are there *ex officio*, by virtue of the position they hold.

# INCLUSIVE


The involvement of staff, students and independent members in the processes of university governance goes beyond membership of the governing body with the new Code expecting a role for them in the appointment of the most senior individuals in university governance including the Principal, the Chair of the governing body and its independent members. The Code also expects a role for students and staff in the annual appraisal of the Principal and Chair.

## STAFF AND STUDENT INCLUSION IN THE APPOINTMENT OF THE UNIVERSITY PRINCIPAL

**Statement of Primary Responsibilities.** ... appointing the Head of the Institution (the Principal) as chief executive officer of the Institution and putting in place suitable arrangements for monitoring his/her performance. Both the appointment and the monitoring of performance of the Principal shall include consultation with all members of the governing body....

### Main Principle 5

Every institution is compliant with this Main Principle with the exception of one which is reviewing practice to meet this expectation:



















Ab	Atay	Dun	Ed	GU	GCU	GSA	HW	Nap	QMU	RGU	RCS	SRUC	StA	Sti	Str	UWS	UHI
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	

Though not a compliance requirement the Supporting Guidelines recommend institutions observe best practice as to how such consultation with staff and students might occur:

*The governing body should ensure that the appointment process for the Principal enables staff and student input to be taken into account. The selection committee for the appointment of the Principal should include an appointed staff member and a student member of the governing body.*

### Supporting Guideline 5.1

Every institution, except one, is now working to this arrangement.

Ab	Atay	Dun	Ed	GU	GCU	GSA	HW	Nap	QMU	RGU	RCS	SRUC	StA	Sti	Str	UWS	UHI
																	

In order to observe Supporting Guideline 5.1 institutions have made enhancements to the membership of their nominations or selection committees over the last year. Now all but one institution has staff and student members on their nominations or selection committees. Enhancements made in order to observe this include:

- 12 institutions have introduced student members to the nominations committee.
- seven institutions have introduced staff members to the nominations committee.
- one further institution has transferred oversight of nominations to a committee that has staff and student members.

## CASE STUDIES OF THE CODE IN PRACTICE

There have been several recent appointments to the role of Principal in the sector in the last two years including at the University of the West of Scotland, Edinburgh Napier University, the University of the Highlands and Islands and the Royal Conservatoire of Scotland. Some of these appointments pre-dated implementation of the Code by a few months but they followed an inclusive process, involving both staff and students in the process to find a successor.

The University of the West of Scotland's recruitment process for its new Principal, Craig Mahoney, who took up the role in August 2013, pre-dated the official implementation of the Code but the principles of inclusive governance had been much talked about in the sector during this period. In putting together the appointment panel, the governing body was keen to ensure that staff and student views were listened to. Two members of the Senate and the President of the Students' Association were appointed to membership of the selection committee.

## STAFF AND STUDENT INCLUSION IN THE APPOINTMENT OF THE CHAIR

The Code creates new expectations around the appointment of the role of Chair, as follows:


**Governing body members.** *Appointments of the Chair... shall be managed by a nominations committee... which includes at least one appointed staff member (that is a member of staff of the Institution who has been elected or nominated and as a result serves on the governing body) and one student member of the governing body. To ensure rigorous and transparent procedures, the nominations committee shall prepare and publish written descriptions of the role and the capabilities desirable in a new member, based on a full evaluation of the balance of skills and experience of the governing body.*

*When selecting a new Chair, a full job description including a description of the attributes and skills required, an assessment of the time commitment expected and need for availability at unexpected times shall be produced. In developing such a job description arrangements will be put in place to consult staff and students before it is finalised. The selection process shall include a formal interview of short-listed candidates.*

*When vacancies arise in the position of Chair... they shall be widely publicised both within and without the institution. In doing so, specific reference should be made to the evaluation referred to at Principle 9 and also to the desirability of ensuring the diversity of the governing body's membership.*

### Main Principle 11

There is wide compliance with this expectation, with only one institution currently at the review and implementation stage.

