

# De Montfort University

## Review of The Effectiveness of the Governing Body 2015

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## **1. Executive Summary**

In April 2015 De Montfort University commissioned an independent review of the effectiveness of its Governing Body. This is in accordance with best practice as recommended in the Higher Education Code of Governance published by the Committee of University Chairs (CUC). The last effectiveness review was undertaken in 2010.

The review had two parts; a survey was sent to all members of the Governing Body and the reviewer considered a range of documentation relating to the University's governance processes both to confirm that these conformed to sector best practice and to inform the interview process along with the survey responses. The second part was a series of structured one-to-one interviews with members of the Governing Body and others. The review explored interviewees' perceptions as to the purpose and role of the Governing Body and its overall effectiveness.

From a review of the University's governance documentation it can be concluded that the University has in place a comprehensive framework and structure of governance which conforms to sector best practice although some suggestions for consideration are made.

The review found the standard of governance to be high.

The report makes a number of recommendations for consideration designed to improve the operation and effectiveness of the Governing Body.

## **2. Introduction**

In April 2015 De Montfort University commissioned an independent review of the effectiveness of its Governing Body. This is in accordance with best practice as recommended in the Higher Education Code of Governance published by the Committee of University Chairs (CUC). The review was undertaken by Dr David Fletcher, a higher education consultant and former Registrar and Secretary of the University of Sheffield and former Secretary of the Committee of University Chairs (CUC) who conducted the last effectiveness review in 2010.

Thanks are due to all the members of the Board and other colleagues for the time given to the review.

## **3. What Constitutes an Effective Governing Body?**

In our 2010 report we summarized the key features or enablers of effective governance and we think it helpful to repeat them here.

They include:-

- clear processes and procedures for the operation of the Governing Body in accordance with sector best practice
- having a good understanding of the academic business of the University
- 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.

#### **4. Review of Governance Documentation**

4.1. De Montfort University was incorporated under the provisions of the Education Reform Act 1988 and became a University with degree awarding powers in 1992, although its origins date from 1870. It is an exempt charity regulated by the Higher Education Funding Council for England (HEFCE). The Governing Body currently has a membership of 16. Its sub-committees are Audit, Finance and Human Resources, Nominations and Remuneration. The Academic Board is responsible to the Governing Body for academic governance.

4.2 The work took as its starting point the last governance effectiveness review which we undertook in 2010. At the request of the University and in the context of some significant challenges faced by the Board and the University at that time it was a light touch review, based on some deskwork and for the most part telephone interviews; it did not, for example, include a review of the sub-committees.

The review resulted in a number of recommendations to improve the effectiveness of the Board's operations. We note these below, together with the action taken on implementation; recommendations 5, 6 and 7 are qualitative and will be considered in the context of the current review.

##### Recommendation 1

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

**Action:** The size of the Board has been reduced. There are currently 13 external governors, 1 staff governor and 1 student governor. The Vice-Chancellor is also a member. DMU attendance has been reduced to the Deputy Vice-Chancellor, Chief Operating Officer, Vice-Chancellor's Chief of Staff, the Clerk to the Board and the meeting secretary, who attend all meetings. Executive Board members/others attend as and when the agenda requires, for specific items only.

##### 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

**Action:** Initial approval has been obtained from the Privy Council to amend the University's Instrument and Articles of Government. Formal approval will be sought following union feedback which has now been received. The amendments seek to modernise the procedures considerably.

#### 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

**Action:** A formal skills/competencies audit has not been undertaken. A confidential diversity survey of Board members was undertaken in October 2014 by the Human resources team.

#### 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

**Action:** This has not been put in place.

#### 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

**Action:** An "Induction day " has been introduced for new Board members and those joining sub-committees, according to requirements. Training opportunities are notified to Board members. Personal Development Plans

have not been introduced.

