

DE MONTFORT UNIVERSITY

BOARD OF GOVERNORS' MEETING – 26 NOVEMBER 2010

Review of the Effectiveness of the Governing Body

1. Executive Summary

The Chair of the Governing Body and the Vice-Chancellor requested that a light touch review of the effectiveness of the Governing Body should be carried out and a report made to the November meeting of the Board. Though not a full scale effectiveness review the following report based on deskwork and interviews makes a number of recommendations for the Governing Body to consider.

2. Summary of Recommendations

Recommendation 1

That consideration should be given to achieving a significant reduction over time in the size of the Governing Body.

Recommendation 2

That the University should continue its review of its Instrument and Articles of Government with a view to submitting proposals to the Privy Council to streamline and modernise these.

Recommendation 3

That a skills/competences audit and a diversity audit of the Governing Body should be carried out in order to permit the Governing Body to consider, with advice from the Governance Committee, the skills and diversity mix needed to enable it to discharge its functions and responsibilities and this process should help to inform future appointments to the Board.

Recommendation 4

That a process should be put in place for systematically assessing and giving feedback on their contributions to members of the Governing Body.

Recommendation 5

That the Board and the Executive continue to strive to create a cohesive Board based on mutual respect, openness and a genuine desire to add and receive value.

Recommendation 6

That the Board should ensure through a rigorous process of challenge, input and interaction that the University has in place a robust strategy fully owned within the University, that progress towards implementation is fully monitored and associated risks and opportunities are being appropriately managed.

Recommendation 7

That lay members should be actively encouraged and supported to continue to extend and

develop their knowledge and understanding of the academic business of the University.

Recommendation 8

In conjunction with the skills and competencies audit recommended above, structured plans should be developed in consultation with individual governors to ensure that a comprehensive system of induction, training and support is available based on personal development plans as a resource to meet individual needs.

Recommendation 9

That the Governing Body should consider how it can raise its profile and communicate its discussions and decisions within the University through inter alia the use of an e-bulletin (to include more information about Governing Body members and what they, as individuals, may be able to bring to activities across the University).

Recommendation 10

That a comprehensive governance website be created as a matter of urgency and that material which should under the Code be communicated widely via that medium is made available.

Recommendation 11

That a Scheme of Delegation of Authority should be drawn up urgently for approval by the Governing Body and that it should be received and reviewed annually and the Board should also receive a checklist to ensure it is complying with the provisions of the Governance Code.

3. Introduction

It is now some years since a full review of the effectiveness of the Governing Body was carried out. The Governance Code adopted by the University in 2005 specifies that reviews should be carried out at intervals not exceeding five years. In view of this and in the light of the significant challenges faced by the University and the Board especially over the last twelve months the Chair and the Vice-Chancellor considered that it would be helpful if a review could be carried out quickly with a view to a report and recommendations being considered by the Board at its November meeting. It was recognised that the timescale did not permit of a full- scale effectiveness review. It needs to be emphasised, therefore, that this represents a light touch review and that both the methodology adopted and the coverage has been adapted accordingly. So, for example, the process has involved one to one telephone interviews for the most part rather than face to face group interviews, the scope of the deskwork has been reduced and the review has concentrated on the operation of the Board and has not included *inter alia* a review of sub-committees or the relationship between the Board and the Academic Board. This should not, therefore, be seen as a substitute for a full review. Nonetheless it is hoped that the Board will find the report helpful as it moves into a new and very challenging era.

4. What Constitutes an Effective Governing Body?

There is now a considerable body of literature published by CUC (Committee of University Chairs) and the Leadership Foundation for Higher Education around what constitutes an effective governing body in higher education. It is not the purpose of this report to rehearse this material in detail but it is helpful when making judgments about effectiveness to identify for benchmarking purposes the key features or enablers of effective governance.

These include :-

- clear processes and procedures for the operation of the Governing Body in accordance with sector best practice
- regularly reviewing a robust institutional strategy based on mission and values owned by the Governing Body and the institution
- monitoring effectively the performance of the institution against the strategy
- regularly reviewing the risks and opportunities facing the institution
- providing regular, systematic and constructive challenge and questioning as well as support to the Executive

An effective and value adding governing body is one which has recruited the right blend of skills, experience and expertise and which operates cohesively and with mutual respect as a team and where all members are encouraged and able to contribute and add value with a clear understanding of and respect for the difference between governance and management functions. The relationship with the Executive needs to be sufficiently challenging in a constructive way as well as supportive and mutual respect and trust between the Governing Body and the Executive is fundamental.