Ab	Atay	Dun	Ed	GU	GCU	GSA	HW	Nap	QMU	RGU	RCS	SRUC	StA	Sti	Str	UWS	UHI
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓

Since the Code was introduced there have been six vacancies in the role of Chair across the sector. Each recruitment process has been compliant with the Code, with the involvement of staff and students on the nominations committee in the development of a job description and specification of the attributes and skills required. The staff and student role in appointing the Chair follows through from the beginning to the end of the process as the governing body, which includes staff and student members, approves the successful candidate.



Dr Anne Richards was appointed Vice-Convener with effect from 1 August 2014

### CASE STUDY OF THE CODE IN PRACTICE

**The University of Edinburgh.** The University recently recruited to the role of Vice-Convener (the University has a Rector who Chairs the governing body). This was a highly inclusive process, with staff and student involvement throughout, and was fully compliant with the Code.

Development of the job description was taken forward by the nominations committee, which includes staff and student members of the governing body. The job description was then published on the staff and student web pages for comment prior to being finalised.


The job advert included a statement that the University was seeking applications from all sectors of the community, especially those from under-represented groups. It also stated that while the position was unremunerated, reasonable costs would be met including child and other dependent care costs. It was advertised on the Scottish public appointments website and on a charity website as well as in local papers.

## STAFF AND STUDENT INCLUSION IN THE APPOINTMENT OF INDEPENDENT MEMBERS

**Governing body members.** ...members appointed by the governing body shall be managed by a nominations committee, normally chaired by the chair of the governing body (except where the committee is managing the appointment of the Chair's successor) and which includes at least one appointed staff member (that is a member of staff of the Institution who has been elected or nominated and as a result serves on the governing body) and one student member of the governing body. To ensure rigorous and transparent procedures the nominations committee shall prepare and publish written descriptions of the role and the capabilities desirable in a new member based on a full evaluation of the balance of skills and experience of the governing body.

### Main Principle 11

Every institution, but one, is now compliant with this Main Principle. The final institution is reviewing its practice.

Ab	Atay	Dun	Ed	GU	GCU	GSA	HW	Nap	QMU	RGU	RCS	SRUC	StA	Sti	Str	UWS	UHI
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓

## CASE STUDY OF THE CODE IN PRACTICE.

**University of Strathclyde.** The University's governance page on its website includes a role description for members of the governing body, within which is a specific list of responsibilities for independent members. The document also includes a skills register of the skill sets of existing independent members which evaluates their balance of skills and experience. This was undertaken in March 2014. Strathclyde is clear about the distinct role that independent members play within the governing body, stating:

*"Lay Members in particular bring to the Court's deliberations knowledge, expertise, judgement and balance which may not be available among the members appointed out of the staff or students of the University. Their principal assets will be their independence, detachment and the provision of an external view; and their principal contributions will be:*

- to challenge rigorously;
- to decide dispassionately and to give an independent view on possible internal conflicts of interest;

- to listen sensitively to the views of others;
- to remind the University of the public interest in its affairs and to advise on the public presentation of the University;
- to offer specialist skills in given areas."

### SKILLS REGISTER OF INDEPENDENT MEMBERS:

Business & Enterprise	10
Engineering/Science	3
Finance	7
Government/Public Sector	5
Higher Education	--
Human Resources	2
International	5
Legal	1
Marketing	--
Property	2
University alumni	5

# TRANSPARENT

The Code has looked to reinforce and enhance transparency in a number of different respects.

## TRANSPARENCY AROUND REMUNERATION

The Code has increased the level of openness and transparency around the decision-making on senior level pay awards in what is a competitive international market place. One of the Code's Main Principles and one Supporting Guideline deal with this.