#### 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)

**Action:** This has not been implemented.

#### 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

**Action:** Improvements have been made to the website.

#### 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

**Action:** A comprehensive Scheme of Delegation has been put in place. A compliance note relating to the new HE Code of Governance has been submitted to the Board (July 2015)

4.3 A revised Code of Governance was published by the Committee of University Chairs in January 2015 to replace the Code which had been largely unchanged since 2004. We have examined the University's corporate governance processes and procedures in the light of the new Code. We have also referenced The Memorandum of Assurance and Accountability issued by HEFCE which has replaced the Financial Memorandum and reinforces the responsibilities of the Governing Body referred to in the Code in terms of the need for a robust and comprehensive system of risk management, control and corporate governance, including the requirements of modern Charity legislation. In examining De Montfort University's processes and procedures we have, therefore, taken account of the recommendations of the Code and the requirements of the Memorandum.

4.4.1 A review of the documentation requested by the reviewer confirms that the Governing Body is complying with good corporate governance practice, specifically

- the Corporate Governance Statement in the University Accounts confirms that its practices are compliant with the provisions of the CUC Code
- the Governing Body conducts its business in accordance with the Nolan principles
- there is a clear public benefit statement in the Financial Statements in accordance with Charity Law requirements
- its Statement of Primary Responsibilities based on the CUC model is available on the web

- a very detailed Schedule of Delegated Powers is in existence and last reviewed in November 2014
- Redacted Board Minutes will be publicly available from this summer
- a role description and person specification for Board members has been developed in the context of the latest recruitment process to the Board
- management reports are provided to each meeting of the Governing Body by the Executive, including on academic matters
- there is an up to date Register of Members' Interests available on the web
- executive search is used in the appointment of new lay members
- a Public Interest Disclosure Policy is in place
- there is a clear procedure for the declaration of conflicts of interest
- a very detailed Equality and Diversity report is provided to the Board annually from the Finance and Human Resources Committee
- the academic governance structure was last reviewed in 2012 with support from the University's internal auditors
- a clear Corporate Plan is in place and a new strategic framework was approved by the Board in July 2015
- clear financial reports are presented to the Governing Body from the Finance and Human Resources Committee
- a new Strategic Risk structure was developed in 2014 which conforms to sector best practice
- a gifts and hospitality policy is in place
- the sub-committees of the Governing Body have clear terms of reference
- a monthly digest is issued to members by the Clerk
- trustee responsibilities to HEFCE are carefully carried out in the Governing Body, Finance and Human Resources and Audit Committees
- the Board receives an annual report on student complaints and appeals and receives the annual report from the Office of the Independent Adjudicator
- all new members are provided with an induction programme consisting of meetings with key personnel and supporting written material including the Code
- the governance website is good
- Board members receive a regular advice note on relevant legal and regulatory considerations
- Board papers are available electronically and tablets are provided to Board members
- the Governing Body carries out effectiveness reviews in accordance with CUC guidance including the current independent review

The HEFCE Assurance Service undertook a review in 2014 and its overall conclusion was that it was "able to place reliance on the University's accountability information." No formal recommendations were raised. A few minor procedural observations were made which have been addressed. The most significant point was the statement that "the Board might want to consider whether strategic and operational performance can be reported to it in a more structured and governance –driven way."

**From all this evidence it can be concluded that the University has in place a comprehensive framework and structure of governance which conforms to sector best practice.**

4.4.2 Some matters for further consideration are listed below:

- Nominations Committee and Remuneration Committee should submit formal reports to the Board (a report from Remuneration Committee is a requirement of the new Code)
- the role descriptors for key officers and the role and person specification for Board members (including an estimated time commitment) should be available on the web
- we consider that a Code of Conduct for Board members should be in place
- we consider that the University should put in place an over-arching Ethics Policy and a formal policy on the Acceptance of Gifts and Donations by the University (including clear processes and delegations)
- we believe that formal feedback should be given to Board members annually on their contributions
- currently rather informal processes appear to be in place to monitor institutional performance against strategic plans and priorities – we understand that it is intended that more formal processes will be introduced in the context of the new strategic framework
- we suggest that it would be beneficial to produce annual workplans for the Board and its sub-committees
- we consider that a Skills Matrix should be maintained and members' attendance at Board and sub-committees monitored (though attendance is normally very high)
- we consider that Board vacancies should be publicly advertised
- The Register of Members' Interests could be expanded to cover gifts and hospitality

A review of Governing Body and sub-committee papers shows also that matters which should come to the Governing Body have done. Governing Body papers are comprehensive and Minutes are clear. Members' attendance at meetings of the Governing Body in the last two years averaged over 90%. All this, however, though very important as the foundation and as an enabler of good governance, does not in itself guarantee that the Governing Body has necessarily been effective, high performing or value adding in its operation. To assess this it is necessary to examine how the Governing Body has operated in practice as a body and this is dealt with later in the report.

