

UNIVERSITY OF ABERDEEN

UNIVERSITY COURT

**MINUTES OF MEETING HELD ON 29 SEPTEMBER 2021**

**(in the King's College Centre and via Teams)**

Present: Julie Ashworth (in the Chair), Keith Anderson, Eleanor Bentley, Nuala Booth (via Teams), George Boyne, Owen Cox, Nick Edwards, Alisa Koester, Helen Martin (except for Minutes 26-29), Gary McRae (via Teams), Lyndsay Menzies, Martin Mills, Anne Minto, Iain Percival, Charlotte Pope-Williams, Joachim Schaper, Jenny Shirreffs, Diane Skatun, Lindsay Tibbetts, Camilo Torres Barragán (via Teams), and Neil Vargesson.

In attendance: David Beattie, Marion Campbell (via Teams), Rob Donelson, Debbie Dyker, Jenny Fernandes, Paul Gormley (for Minutes 30 to 35) Karl Leydecker, Caryn Miller, Tracey Slaven, Alan Speight, Ruth Taylor (via Teams), Iain Torrance KCVO (via Teams), Robert Traynham (from minute 26 onwards) and Bruce Purdon (Clerk).

Apologies for absence were received from Iain Mackay and Colette Backwell.

**NEW AND RETIRING MEMBERS**

- 1 The Court welcomed Alisa Koester, Camilo Torres Barragán and Charlotte Pope-Williams to their first meeting since formally taking up office as members of Court.
- 2 The Court expressed its considerable thanks and appreciation to Jenny Shirreffs and Nuala Booth for their nine and seven years of service on Court and its committees respectively and for giving extensively of their time to support the work of the wider University community.
- 3 The Court also expressed its thanks and appreciation to David Beattie for his major contribution to the Court and the University as Director of Finance and wished him well in his new role. The Court also noted that the University was expecting to appoint an Interim Director of Finance, pending the recruitment to the permanent post.

**DECLARATION OF INTEREST AND CONSIDERATION OF FORMAL BUSINESS  
AND REMINDER OF COURT AND MEMBER RESPONSIBILITIES**

- 4 The Court noted the standing reminder of the responsibilities of Court and members as charity trustees (*copy filed with the principal copy of the Minutes*).
- 5 Lindsay Tibbetts declared an interest in minutes (30-35) as a member of the Business School. Alisa Koester declared an interest in minutes (37-39) as a member of the Fossil Free Campaign.

**MINUTES**

- 6 The Minutes of the meeting held on 29 June 2021 were approved.

**ACTION LOG**

- 7 The Court noted the updated Action Log (*copy filed with the principal copy of the Minutes*).

**MATTERS ARISING**

- 8 No matters arising were noted.

**ORAL REPORT FROM THE SENIOR GOVERNOR**

- 9 The Senior Governor, Julie Ashworth, thanked members of Court and Senior Management for the welcome she had received since her election. She reported on meetings that she had undertaken with internal and external stakeholders since taking up office and outlined her

priorities for, and approach, to leading the Court. The Senior Governor noted that the discussion later in the agenda of the findings of the external review of governance presented an exciting opportunity for the Court and noted the importance of induction and continuous development to the effective operation of a board.