5. Operation of the Board

The interviews and deskwork concentrated on the operation of the Board over the past two years. It was recognised that over a longer timescale much had been achieved, in particular the strategy to dispose of peripheral campuses and to develop the City campus. Good progress had also been made in developing the student experience and enhancing the University's academic reputation. Student demand was high and the University's financial position was stable albeit its staff costs were high relative to the sector mean and issues around data had arisen in respect of the 2007 HESES return which subsequently resulted in a significant financial clawback. The Board/ Executive relationship was very much Executive-led but the Board had developed a trust and confidence in the Executive that it was moving the University in the right direction.

The major issue that arose was over the decision apparently taken by the Executive in respect of student recruitment strategy in 2009. At a time when universities were being clearly warned by the Funding Council that they must not increase their intake of home and EU students, in spite of this the decision was taken to permit a significant increase based on a reported agreement with HEFCE. In the event the intake was higher than had been planned, raising issues over lack of robustness in student number controls. The result was considerable financial loss to the University and significant reputational damage with the Funding Council and adverse PR.

It seems clear from the evidence that we have that the Board were not fully aware of what was happening or more particularly the high risks that were involved in such a strategy. Although the Board and Finance Committee do contain some references these are arguably insufficiently specific to permit Board members to challenge appropriately.

However, the Governing Body is ultimately responsible for all the affairs of the institution and is held accountable for such. It is difficult to escape the conclusion that this represented a failure in both management and governance. It is not the intention in this report to dwell on this further but rather to see what lessons can be learned from the experience as to how the Board might function more effectively in the future.

6. Findings and Recommendations

6.1 Size and Structure

Although the size of the Board at 25 members conforms to guidance in the Code as to maximum numbers, a significant number of those consulted felt that it was too big to be effective. The Board currently meets 5 times per annum (of which 1 meeting is a Strategy Away Day). Inevitably, therefore, it has long agendas and very significant paperwork and this combined with the size of the Board makes active participation quite difficult. It was said that a significant number of members rarely spoke. The current Chair has made significant efforts to increase engagement notably in agenda design and introduction of discussion topics. A reduction in the size of the Governing Body might assist in improving the dynamic of Governing Body meetings. A number of universities have succeeded in reducing the size of their governing bodies to below 20.

Recommendation 1

That consideration should be given to achieving a significant reduction over time in the size of the Governing Body

There was discussion in the Board (8 May 2009) concerning the Instrument and Articles of Government with a view to the University modernising these in a number of respects including the distinction increasingly seen as anomalous in the sector between independent and co-opted governor categories. This represents an opportunity for the University to create a more up to date and fit for purpose governance framework.

Recommendation 2

That the University should continue its review of its Instrument and Articles of Government with a view to submitting proposals to the Privy Council to streamline and modernise these.

6.2 Membership

A number of new members have recently joined the Board, two members are stepping down in December, one in May and there are currently two vacancies for co-opted members so there is quite a bit of fluidity currently in the membership of the Governing Body. A number of those consulted felt that the balance of skills was still not quite right. The appointment process lies in the hands of the Governance Committee which has sought to engage the full Board in the process. There would be benefit in the Governing Body having more direct involvement in this process. In addition to the existing work of the Governance Committee and its processes the Governing Body should also itself discuss the skills matrix of members and succession planning to draw fully on members' contacts and networks in identifying future candidates (in addition to normal advertising and the use of executive search) and to ensure that existing members' skills and expertise are being fully utilized.

It has not been possible in the timescale to undertake a skills/ competences and diversity audit of the Governing Body but such a piece of work would be useful in informing this process.

Recommendation 3

That a skills/competences audit and a diversity audit of the Governing Body should be carried out in order to permit the Governing Body to consider, with advice from the Governance Committee, the skills and diversity mix needed to enable it to discharge its functions and responsibilities and this process should help to inform future appointments to the Board.

6.3 Feedback

There appears currently to be no formal process for evaluating members' contributions and giving them feedback. Both the previous and current Chair have attempted to run an informal process with limited success. This can be very valuable in assisting members to self-assess and consider ways in which they might assist more or their skills can be better utilised.