**Remuneration.** *The governing body shall establish a remuneration committee to determine and review the salaries, terms and conditions (and where appropriate severance payments) of the Principal and such other members of staff as the governing body deems appropriate.*

*The policies and processes used by the remuneration committee shall be determined by the governing body, and the committee's reports to the governing body shall include sufficient detail to enable the governing body to satisfy itself that the decisions made have been compliant with its policies.*

### Main Principle 15

All higher education institutions are compliant with Main Principle 15.

Ab	Atay	Dun	Ed	GU	GCU	GSA	HW	Nap	QMU	RGU	RCS	SRUC	StA	Sti	Str	UWS	UHI
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Supporting Guideline 15.4 recommends transparency around the salaries of an institution's senior team as best practice. Institutions currently publish information about staff salaries, according to salary bands of £10,000, in their annual reports but this does not separately identify members of the senior team.

*The remuneration committee should identify those posts in the senior team which are regarded as forming the senior executive team, and it should publish the salaries of this group of staff by salary band.*

### Supporting Guideline 15.4

The most recent set of institutions' annual reports for 2012/13 were produced in late 2013, before this Supporting Guideline was observed by institutions. Therefore annual reports for 2012/13 do not include this information. A number of institutions are currently reviewing how to fit this Guideline with existing practice for the 2013/14 annual reports.

Ab	Atay	Dun	Ed	GU	GCU	GSA	HW	Nap	QMU	RGU	RCS	SRUC	StA	Sti	Str	UWS	UHI

## TRANSPARENCY OF INTERESTS

A register of the interests of governing body members was previously available on request from institutions. The Code now expects the register to be published on institutions' websites. As stated in Main Principle 6:

**Responsibilities of members.** All members shall exercise their responsibilities in the interests of the Institution as a whole rather than as a representative of any constituency. The Institution shall maintain and publicly disclose a current register of interests of members of the governing body on its website.

### Main Principle 6

All institutions, except one, are now compliant:

Ab	Atay	Dun	Ed	GU	GCU	GSA	HW	Nap	QMU	RGU	RCS	SRUC	StA	Sti	Str	UWS	UHI
✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

## CASE STUDY OF THE CODE IN PRACTICE

### REGISTER OF INTERESTS FOR MR ROBERT RAE, INDEPENDENT MEMBER, QUEEN MARGARET UNIVERSITY, EDINBURGH

Business interests	Rae & Co, Chartered Accountant and Business Advisory
Company Directorships	Midlothian Enterprise Trust Ltd
Trusteeships	Viewpoint Housing Association
Membership of organisations, public bodies etc	Nil
Other declarable interests	Midlothian Council Audit Committee, Independent member

## TRANSPARENCY IN THE CONDUCT OF MEETINGS

The Code ensures that the proceedings of governing bodies are open and transparent to those outside of the body itself.

### ANNUAL REPORTS

Annual reports are made widely available both within and outwith the institution (Supporting Guideline 14.1). They can all be found on institutions' websites. See annex one for a complete list of URLs for the latest report.

Annual reports for higher education institutions are substantial documents, making significant amounts of information about the institutions publicly available. They typically include:

- a report from the Principal,
- financial statements (including consolidated income and expenditure accounts),
- a statement on corporate governance, including full records of members' attendance at governing body meetings and other committees,
- an independent auditors' report,
- details of senior staff pay by pay band,
- subsidiary undertakings,
- identification of risks and uncertainties within the operational review,
- a statement on equality and diversity.

## DISCLOSURE OF GOVERNING BODY PAPERS

The Code requires institutions to make papers related to meetings of the governing body available for staff and students at the institution.



**Conduct of meetings.** *The proceedings of the governing body shall be conducted in an appropriately transparent manner, with information and papers published quickly and fully, except where matters of confidentiality relating to individuals, the wider interest of the institution, including the observance of contractual obligations, or the public interest demands. The governing body shall also ensure that the Institution has in place appropriate arrangements for engaging with the public and the wider communities which it serves.*

**Main Principle 14**



Institutions have responded to the expectation in Main Principle 14 with around half taking new steps to improve transparency.