#### ORAL REPORT FROM THE PRINCIPAL AND UPDATE ON HE SECTOR/UNIVERSITY DEVELOPMENTS

- 10 The Court received a presentation from the Principal which reviewed the significant progress that the University had made in improving its financial, academic quality and league tables position over the past three years and discussed how to build further on the great progress achieved by the community during that time.
- 11 As part of the report, the Court noted the latest student admissions statistics which, overall, were very positive in terms of growth. There was therefore reason to be optimistic that the financial target for the year might be surpassed but there also remained a need to invest in staff for which the flexibility of a deficit budget had been agreed by Court.
- 12 The Court discussed the challenges posed by Brexit and the growth that would be required to further improve the University's relative competitive position, while noting the significant progress already achieved towards the Aberdeen 2040 target of being consistently ranked within the UK's Top 25 universities. The high proportion of Russell Group universities ranked in that top quartile was noted. The consequences of reductions in staff in previous years were expected to limit any significant advancement in terms of the University's 2021 Research Excellence Framework position. Sustained investment in staff, in research capacity, in facilities and continually building the University's reputation and philanthropic support were all noted as being key to realising the University's ambitions.
- 13 The Court also received a report on recent policy developments relating to higher education and the recent achievements of staff and students at Aberdeen (*copy filed with the principal copy of the Minutes*).

#### GOVERNANCE

##### **GOVERNANCE REVIEW AND IMPLEMENTATION OF PHASES 1&2**

- 14 The Court received the report and recommendations of the Externally Facilitated Review of Governance (Phase 2 of the process) undertaken by Advance HE, together with a supporting paper from the Secretary on the recommendations arising from Phase 1 of the University's internal review and next steps (*copy filed with the principal copy of the Minutes*).
- 15 The report followed a joint workshop for Court and Senior Management Team (SMT) members on 26 August 2021 where the initial findings of the review by Advance HE were presented. It concluded that there were no failures of compliance but that, as identified in the phase 1 internal review, there were opportunities to further enhance the effectiveness of Court and the University's governance culture. The external review also represented the completion of a key requirement of the Scottish Funding Council (SFC) and Office of the Scottish Charity Regulator (OSCR) reviews following the departure of Professor Sir Ian Diamond.
- 16 The external review's six high-level recommendations were:
  1. A redefinition of the roles, responsibilities and accountabilities of the three key bodies – Court, SMT and Senate; including the number and purpose of the sub-committees of the Court and Policy and Resources Committee (PaRC); and phasing out the joint Court/Senate committees.
  2. Building on Recommendation 1, a redefinition of the business of the Court, its sub-committees, SMT and Senate.
  3. The development and agreement of a set of expected governance behaviours, together with a continuing focus on mechanisms which build transparency and
    - + Trust between Court members, and between Court, SMT, and Senate
    - + Understanding of governance and management among the wider staff and student community.

4. Review and redevelopment of the programme of induction and ongoing development for Court members, which will also act as an aid to building a new culture of awareness and transparency.
  5. In addressing the diversity of the Court membership, the University should take account of the results of the survey conducted by Advance HE.
  6. In order to appropriately support the evolving governance arrangements, consideration should be given to investment in, and development of, the secretariat team.
- 17 The Court discussed the recommendations with regard in particular to the joint committees of Court and Senate and it was explained that this would need to be further informed by the ongoing Senate effectiveness review and that further work to establish alignment of the current joint committee responsibilities to Court, Senate and Executive would be progressed. It was confirmed this recommendation applied to only the current structure and was not intended, however, to suggest that joint committees might not be appropriate in the future. The Court also discussed potential ways through which a greater understanding of its role in the wider University community could be achieved. It was noted that further work would be undertaken to timetable and prioritise the implementation of the recommendations, including those from phase 1.
- 18 The Court agreed:
- 1) To formally accept the report of the Externally Facilitated Review of Governance.
  - 2) That the Governance and Nominations Committee should provide oversight of the implementation of the recommendations in line with the Committee's responsibility for governance.
  - 3) That the University Secretary should write to OSCR and SFC confirming the adoption of the externally facilitated review of governance.