Recommendation 4

That a process should be put in place for systematically assessing and giving feedback on their contributions to members of the Governing Body.

6.4 Leadership of the Board

There was generous acknowledgment of the contribution, dedication and commitment of the current Chair. The Chair has recently indicated that it is his intention to step down by September 2011 and that a search committee should be appointed at the November meeting. This will enable the current Chair to use his experience and expertise to assist the in-coming Chair in a way that will be most valuable to the University and permit a smooth transition.

6.5 Challenge and Board Dynamics

As noted above, there was a feeling that until quite recently the Board had been led by the Executive and that it had inclined much more towards support than challenge. It was described as a managed, controlled process with little discussion, a good news Board where "everything was under control" and problems were either not taken to the Board or played down. The one exception to this was the Academy discussion where it was felt that the issues were openly debated.

If the Board is to add value it needs to be much more challenging but this in turn means that it needs to be given timely, appropriate and accurate information to enable it to understand the issues properly and to be able to ask the right questions. There needs to be much more open engagement and empathy with the Board and the Board itself needs to take more control of its own agendas by for example determining what topics it wants to discuss. In discussion more emphasis should be placed on choices and options and less on just approving a management presented solution. If this is genuinely done then the Executive will derive real benefit from the experience and expertise of lay members.

A number of members who had attended the Away Day in September commented that they had found it an energising experience and there is real keenness to build both a cohesion in the Board and a new relationship with the Executive based on mutual respect. It is vitally important that this is followed through in the challenging times ahead.

The contribution of staff and student members is viewed very positively. There are mixed views about the pre-Board dinners (to which staff members have not traditionally been invited). On one level it can be seen as bringing the lay members up to speed; however it can also contribute to a feeling among those not invited that they are somehow second class members. Given that they have exactly the same responsibilities as lay governors this is not appropriate and the Board may like to reflect further on this for the future.

Recommendation 6

That the Board and the Executive continue to strive to create a cohesive Board based on mutual respect, openness and a genuine desire to add and receive value.

6.6 Strategy, Risk and Performance Management

It is important that the Board genuinely engages with the development of strategy. Ensuring that there is in place a sound strategy for future development and monitoring its achievement is a key responsibility of the Board as is the related responsibility for ensuring that risks and indeed opportunities are robustly managed. Once again Board members welcomed their early involvement at the Away Day in September with the development of the new institutional strategy and it is important that this continues as the detailed strategic plan is developed in the months ahead. Similarly risk and performance management, which Board members have regarded as a process rather than a stimulus to discussion and challenge, something not discussed and rarely questioned, need to be developed as much more focused and dynamic tools for the Board with robust and appropriate benchmarking against a competitor group.

Recommendation 7

The Board should ensure through a rigorous process of challenge, input and interaction that the University has in place a robust strategy fully owned within the University, that progress toward implementation is fully monitored and associated risks and opportunities are being appropriately managed.

6.7 Academic Matters

The view was expressed by a number of lay members that they had not as strong an understanding of the academic side of the University as they would wish. The Board is ultimately responsible for all the affairs of the institution and it is insufficient to leave academic issues and quality solely in the hands of the Executive, however able that team or however academically successful the University might appear to be. Of course, heavy reliance is placed in the academic governance processes – principally the workings of Academic Board and the Executive – but to fulfil its responsibilities there is a need for lay members to continue to improve their understanding of the academic side of the business. This can be done in a variety of ways, including presentations, visits to schools and faculties, meetings with Deans and Pro-Vice-Chancellors and Heads of School and generally mixing with and talking to staff and students informally at events. Some of this already happens but more structure and planning around it is needed.

The Vice-Chancellor's report is a very good way of highlighting and focusing on key areas. The Vice-Chancellor has stated that he intends this to be a written report in future and this approach is strongly endorsed.

It is considered that there is also scope for utilising more the skills and knowledge of lay members – health would be an example where there is particular strength on the Board. This is something which the current Chair has rightly sought to encourage and it is important that his efforts are built on. The use of lay members from time to time in subject reviews can also be very helpful.

Observer status on the Academic Board would also help to cement a closer relationship between the Governing Body and the Academic Board. It is understood that the Governing Body had previously expressed a wish for this but this had not been followed through.