4.5 The review has examined the skills matrix and profiles of current members of the Governing Body.

There are currently 16 members on the Governing Body.

The following observations are made:-

- there is a good all round spread of skills and experience across the lay membership with particular strengths in health, higher and further education, finance, law, human resources, international and general business skills
- the majority of lay members are in active employment, making their experience current
- there is a fair balance between members with a local /regional base and those from further afield
- several members of the Board are alumni, giving them a strong affiliation with the institution
- diversity is very well represented. A survey carried out in October 2014 showed

that of the 15 members (not including the Vice-Chancellor) 7 were female, 8 were male and 4 were BME

- areas where it might be desirable to recruit include ICT/digital industries and (in view of the University's major capital developments) building and property and, of course, current members' expertise will need to be replaced when their period of office comes to an end ( this is particularly pertinent to finance skills and health)

## **5. Operation and Effectiveness of the Governing Body**

This section of the report highlights a number of areas around the operation and effectiveness of the Governing Body which have emerged from the desk work but particularly from the survey and interviews. There was a strong level of consensus amongst those consulted around the key issues.

### **Size, Structure and Membership**

The Governing Body, which meets five times per annum (including an Away Day) has a membership of sixteen, thirteen of whom are lay members. The size of the Governing Body was considerably reduced following the last effectiveness review and most members seemed very content with its current size (although a view was expressed that numbers of staff and student members were light) and the frequency of meetings.

It was considered that through its Nominations Committee the Board had carefully managed its appointment of members and had succeeded in putting together a very talented and diverse Board with an exceptional commitment to the University. The University is also very fortunate in having a number of exceptionally able and dedicated senior lay members who particularly through the sub-committees make a major contribution to governance.

There is a very strong focus by the Chair on attendance and attendance levels are very high showing that members take their roles very seriously.

The split of meetings between Leicester and London is welcomed.

### **Role and Purpose**

It was clear from the interviews that lay members clearly understood their role and respected the boundaries between governance and management. Certainly the interviews confirmed that they had a good understanding of their role. The role and purpose was articulated as assurance/monitoring as to process and procedure, critical advice and strategic responsibility for the affairs of the institution. This meant providing support to the Executive but also constructive challenge and holding the Executive to account for delivery of the strategy. It was clear that challenge and critical questioning and scrutiny did occur both in the Board and especially in the sub-committees and informally between the Executive and senior lay members. Examples were given of a number of areas where very critical attention was given by the Board including arrangements for the Bond, campus transformation, academic staff contracts and more recently issues with the PREVENT strategy.

## **Board Room Behaviours**

There was universal agreement that the relationships between the Executive and the Governing Body were exceptionally good. The Executive welcomed input from Governing Body members both in the Board itself and in sub-committees as well as more informally. Members felt that their views were listened to carefully, positively and respectfully and that the Executive did act on them and genuinely valued the input of members. The Vice-Chancellor is seen as being very open with the Board and he enjoys a high level of confidence, trust and respect. The Governing Body is an extremely cohesive body which works together as a team.

Everyone prepares very carefully for Board meetings and members are assiduous in their reading of papers.

At the same time members were clear that strong challenge was made when needed and appropriate. The Board operates in a rigorous but supportive way. Shared purpose came over very strongly and there was no hint of either negativity or complacency.

The Governing Body was perceived by those interviewed as being exceptionally well chaired. It is very clear that all members have great respect for and confidence in the Chair and his judgment. His contribution to the University is seen to be absolutely outstanding.

In short the quality of the Governing Body and its interactions is seen to be very good; it is a body which is very strongly committed to the University with a lot of experience, wisdom and knowledge and keen to see the University improve and realise its ambitions.