#### **REPORT FROM GOVERNANCE AND NOMINATIONS COMMITTEE**

- 19 The Court received a report on the key items of business considered by the Governance and Nominations Committee on 6 September 2021 (*copy filed with the principal copy of the Minutes*), which included a number of recommendations for approval. The Court discussed, in particular, the following:

#### *Replacement of the Alternate Members System on Court Committees and Committee Memberships*

- 20 The Committee's report set out a new approach to the membership and population of Court sub-committees (with the exception of Audit and Risk Committee where different sector guidance applied). This followed the Committee's previous decision (as reported to Court in June 2021) that the current practice of alternate members on Court committees was not appropriate in terms of charity law and good governance and should not continue but that prior to recommending any change to Court, the Committee should receive further proposals for how the current practice would be replaced to facilitate, in an equitable way, opportunities for staff members to contribute to the work of Court committees. The paper detailed the principles for that new approach.
- 21 In discussion, the Court was assured that the intention was not to disadvantage representation of Senate Assessors on committees of Court but was intended to avoid the current situation where one Senate Assessor was excluded from serving on any of the Court's sub-committees because of rationed places for Senate Assessors. The wording of new compositions would be clarified to avoid any misinterpretation of the changes. It was also noted that a further meeting of the Governance and Nominations Committee would now be sought to develop recommendations to Court for appointments to the committees following approval by Court of the new approach.

#### *Amendments to the Policy and Procedure for the Removal of a Member of Court*

- 22 The Court noted that the Committee had considered proposed amendments to the current policy and procedure to be followed should it be necessary for the Court to remove a member from office. The paper also set out proposals to clarify the process through which complaints

against a member of Court would be handled and those relating to the Secretary. The existence of a Policy as well as a separate Procedure was considered to be unhelpful. It was, therefore, proposed that the Resolution setting out the procedure to be followed be retained with one amendment but that the Policy be removed and instead a section be added to the Standing Orders of Court (as detailed in the paper). During review of the procedures, it had been identified that the Higher Education Governance (Scotland) Act 2016 provided the right for a member who has been removed from office to seek a “review” of that decision and that this was not fully provided for in the University’s procedure. An amendment of the Resolution to address this, as detailed in the paper was, therefore, proposed to ensure consistency with the legislation.

- 23 In discussion, it was agreed that some further clarifications from a member on how the revised approach would operate in practice should be discussed further with the University Secretary and that appropriate wording be added to the draft Resolution on the qualifications of the individual appointed to hear any appeal from a member removed from office.
- 24 The Court, on the recommendation of the Committee, approved the following:
- 1) The appointment of the Senior Governor as Chair of the Governance and Nominations Committee with immediate effect and amendments to the composition of the committee (as set out in the paper), increasing its size from nine to eleven members.
  - 2) The replacement of the alternate system of staff Court membership of sub-committees and to introduce the new approach to Court committee composition and memberships as set out in the paper and discussed at minutes 20 to 21.
  - 3) Amendments to the role description for the Senior Independent Member and noted the process that would be taken forward for the appointment to the vacancy arising from 31 October 2021.
  - 4) Proposed amendments to the protocol for the respective roles of the Senior Governor and Rector.
  - 5) The membership of Court/Court-Senate committees (pending the further changes outlined at minutes 20-21, including changes to the Pensions Advisory Group composition & remit, the appointment of Caryn Miller to the Audit and Risk Committee (with effect from 31 October 2021) and, due to a change in her role at a competitor university, the retirement of Morag McNeill as an external member of the Audit and Risk Committee. The Court also recorded its appreciation and thanks for the significant and valuable contribution that Morag McNeill had made to the Committee and the University.
  - 6) A proposal that four independent members of Court be members of the Business Committee, subject to this being considered and agreed by the Business Committee.
  - 7) The recommendations arising from the review of the Policy for the Removal of Court Members, specifically:
    - (i) To approve the removal of the Policy on the Removal of a Member of Court and to instead amend the Court’s Standing Orders to provide for this as detailed in the appendix to the paper (*Note by Clerk: In accordance with Standing Orders, these changes will be formally moved for adoption at the November meeting of Court*)
    - (ii) To approve a recommendation to amend Resolution 288 [Procedure for Removal of Members of the University Court] to address a gap in compliance with the Higher Education Governance (Scotland) Act 2016 and to initiate the statutory process of consultation within the University required for the amendment of a Resolution.
    - (iii) To note that the letter of appointment of Court members is to be amended to clarify that members are subject to relevant University complaints procedures.