There is wide compliance with this expectation, with two institutions currently at the review and implementation stage.



















Ab	Atay	Dun	Ed	GU	GCU	GSA	HW	Nap	QMU	RGU	RCS	SRUC	StA	Sti	Str	UWS	UHI
✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓

Where institutions have acted to make this information accessible to staff and students, in most cases this has occurred on the institution's intranet site.

***Students and staff of the Institution*** should have appropriate access to information about the proceedings of the governing body. The Institution's Annual Report should be circulated to academic and other departments and to the students' representative body, and should be published on the Institution's website. The agenda, draft minutes if cleared by the chair, and signed minutes of governing body meetings should be published on the Institution's website.

#### Supporting Guidelines 14.1

All institutions are now observing this Supporting Guideline.

Ab	Atay	Dun	Ed	GU	GCU	GSA	HW	Nap	QMU	RGU	RCS	SRUC	StA	Sti	Str	UWS	UHI
																	

# ACCOUNTABLE

Good governance requires robust accountability of the main stewards of a higher education institution, the Principal and the Chair of the governing body. The new Code introduced two new measures that have enhanced the means of holding these post-holders to account.

## STAFF AND STUDENT INCLUSION IN THE APPRAISAL OF THE UNIVERSITY PRINCIPAL

Supporting Guideline 5.2 asks institutions to observe best practice in providing a means for staff and students to be included in the annual appraisal of the Principal.

*In assessing the performance of the Principal, views should be sought from staff and student members of the governing body as well as independent members.*

**Supporting Guideline  
5.2**

Again, the sector has responded positively and quickly. Sixteen institutions already worked this way or have made changes in order to observe this element of good practice. Two institutions are reviewing their policies.

Ab	Atay	Dun	Ed	GU	GCU	GSA	HW	Nap	QMU	RGU	RCS	SRUC	StA	Sti	Str	UWS	UHI

## CASE STUDY OF THE CODE IN PRACTICE

At the University of Aberdeen the Principal's appraisal process is conducted by the Senior Governor and commences with the Principal completing a self-evaluation assessment. This is circulated to the independent members of Court to provide them with the opportunity to highlight any questions or comments for inclusion in the appraisal discussion.

In addition, the Senior Governor provides all Court members, including the student members, with an opportunity at a closed session of Court (not attended by members of the University Executive) to highlight any matters they would wish him to raise. Following the formal appraisal discussion, the Senior Governor provides the Principal with a written summary of the outcomes and advises Court members of the objectives which were agreed for the coming year.

## STAFF AND STUDENT INCLUSION IN THE APPRAISAL OF THE UNIVERSITY'S CHAIR

In addition to widening stakeholder involvement in the appraisal of the Principal, the Code asks institutions to observe a new measure of good practice to hold the Chair of the governing body to account. An independent member is to act as an intermediary for any member of the governing body who has any form of concern to raise but does not wish to do so via the Chair. This could potentially include concerns about the post-holder of the role of Chair. The Guideline also advises that there should be an annual appraisal of the Chair, to be led by the intermediary.

**Intermediary.** *The governing body should appoint one of its independent members to serve as an intermediary for other members who might wish to raise concerns about the conduct of the governing body or the Chair. Led by the independent member so appointed, the members of the governing body should meet without the Chair present at least annually to appraise the chair's performance.*

### Supporting Guidelines 7.9

A majority of universities are now observing this new Guideline.

Ab	Atay	Dun	Ed	GU	GCU	GSA	HW	Nap	QMU	RGU	RCS	SRUC	StA	Sti	Str	UWS	UHI

The remaining institutions are in the process of review.

In observing this Supporting Guideline some institutions have referred the decision as to who should serve as intermediary to their nominations committee (on which staff and students now sit). In the majority of cases this has required an amendment to institutions' standing orders.