## **Strategy, Performance Review and Risk**

There was agreement that the Governing Body did engage very fully with the development of strategy playing a full part in formulating the University's vision and mission. It was clear from the interviews that members were able both to articulate the strategy and to emphasise strongly with it as a shared vision in which they completely and passionately believed.

There is a strong emphasis in Board meetings on strategic issues and performance of the institution with regular reports from the Vice-Chancellor on the University's performance in League Tables. The new strategic framework will contain KPIs which will be reported on formally to the Board.

Work has been undertaken on the corporate risk register which is presented to the Board bi-annually in the SharePoint documentation and is scrutinised by the Audit Committee at 3 of its 5 meetings. It was clear from the interviews that members were well focussed on risk – the discussion at the July meeting which we observed also showed this in relation to discussions about the Choi International Business School. Indeed at that meeting we observed a number of high quality interventions on this and other matters from Board members.

## **The Governing Body and its sub-committees**

A lot of detailed work is carried out in the sub-committees. These sub-committees are

perceived to work very well and confidence in their work is high. They are chaired by very experienced and highly committed lay members who are very well respected. The expertise of lay members is well used on these committees.

The Finance and Human Resources Committee was seen as a rigorous committee where there is a high degree of monitoring, questioning and challenge at an appropriate level and somewhere where the skills and expertise of Governing Body members are heavily used. There was universal admiration for the pivotal role played by the Chair of the Committee.

Audit Committee carries out its role thoroughly. It has had to deal and press hard on a number of legacy issues (for example around asset management). There is perceived to be scope for improving co-ordination between Finance and Human Resources and Audit Committee to avoid duplication of activity (campus transformation was cited as an example of this).

The Remuneration Committee works efficiently. Examination of its Minutes shows rigour and challenge. It does not currently report to the Board though this is to be changed into the future to comply with the Code of Governance.

The Nominations Committee is seen to work very well. With strong advice from the Board Chair and the Vice-Chancellor it has succeeded in putting together an exceptionally talented and diverse Board. Unusually it is not chaired by the Chair of the Board and it does not report to the Board other than through making recommendations for individual appointments though at meetings the Chair of the Committee has an opportunity to brief the Board verbally.

### **Academic Affairs**

On the whole members felt that they had a reasonable grasp on academic matters sufficient for their needs though they acknowledged that this could always be improved. There is strong understanding of the centrality and importance of the student experience.

### **Member Selection Training and Development**

As we have seen careful attention is paid to recruitment of members but national advertisement has not been used. This is now unusual in the sector.

Recent members expressed satisfaction with their induction which involved meetings with senior personnel. Development opportunities such as the courses organised by the Leadership Foundation are notified to members in a bulletin issued by the clerk.

Members do not receive feedback on their contributions in a systematic way.

### **Governing Body Business**

Members felt that Governing Body business was well structured and that time was well managed – everyone felt able freely to contribute despite very full agendas.

In terms of support there was strong endorsement for the role of the Secretariat and the quality of the paperwork. A number commented on its volume and the view was expressed that still more scope existed to make it more succinct and focussed.

A lot of material has been placed on SharePoint rather than circulated with the papers.

### **University/Community Links**

Where appropriate members' networks and connections are used to support the University's agenda.

It was felt that there was scope to raise the profile of the Governing Body in the institution and that this would be beneficial.

### **Student Matters**

It is clear that there have been some challenges recently around the relationship between the University and the Students' Union. While the detail of this is beyond the scope of this work, we feel that there are actions which could be taken to assist with this and we deal with this later in the report.

### **Communications**

There was a perception that external communications with respect to the Governing Body could be enhanced somewhat which would provide greater visibility to the Governing Body's existence and its work.

## **6. Findings and Recommendations**

In this section we set out our findings and recommendations.

In summative terms the overall standard of governance in De Montfort University is in our view high. The governance process taken in the round – the Governing Body and its sub-committees- provides a very sound overall oversight. The University has in its Governing Body membership able, talented and committed people, relationships with the Executive are excellent, it is ably and professionally supported. It has a very strong shared vision and sense of purpose with a very strong sense of corporate social responsibility.

In benchmarking terms we would place it very high in the top quartile of institutions the governance of which we have reviewed. This is an excellent achievement.