ABERDEEN 2040

#### **OPERATIONAL PLAN 2020/21**

- 25 The Court received and noted a report on the progress made in delivering the actions included in the Aberdeen 2040 Operational Plan for 2020/21 and against the Key Performance Indicators (*copy filed with the principal copy of the Minutes*).

## IMPLEMENTATION PLAN TO 2025

26 The Court received a paper on the University's Aberdeen 2040 Implementation Plan to 2025, which included background and context on the process by which it had been developed, including consultation with the University community (*copy filed with the principal copy of the Minutes*). The paper set out the high-level, four-year actions proposed against each of the 20 commitments in Aberdeen 2040, together with supporting key performance indicators and baselines/targets to monitor progress against. It also set out the one-year activities to be taken forward in 2021/22 against each high-level action, which collectively comprised the University's Operational Plan for the year.

27 In discussion of the Implementation Plan, the following key points were noted:

- The importance of an approach to research which was flexible enough to respond to the needs and opportunities of industry was noted. This required continuous attention and a culture and environment which was outward looking. The interdisciplinary challenges were intended to encourage and support that, as was the appointment of the Vice-Principal for Regional Engagement and Regional Recovery. It was confirmed that notwithstanding the title of that position, the role was intended to engage with industry globally as well as regionally. Specific immediate opportunities for engagement around COP26 and in Energy Transition were suggested and would be followed up.
- The employability of graduates was also an area of focus and it was suggested the Court might wish to receive more information at a future meeting on the activities the University was undertaking here, including reviewing the Aberdeen graduate attributes.
- A suggestion that evaluations of the impact of industry advisory boards be periodically undertaken was welcomed.
- As part of future planning and budgeting rounds, the management team would be reviewing further the level of resource required to deliver the actions in the Implementation Plan.
- In the context of sustainability, it was recognised that business travel was only one aspect of travel related to the University.
- While achieving recognition for equality, diversity and inclusion, such as through Athena Swan was important, it was noted that this did not by itself deliver an inclusive culture.
- It was also noted that while it was important that the University was true to being "in the service of others", it should not purely define this in utilitarian terms and that this and the "pursuit of truth", also required it to continue to be a space for the exploration of ideas and new thinking and for those disciplines whose value may not be as readily perceived in utilitarian terms.

28 The Court approved the Aberdeen 2040 Implementation Plan and welcomed the consultative approach through which it had been developed.

## FINANCE: DRAFT OUT-TURN FOR YEAR END 31 JULY 2021

29 The Court received and noted an update regarding the draft out-turn for the year ended 31 July 2021 (*copy filed with the principal copy of the Minutes*). While subject to external audit, this reported an underlying surplus of £8.7M which represented a significant achievement on the part of all staff within the context of the pandemic in a turbulent financial year. This had been achieved through growth in fee income, tight control on expenditure at the outset of the pandemic and 'one-off' financial support from the SFC. When taken together with the University's cash position of £61.6M, the Court noted that the University's finances were significantly improved on the position of three years earlier.

## KING'S TRANSFORMATION PROJECTS (CONFIDENTIAL MINUTE)

Minutes 30 – 35 withheld.

## UPDATE ON USS

36 The Court received an oral update on the current position with regard to the Universities Superannuation Scheme (USS). As Court had been informed by circulation, further consultation through Universities UK on issues related to the scheme had been undertaken

since the last meeting of Court in June. While a short-term agreement on the way forward had been reached nationally, the position of most universities remained one of concern around the long-term affordability of the scheme, both to employers and to staff, particularly those in the early stages of their career, and there therefore needed to be further reform of the scheme. Given the complexity of the issues, the University was engaging external professional advisers to run sessions for staff to help them understand the changes to USS. The Court also noted that the University and College Union were to ballot members in October with regard to the scheme and on pay/working conditions.