Recommendation 8

That lay members should be actively encouraged and supported to continue to extend and develop their knowledge and understanding of the academic business of the University.

6.8 Induction, Training and Support

New members were very complimentary about the induction they had received so far. Members who had served for a number of years were distinctly less enthusiastic about the training and support they received. This suggests that it might be timely and there would be value in considering the overall approach to training and support for governors, using staff development expertise within the Directorate of Human Resources and adopting a somewhat more structured and continuing approach based on individual governors' perceived needs supported by appropriate web-based material and external programmes. It is appreciated that time is a constraint so this would need to be carefully focused and planned.

It is also suggested that easily accessed reference material should be available as resources and that in particular this should include a summary statistical digest and dashboard. This is further discussed in section 6.9 below.

Recommendation 9

In conjunction with the skills and competencies audit recommended above, structured plans should be developed in consultation with individual governors to ensure that a comprehensive system of induction, training and support is available based on personal development plans as a resource to meet individual needs.

6.9 Communications

There was a general feeling that there was scope to improve these both within the Governing Body itself, as noted above, and in terms of the visibility of the Governing Body in the institution. Given that the Governing Body has clear responsibility for the affairs of the institution, it would be desirable to increase awareness of it and its role in the University. This could also be helpful to the Executive in giving staff a wider perspective and giving a legitimacy to actions which might now be seen rather narrowly as actions of the Executive. A written report from the Governing Body to the Academic Board may be helpful in this respect.

It is also good practice for the Governing Body itself to agree in advance communications protocols in relation to decisions taken which might have significant and perhaps adverse PR implications.

Recommendation 10

That the Governing Body should consider how it can raise its profile and communicate its discussions and decisions within the University through inter alia the use of an e-bulletin (to include more information about Governing Body members and what they, as individuals, may be able to bring to activities across the University).

The web presence in terms of governance is extremely limited. The internet contains merely copies of the Instrument and Articles and a list of Governing Body members but no profiles apart from the Chancellor. The intranet (not available to governing body members though it should be) has some information about sub-committees. The web should be an important resource not only for governors as it should contain a lot of reference and background material but also for the external audience. Uptake by Board members from the HEFCE governance website has been variable. There should be appropriate hotlinks, for example, to the Leadership Foundation Governance and Committee of University Chairs (CUC) websites which have a lot of valuable material to support governors.

The Governance Code recommends that the Statement of Primary Responsibilities should be published on the internet; this appears not to be the case so the University is not complying with the Code which the Board has previously endorsed (13 May 2005). Furthermore there appear to be no role descriptors for the Chair and Clerk to the Governing Body as recommended in the Code.

Recommendation 11

That a comprehensive governance website be created as a matter of urgency and that material which should under the Code be communicated widely via that medium is made available.

6.10 Statement of Delegations and the Governance Code

The Governance Code recommends that there should be a Scheme of Delegation of Authority setting out clearly the scope of delegations from the Governing Body and regularly up-dated and re-affirmed. This appears not to exist or at least if it does it has not been considered in recent years. This is a deficiency which should be remedied urgently as it should be a key part of the governance framework of the University defining the scope and limits of authority and responsibility.

In view of the issues in this section and 6.9 above, the Board should receive a checklist to ensure that it is complying fully with the CUC Governance Code as stated in its financial statements or, where it is not, the reasons for such non-compliance.

Recommendation 12

That a Scheme of Delegation of Authority should be drawn up urgently for approval by the Governing Body and that it should be received and reviewed annually and the Board should also receive a checklist to ensure it is complying with the provisions of the Governance Code.

7. Conclusion

The challenges facing universities have arguably never been greater. Effective governance will be an essential feature of those universities which can weather the storm and remain strong and successful. De Montfort rightly and justifiably sees itself in this category – the interviews revealed a strong commitment to and pride in the University. There is generally a shared clarity about what needs to be done to make its governance more effective in the future learning from the lessons of the past.

The recommendations contained in this report are intended to help the Governing Body in this process. The next twelve months will be critical in the continuing development of the Governing Body as new members join and a new Chair is appointed. It is important that the momentum of development is maintained despite all the other challenges which will have to be faced although those challenges will be better addressed with a high performing and value adding governing body.

It will be important to monitor progress and in this regard it is suggested that a further and more detailed review is undertaken in around twelve months' time.