### **6.1. Membership of the Governing Body**

As we have seen most members felt that the current size of the Board was appropriate and indeed conducive to its working. We concur with this view and do not recommend that the size of the Board should be changed at this time.

We consider that the membership of the Board demonstrates a very good level of diversity; diversity is an area in which a number of institutions find great difficulty but De Montfort University has made considerable progress. In terms of its recruitment processes we note that the University has not employed national advertisement. Increasingly this is used in the sector and we suggest that the University should consider this for the future as a way of increasing the pool from which lay members are selected. Our experience elsewhere suggests that it is worthwhile. We also suggest that there should be a more formalized process for selecting lay members including the use of a small selection panel drawn from lay members with fuller information being provided on candidates to the Governing Body.

It is important to clarify the way in which the academic staff member of the Governing Body is appointed. This is formally a nomination from the Academic Board (both in the current and proposed amended Instrument) but we understand that in practice an election involving staff has been carried out. The person elected, if not already a member of the Academic Board, is then co-opted to that body. We consider that this practice should be discontinued as it takes away responsibility from the Academic Board and that instead the Academic Board itself in the future should nominate the academic staff member to serve on the Governing Body.

We consider that a formal skills matrix should be drawn up by Nominations Committee and that the Governing Body should also periodically itself discuss the skills matrix of members and succession planning to draw fully on members' contacts and networks in identifying future candidates and to ensure that existing members' skills and expertise are being fully utilized.

#### **Recommendation 1**

**That no change should be made in the size of the Governing Body at the present time**

#### **Recommendation 2**

**That consideration should be given to the use of a public advertisement when recruiting lay members and that a more formal appointment process should be introduced**

#### **Recommendation 3**

**That in future the academic staff member of the Governing Body should be nominated by the Academic Board rather than selected through an election process**

#### **Recommendation 4**

**That Nominations Committee should maintain a skills matrix and that the Governing Body should periodically discuss it and succession planning with advice from the Nominations Committee both with a view to identifying skills gaps and utilizing fully existing members' expertise and networks**

### **6.2 Strategy, Institutional Performance Review and Risk**

We consider that the Governing Body has a strong handle on strategy and future direction. It has made a strong input into the recent strategic framework as that document has been developed with extensive buy-in from the University community. All major strategic decisions are carefully considered and appropriately challenged with rigour and insight by the Board drawing on members' particular skills. This is one of the most strategic and indeed constructively challenging Boards we have encountered in the sector.

We believe that there is a need to assess in the future somewhat more formally and systematically than in the past the achievement of Key Performance Indicators and we

note that this is a stated intention of the new strategic framework. We note that the HEFCE Assurance Service also suggested this. The questionnaire responses indicated lower scores for systematic performance review.

Risk is clearly carefully considered in the context of key strategic decisions. Risk management as a process is robustly carried out by the Executive and overseen by the Audit Committee. The corporate risk register is submitted bi-annually to the Board; however it is in the SharePoint papers so maybe does not get the attention it deserves. We think there is scope to embed risk more at Board level.

We suggest that in the future it would be appropriate to append a KPI/progress against the strategy and corporate risk summary to the report produced by the Vice-Chancellor. We do emphasise summary and intend no more than a couple of pages. We think thereby these matters would regularly receive attention as the Vice-Chancellor's report (which we consider to be excellent) does occasion discussion and questioning.

The Away Days are clearly valued and do provide thinking time free from more operational issues. We consider that there is scope for adding a second perhaps around April time.

#### **Recommendation 5**

**That at each meeting the Board should receive a KPI/corporate risk summary as an appendix to the Vice-Chancellor's report**

#### **Recommendation 6**

**That consideration should be given to instituting a second Away Day**

### **6.3 Trustee Responsibilities**

The Governing Body has taken its trustee and charitable responsibilities very seriously, conforming to high ethical standards as set out in Nolan. The processes for fulfilling responsibilities to HEFCE based on the requirements of the Memorandum of Assurance and Accountability have been rigorously followed.