#### INVESTMENT STRATEGY: FOSSIL FUEL DIVESTMENT AND IMPACT & THEMATIC INVESTING PROGRAMME

- 37 The Court received a paper setting out proposed changes to the institutional investment strategy (*copy filed with the principal copy of the Minutes*). The proposals were grounded in the commitments made in Aberdeen 2040, specifically its five sustainability commitments. The Court also noted that the proposals had been informed by extensive engagement with students, relevant Committees within the governance structure (including Investment Committee and Policy and Resources Committee) and specialist professional advice from the University's financial advisers. While the proposals only related to University investments (and not Development Trust investments), the Court noted that the proposals had also been considered and approved by the Development Trust Board of Trustees. The paper also outlined in detail the University's plan for communication and engagement with stakeholders regarding the changes to the investment strategy.
- 38 The Court discussed the potential reputational risks related to the proposed decision notwithstanding that the University had no direct investments in fossil fuel companies and only 2.38% of pooled investments related to fossil fuels. The importance of the views of the student community and long-standing industry partners, many of whom were based in the local community and were supporting financially the education of University students and research, had to both be taken into account. It was confirmed that the University would continue to work with the energy industry as part of a just transition to a greener, more sustainable future. The Court noted and discussed the plans that were in place for stakeholder engagement/communications and media management, which also included a position statement /frequently asked questions as detailed in the paper which members could refer to if required.
- 39 The Court agreed:
- That the University adopts a revised approach to investments, specifically divestment from fossil fuels, by no later than 2025;
  - The University adopts the proposed definition of divestment from fossil fuels as set out in the paper;
  - That the University will set aside 5% of the investment portfolio for an impact and thematic investing programme to deliver an environmental and social return in addition to a financial return across a range of sustainability themes;
  - That the University's Sustainable Investment Policy is amended to reflect the commitment to divestment from fossil fuels; and
  - That the transition is completed in the most effective way to minimise and manage any potential resulting increased risk and volatility within the overall portfolio.

#### SCHEDULE OF BUSINESS FOR THE YEAR

- 40 The Court received a schedule of the regular items of business anticipated for the year ahead for its discussion and input (*copy filed with the principal copy of the Minutes*). It was noted that the schedule was based on past patterns of business and that as the governance review was implemented this might evolve. The outcome of the REF exercise would be added as an item for the June 2022 meeting. It was also noted that the governance review had discussed the Court moving to five meetings a year and that this be kept under consideration.

## REGULATORY BUSINESS FOR APPROVAL

### **ANNUAL REPORT TO SFC ON INSTITUTION-LED REVIEW OF TEACHING QUALITY**

- 41 The Court received and approved the Annual Report on Institution-Led Review of Quality 2020/21 (*copy filed with the principal copy of the Minutes*).

### **ANNUAL STATEMENT ON RESEARCH GOVERNANCE**

- 42 The Court received and approved the annual Research Governance Statement for publication on the University's webpages (*copy filed with the principal copy of the Minutes*).

### **SENATE REPORT**

- 43 The Court received and noted a report from Senate (*copy filed with the principal copy of the Minutes*) on the main items of business considered at its meetings on 12 May 2021. In addition, the Court on the recommendation of the Senate approved a draft Resolution 'Changes to Regulations for Various Degrees' which enacted changes recommended by the Quality Assurance Committee for introduction in academic year 2021/2022 to govern degrees undertaken at the Aberdeen Institute of Data Science and Artificial Intelligence at South China Normal University (SCNU). The Court further agreed that, in accordance with the provisions of Section 6 (2) of the Universities (Scotland) Act 1966, the draft Resolution be passed forthwith, so that the amended provisions may be applied with immediate effect.