## FREQUENCY OF MEETINGS

It is important that having constituted an inclusive governing body, that body should meet regularly enough to be effective and to take timely decisions in the institution's strategic interest, giving governors the opportunity to question, scrutinise and discuss issues before agreeing on a way forward. Main Principle 4 deals with this:

**Frequency of meetings.** *The governing body shall meet sufficiently regularly and not less than four times a year in order to discharge its duties effectively. Members of the governing body shall attend its meetings regularly and actively participate in its proceedings.*

## Main Principle 4

Every higher education institution in Scotland is compliant with this principle.

[illegible]

# EFFECTIVE

University governance is concerned with ensuring effective performance. It is vital that governance structures, including the governing body, must operate effectively in order to deliver high performing institutions.

The Code reinforced existing good practice in this area as well as putting a number of new principles in place to ensure effectiveness of the governance structures including:

- a requirement that governance structures be reviewed annually, along with the institution's key performance indicators.
- a requirement for external facilitation in the evaluation of effectiveness of governance structures to take place at least every five years.
- a requirement for institutions to publish details of the training that governors receive in order to be able to serve effectively on the governing body.

## INDUCTION AND DEVELOPMENT SUPPORT FOR GOVERNING BODY MEMBERS

Serving as a governor on a university's governing body is a demanding task.

Members of the governing bodies of higher education institutions are required to be confident in "*challenging rigorously*" and "*debating constructively*" as well as be able to "*question intelligently*" and "*register dissent*" if they have concerns, in order that the governing body can be assured that the strategic decisions it makes are the right ones for the long-term interests of the institution.

Universities have always provided support for the induction of new members of the governing body, as well as ongoing training, but the Code now expects this information to be made public. This provides reassurance that university governors are given the necessary support to be effective in their roles.

Additionally, the expectation to publish this information has proved to be an opportunity for institutions to review what support is in place for their governors.

<p><b>Induction.</b> <i>The chair shall ensure that new members receive a full induction on joining the governing body, that thereafter opportunities for further development for all members are provided regularly in accordance with their individual needs, and that appropriate financial provision is made to support such training in accordance with criteria determined by the governing body.</i></p> <p><i>In its Institution's Annual Report the governing body shall report the details of the training made available to members during the year to which that Report relates.</i></p>	<p><b>Main Principle 12</b></p>
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All eighteen higher education institutions are now compliant with this requirement or already were so prior to the new Code.

Ab	Atay	Dun	Ed	GU	GCU	GSA	HW	Nap	QMU	RGU	RCS	SRUC	StA	Sti	Str	UWS	UHI
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

The vast majority of institutions intend to make details about training provided for members of the governing body available in their financial statements in the annual report. Because of the timing of reporting, in most cases this will start from academic year 2014/15.

## CASE STUDY OF THE CODE IN PRACTICE

In 2013 the Open University introduced an annual induction and development day for new Council members as an enhancement to the personal induction pack they receive. The day includes briefings from key University staff on the student journey, the role of the academic, an overview of the University's strategy and financial position and their member roles and responsibilities.


Main Principle 16 represents an enhancement of previous governance arrangements. Institutions previously undertook to make regular reviews of their effectiveness. The Code expects institutions to do more by introducing objectivity into this process through the means of external facilitation of the review at least every five years.

**Effectiveness.** *The governing body shall keep its effectiveness under annual review. Normally not less than every five years, it shall undertake an externally-facilitated evaluation of its own effectiveness, and that of its committees, and ensure that a parallel review is undertaken of the senate/academic board and its committees.*

*Effectiveness shall be assessed both against the Statement of Primary Responsibilities and compliance with this Code. The governing body shall, where necessary, revise its structure or processes, and shall require the senate/academic board of its Institution to revise its structure and processes, accordingly.*

#### Main Principle 16

Every institution has reported that this requirement is either now embedded into their processes or it is under review with a means to implementation.