### **6.4 Academic Matters**

This is an area where the responsibilities of the Board are likely to increase in the future. HEFCE is currently consulting on Future Approaches to Quality Assessment (<http://www.hefce.ac.uk/pubs/year/2015/201511/>) and if implemented these proposals would place much more responsibility on the Governing Body to assure academic quality and standards in the future. The new Code of Governance itself, of course, puts more emphasis on the Board's responsibilities in this area.

In our view the Board (in common with most others) does not currently have appropriate mechanisms in place to undertake this assurance. This is not to imply for a moment that there is anything wrong with quality and standards – quite the reverse as QAA commendations attest. The issue is process. Traditionally this has been subject to independent external assessment by QAA and professional bodies principally but this is likely to change into the future.

Currently connectivity between the Board and the Academic Board is low. This was reflected in the questionnaire scores. Anecdotally the Academic Board (despite efforts being made by the Executive) is not seen as a particularly pro-active or challenging body. The Vice-Chancellor's report contains a lot of academic material – National Student Survey, Research Excellence Framework, employability outcomes ,for example and this is good. We consider, however, that it would be valuable to have also at each meeting a report from the Pro-Vice-Chancellor (Learning and Teaching) on significant matters considered and discussed at Academic Board.

If the current proposals by the Funding Council are implemented it will be necessary for the Board to put a mechanism in place to provide it with the necessary assurance. It is probably too early in the process to say what this should look like. Options range from an Academic Committee of the Board (which we do not favour because it potentially cuts across the responsibilities of the Academic Board and causes unnecessary duplication of work and potential confusion) to an academic risk and assurance sub-group of audit committee with appropriate co-opted membership. We prefer this approach as it then brings academic assurance into the overall assurance framework which Audit Committee provides to the Board. Great care will need to be taken that this does not become an excessively and unnecessarily burdensome process but at the same time HEFCE will need to be assured of its robustness if further external intrusion is to be avoided.

A number of interviewees commented that there was scope to strengthen the exposure of lay members to the academic side of the university. Of course, the Board is very fortunate in having in its lay membership one member with unparalleled experience and expertise in this area which is very well used. Among other Board members there is still scope in our view to improve understanding of academic and student experience matters further and there are various ways in which this can be done, including pre-meeting presentations, visits to departments and Faculties, pairing of lay members with Faculties, meetings (and more engagement with) the Pro-Vice-Chancellors and Heads of Department and generally mixing with and talking to staff and students informally at events. In one institution we have seen the Chair holds termly informal lunches with the Heads of Faculties to which lay members are invited. In others an annual event takes place at the beginning of the academic year where Governing Body members can informally visit the Students' Union and meet with members of the Students' Union Executive to hear about their issues and campaigns for the year.

In terms of research in one University we noted that a presentation by three early stage researchers on their work was very well received.

Other ideas which could be considered are occasional dinners to which members of the Academic Board are invited. The Academic Board could be asked to provide the Governing Body with an annual report on academic assurance with the potential for this to include, for example, relevant extracts from external examiners' reports to help to strengthen the assurance to the Governing Body(though all this is likely to be subsumed in the arrangements discussed above).

The University has and does use the professional expertise of Governing Body members in academic review and this is commended as good practice.

### **Recommendation 7**

**In the context of the HEFCE consultation on *Future Approaches to Quality Assessment* the Governing Body should consider what further mechanisms are**

**needed to provide the Board with assurance about quality and standards**

### **Recommendation 8**

**That lay members of the Governing Body should be assisted to continue to improve their knowledge of academic affairs in the ways suggested**

#### **6.5 Relationship with the Students' Union**

We understand that some concerns have been expressed recently about the relationship between the University and the Students' Union. These specific issues do not fall within the remit of this review. The relationship between the Board and the Students' Union is a very important one not least because the Board has certain statutory responsibilities vis a vis the Students' Union principally under the Education Act 1994.

In 2011 the Committee of University Chairs and the National Union of Students produced a *Supplementary Guide Regarding the Role of University Governing Bodies in Relation to Students' Unions*. This sets out a number of principles which underpin excellent working relationships and recommends that these be embedded in a formal Relationship Agreement between the Governing Body and the Students' Union. We believe that several of these principles in particular would be very relevant and helpful to the University at the present time.