## ROUTINE BUSINESS FOR INFORMATION NOT PROPOSED FOR DISCUSSION

### **REPORT ON SENIOR GOVERNOR APPOINTMENT AND ELECTION PROCESS**

- 44 The Court received and noted a report on the process for the recruitment and election of the Senior Governor and of any 'lessons learned' for the future operation of the process (*copy filed with the principal copy of the Minutes*). The Court also noted the anonymised report on the diversity of applicants and candidates which the University was required to publish by the Higher Education Governance (Scotland) Act 2016.

### **EXECUTIVE DIRECTOR OF ADVANCEMENT REPORT**

- 45 The Court received and noted an update on the activities of the University of Aberdeen Development and Alumni Relations Office (*copy filed with the principal copy of the Minutes*). The update highlighted key recent developments in fundraising, campaign planning, alumni engagement and operations.

## REPORTS FROM COURT COMMITTEES AND JOINT COMMITTEES OF COURT AND SENATE

### **POLICY AND RESOURCES COMMITTEE**

- 46 The Court received and noted a report of the key items of business considered by the Policy and Resources Committee at its meeting on 14 September 2021 (*copy filed with the principal copy of the Minutes*), including its consideration of and recommendations to Court on the Aberdeen 2040 Implementation Plan, the King's Transformation Projects and the Investment Strategy which were considered separately by Court.

### **REMUNERATION COMMITTEE**

- 47 The Court received and noted a report of the key items of business considered by the Remuneration Committee at its meeting on 5 July 2021 (*copy filed with the principal copy of the Minutes*) but which had focused on the Senior Staff Pay Policy.
- 48 The Court noted that taking into consideration that in 2020/21 the Senior Staff Policy had not operated, the Committee had approved a fund of £200k be made available to recognise and reward senior staff in the forthcoming year. The Committee had also considered a report on the gender pay gap for Senior Staff (all Grade 9 staff) and approved a proposal to take steps

to address the gender pay gap and approved a budget of £200k to progress this. In addition, the Committee had agreed that proposals should be brought forward to the next meeting to commence a process to develop salary banding arrangements at the senior staff level to ensure that structural changes are put in place to address the gender pay gap in the longer term.

#### UNIVERSITY EDUCATION COMMITTEE

- 49 The Court received a report from the University Education Committee meetings of 23 June and 25 August 2021 (*copy filed with the principal copy of the Minutes*), which noted that items of business requiring Court approval had been communicated separately to Court via the Senate.

#### ANY OTHER COMPETENT BUSINESS

- 50 The President of AUSA noted that she had received some messages from students keen to understand more about the role of the Court and asked how this might be addressed further in the future. The University Secretary noted that this was a point that had been identified in the governance review and that in terms of the student community, an early opportunity to build awareness of the role of Court would be via the promotion of the nominations for the Rector opening and the subsequent election.

#### DATE OF NEXT MEETING

- 51 The Court noted that its next meeting would be held on Tuesday, 23 November 2021, 9.00 am – 3.00 pm.

#### **Addendum 1: Governance Workshop 26 August 2021 and Re-Induction for Members 28 September 2021**

- 52 On 26 August 2021, the Court held as an informal meeting (in person and remotely) jointly with members of the Senior Management Team, a governance workshop facilitated by Advance HE as part of the governance review process, the outcome of which was discussed further at minutes 14-18.
- 53 On 28 September 2021, members of Court were invited to a presentation from the University Secretary & Chief Operating Officer which provided a 're-induction' to their role as governors and charity trustees. This was supplemented with a short group exercise on the respective roles and responsibilities of Court/Policy and Resources Committee versus those of the executive.

#### **Addendum 2: Report of Decisions Made by Circulation Between 30 June and 29 September 2021**

- 54 The Court approved by circulation a response to a Universities UK consultation on the USS valuation process based on detailed consideration of the consultation by the Pensions Advisory Group.



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Julie Ashworth, Senior Governor

23 November 2021

Date Approved by Court