Ab	Atay	Dun	Ed	GU	GCU	GSA	HW	Nap	QMU	RGU	RCS	SRUC	StA	Sti	Str	UWS	UHI
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓

The governing body has a responsibility to ensure the institution it serves is performing effectively according to its objectives. Main Principles 17 and 18 cover effectiveness and transparency around that performance.

**Effectiveness.** *The governing body shall reflect annually on the performance of the Institution as a whole in meeting long-term strategic objectives and short-term KPIs. Where possible, the governing body shall benchmark institutional performance against the KPIs of other comparable institutions.*

**Main Principle  
17**

All eighteen higher education institutions are compliant with Main Principle 17 which expects annual reflection on the institution's performance against its long-term and short-term objectives.

Ab	Atay	Dun	Ed	GU	GCU	GSA	HW	Nap	QMU	RGU	RCS	SRUC	StA	Sti	Str	UWS	UHI
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Main Principle 18 expects institutions to publish their annual performance against key performance indicators (KPIs) and their effectiveness reviews online.

**Effectiveness.** *The results of effectiveness reviews, as well as of the Institution's annual performance against KPIs and its progress towards meeting its strategic objectives, shall be published widely, including on the Institution's website and in its Annual Report.*

**Main Principle  
18**

This has not previously been the case at institutions but will be delivered this year and made available in the 2013/14 annual reports which are published on institutions' websites.



# BACKGROUND

## THE DEVELOPMENT OF THE CODE

In 2012 the Committee of the Chairs of Scottish Higher Education Institutions appointed a Steering Group to oversee preparation of the new Scottish Code of Good Higher Education Governance. The membership of the Steering Group included Chairs, independent members and a former university Rector and was supported by an expert secretariat. It was Chaired by Lord Smith of Kelvin.

The Steering Group decided upon a full and open consultation process which included an invitation to submit written evidence, launched in late November 2012 with a deadline of 31 January. The Steering Group established a website: [www.scottishuniversitygovernance.ac.uk](http://www.scottishuniversitygovernance.ac.uk) which contained full details of the Code's development and consultation process, as well as providing a means for stakeholders to contact the secretariat of the Steering Group.

A series of face-to-face meetings were held at every one of Scotland's higher education institutions as part of the consultation process. Separate meetings were organised on campus for student representatives, staff, including union representatives, governors, including independent members and members of senior management teams between November 2012 and January 2013. Over 360 people participated in over 78 separate meetings at institution level.

In addition to consulting with individual representatives at institution level, the Steering Group's secretariat held seven meetings with national-level representative bodies including the National Union of Students Scotland, University and College Union Scotland, the Educational Institute of Scotland, the Scottish Trade Union Congress as well as the Scottish Government and the Scottish Funding Council.

The Steering Group published a draft Code for consultation in April 2013. In June, at the close of the consultation, the Group had received 22 written submissions. During this second consultation phase the Group met with representatives of NUS Scotland and of the sector's recognised STUC unions. The final Code was published in July 2013 in time for implementation from 1 August 2013.

Full details about the membership of the Steering Group and the schedule of consultation visits that took place at institutions can be found at: [www.scottishuniversitygovernance.ac.uk](http://www.scottishuniversitygovernance.ac.uk)

## REPORTING IN THIS DOCUMENT

The Scottish Code of Good HE Governance contains 18 Main Principles and numerous Supporting Guidelines. This document reports progress against 12 of the Code's Main Principles and groups them according to the principles of good governance which they look to uphold: diversity, inclusiveness, transparency, accountability and effectiveness.

Scotland's higher education institutions are compliant with the other six Main Principles not covered in this document. They are:

<b>Main Principle 1</b>	<p><b>Governing body.</b> <i>Every Higher Education Institution shall be headed by an effective governing body, which is unambiguously and collectively responsible for overseeing the Institution's activities. In discharging its responsibilities it shall:</i></p> <ul style="list-style-type: none"> <li>• <i>ensure the Institution's long-term sustainability;</i></li> <li>• <i>conduct its affairs according to specified ethical standards;</i></li> <li>• <i>have due regard to the interests of its stakeholders and the wider public;</i></li> <li>• <i>determine the Institution's future direction and set the Institutional values;</i></li> <li>• <i>ensure the protection of the academic freedom of relevant staff in compliance with relevant legislation and its own governing instruments;</i></li> <li>• <i>ensure that it observes good practice in regard to equality and diversity;</i></li> <li>• <i>foster a suitable environment whereby knowledge may be advanced and the potential of learners fulfilled; and</i></li> <li>• <i>take all final decisions on matters of fundamental concern to the Institution.</i></li> </ul>
<b>Main Principle 2</b>	<p><b>Legal obligations.</b> The governing body shall ensure compliance with the governing instruments of the Institution, as well as other appropriate legal obligations including any arising in connection with its charitable status.</p>
<b>Main Principle 3</b>	<p><b>Conduct of members.</b> The governing body and its individual members (members) shall at all times conduct themselves in accordance with accepted standards of behaviour in public life which embrace selflessness, integrity, objectivity, accountability, openness, honesty and leadership.</p>
<b>Main Principle 7</b>	<p><b>The Chair.</b> The chair shall be responsible for the leadership of the governing body, and be ultimately responsible for its effectiveness. The chair shall ensure the Institution is well connected with its stakeholders, including staff and students.</p>
<b>Main Principle 8</b>	<p><b>The Head of the Institution.</b> The Principal shall be responsible for providing the governing body with advice on the strategic direction of the Institution and for its management, and shall be the designated officer in respect of the use of Scottish Funding Council funds and compliance with that Funding Council's Financial Memorandum. The Principal shall be accountable to the governing body which shall make clear, and regularly review, the authority delegated to him/her as Chief Executive, having regard also to that conferred directly by the instruments of governance of the Institution.</p>
<b>Main Principle 13</b>	<p><b>The Secretary.</b> The secretary to the governing body shall be responsible for ensuring compliance with all procedures and ensuring that papers are supplied to members in a timely manner containing such information, and in such form and of such quality, as is appropriate to enable the governing body to discharge its duties. All members shall have access to the advice and services of the secretary to the governing body, and the appointment and removal of the secretary shall be a decision of the governing body as a whole.</p>

# APPENDIX 1: ANNUAL REPORTS

Institution	Latest Annual Report Year	URL
Abertay University	For year ended 31 July 2013	<a href="http://www.abertay.ac.uk/media/2013%20Annual%20Accounts%20Complete.pdf">http://www.abertay.ac.uk/media/2013%20Annual%20Accounts%20Complete.pdf</a>
University of Aberdeen	2013	<a href="http://www.abdn.ac.uk/finance/documents/statements/Aberdeen_2013.pdf">http://www.abdn.ac.uk/finance/documents/statements/Aberdeen_2013.pdf</a>
University of Dundee	2013	<a href="http://www.dundee.ac.uk/finance/doc/financial_statement/july_2013.pdf">http://www.dundee.ac.uk/finance/doc/financial_statement/july_2013.pdf</a>
University of Stirling	2013	<a href="http://www.stir.ac.uk/media/autoimport/about/pubs/Financial%20Statements%202012-13%20Signed%20Final.pdf">http://www.stir.ac.uk/media/autoimport/about/pubs/Financial%20Statements%202012-13%20Signed%20Final.pdf</a>
University of Edinburgh	2013	<a href="https://www.wiki.ed.ac.uk/download/attachments/68630228/Financial_Statements_2012-13_Accounts_Wikki_Version.pdf">https://www.wiki.ed.ac.uk/download/attachments/68630228/Financial_Statements_2012-13_Accounts_Wikki_Version.pdf</a>
Edinburgh Napier University	2013	<a href="http://staff.napier.ac.uk/services/finance/Documents/ENU_Accounts/2013_EdinNapierAccts_12-13.pdf">http://staff.napier.ac.uk/services/finance/Documents/ENU_Accounts/2013_EdinNapierAccts_12-13.pdf</a>
Glasgow School of Art	2013	<a href="http://www.gsa.ac.uk/media/878550/accounts1314.pdf">http://www.gsa.ac.uk/media/878550/accounts1314.pdf</a>
University of St Andrews	2013	<a href="https://www.st-andrews.ac.uk/media/finance/documents/Reports%20&amp;%20Financial%20Statements%20for%20the%20year%2031%20July%202013.pdf">https://www.st-andrews.ac.uk/media/finance/documents/Reports%20&amp;%20Financial%20Statements%20for%20the%20year%2031%20July%202013.pdf</a>
Queen Margaret University Edinburgh	2013	<a href="http://www.qmu.ac.uk/the_university/docs/Annual-Accounts-2013.pdf">http://www.qmu.ac.uk/the_university/docs/Annual-Accounts-2013.pdf</a>
University of the West of Scotland	2013	<a href="http://www.uws.ac.uk/about-uws/departments/finance-office/financial-resources/#.U-4IEmf-vGg">http://www.uws.ac.uk/about-uws/departments/finance-office/financial-resources/#.U-4IEmf-vGg</a>
University of the Highlands and Islands	2013	<a href="http://www.uhi.ac.uk/en/about-uhi/facts-and-figures/financial-resources">http://www.uhi.ac.uk/en/about-uhi/facts-and-figures/financial-resources</a>
Royal Conservatoire of Scotland	2013	<a href="http://www.rcs.ac.uk/common/documents/gov/2012-13_signed_accounts.pdf">http://www.rcs.ac.uk/common/documents/gov/2012-13_signed_accounts.pdf</a>
Heriot-Watt University	2013	<a href="http://www.hw.ac.uk/documents/annual-accounts-2013.pdf">http://www.hw.ac.uk/documents/annual-accounts-2013.pdf</a>

Institution	Latest Annual Report Year	URL
Scotland's Rural College (SRUC)	To March 2013	<a href="http://www.sruc.ac.uk/downloads/file/1762/annual_accounts_to_31_march_2013">http://www.sruc.ac.uk/downloads/file/1762/annual_accounts_to_31_march_2013</a>
Robert Gordon University	2013	<a href="http://www.rgu.ac.uk/about/faculties-schools-and-departments/administration-departments/financial-services">http://www.rgu.ac.uk/about/faculties-schools-and-departments/administration-departments/financial-services</a>
Glasgow Caledonian University	2013	<a href="http://www.gcu.ac.uk/media/gcalwebv2/theuniversity/supportservices/financeoffice/Annual_Financial_Statements_2012-2013.pdf">http://www.gcu.ac.uk/media/gcalwebv2/theuniversity/supportservices/financeoffice/Annual_Financial_Statements_2012-2013.pdf</a>
University of Strathclyde	2013	<a href="http://www.strath.ac.uk/media/ps/finance/annualaccounts/Annual_Accounts_2012-13.pdf">http://www.strath.ac.uk/media/ps/finance/annualaccounts/Annual_Accounts_2012-13.pdf</a>
University of Glasgow	2013	<a href="http://www.gla.ac.uk/media/media_300038_en.pdf">http://www.gla.ac.uk/media/media_300038_en.pdf</a>
Open University	2013	<a href="http://www.open.ac.uk/about/main/sites/www.open.ac.uk.about.main/files/files/ecms/web-content/Open-University-Annual-Report-2012-13.pdf">http://www.open.ac.uk/about/main/sites/www.open.ac.uk.about.main/files/files/ecms/web-content/Open-University-Annual-Report-2012-13.pdf</a>