We note that the University has not put such an agreement and framework of working in place and we strongly recommend that it should do so. We have provided the Secretariat with an example. The operation of the agreement should be kept under regular review.

### **Recommendation 9**

**That a formal Relationship Agreement between the Governing Body and the Students' Union be put in place defining respective responsibilities and expectations**

#### **6.6 Sub-Committees of the Governing Body**

The sub-committees play a very significant part in the governance process in terms of detailed work and providing assurance to the Governing Body and we consider that they operate effectively.

In the higher education sector generally the balance of business transacted in the Governing Body itself and the sub-committees is often an issue. Governing Body members often say that much of the business of the Governing Body is very formal and consists of receiving reports from sub-committees where matters have already been discussed and effectively agreed thus not leaving much scope for the Governing Body to add value. This is very different from the experience of Governing Body members in the private sector (which is the background of many Governing Body members). In the current HE governance model, given the amount of business to be transacted at the level of detail required, unless the Governing Body were prepared to meet much more frequently for longer and probably be of smaller size, it is difficult to avoid. In De Montfort University there is an acceptance and understanding of the role of sub-committees and that the sub-committees are the place where much of the detailed work has to be carried out. There is a high level of confidence both in the individual Governing

Body members who populate those sub-committees and generally in the work of the committees. The University is very well served by the excellent contribution of a number of senior lay members in this respect.

We believe that De Montfort handles this balance very well. Care is taken in the Board with regard to the presentation of reports from sub-committees to ensure that it is not simply a rubber stamping procedure – members can and do ask searching questions.

### **Finance and Human Resources Committee**

We consider this to be a very effective committee providing a high level of challenge to the Executive and an appropriate level of assurance to the Governing Body. The contribution of the Chair in particular is outstanding. Our only comment would be that the agendas are very full and there would in our view be a benefit in adding a fourth meeting during the year to permit more in-depth analysis of Faculty financial performance and we note that the Chair has this in mind for the coming year.

### **Audit Committee**

We consider that Audit Committee also operates effectively in providing assurance to the Board. It has had to deal with a number of legacy issues, as noted above, and has focused on a lot of routine operational process. Having now dealt with these issues it should be enabled to do more horizon scanning and to focus on major areas of corporate risk.

We note that there may be danger of some overlap with the Finance and Human Resources Committee in relation to campus transformation, for example, but we emphasise that Audit Committee must be free to look at and gain assurance on what it chooses. We think that this could easily be dealt with by the Chairs of the two committees liaising around future schedules of business.

We suggest it would also be valuable for the Internal Auditors to benchmark the number of priority 1 recommendations against other institutions (anonymously) for which they act.

We consider that the Audit Committee takes an appropriate approach to Value for Money and data assurance.

The Audit Committee may also wish to consider adopting a process of “deep dives” into specific areas of high risk to the business as part of a rolling programme of assurance.

### **Recommendation 10**

**That the Chairs of the Finance and Human Resources and Audit Committees should liaise about future schedules of business to reduce the potential for overlap and duplication**

### **Recommendation 11**

**That the Audit Committee should consider adopting a rolling programme of “deep dives” into areas of high risk to the business**

## **Remuneration Committee**

In our view this Committee operates effectively and the evidence from the Minutes is that it carries out its responsibilities assiduously with an appropriate level of challenge. However, we have some suggestions for consideration:

- The Remuneration Committee should report formally to the Board. It does not currently and in this respect it is not compliant with the Code of Governance
- We note that the Committee is chaired by the Chair of the Governing Body. In a number of institutions, following corporate sector practice, the Committee is chaired by a senior lay member other than the Chair and we commend this practice. This means that the person with responsibility to appraise the performance of the Vice-Chancellor does not also chair the committee
- we note that generally this committee meets once per year. We suggest that two meetings might be helpful – an autumn meeting could agree the framework, including the overall pay envelope and any other policy issues – the framework could then be signed off by the Governing Body with the committee then determining actual salaries at a summer meeting with a summary report back
- In a number of institutions we have seen that the Chief Executive’s objectives for the following year are shared with the Governing Body and we think this represents good practice
- we consider it good practice periodically (perhaps every three years) to have input from a remuneration consultant which would assist the committee to review its remuneration policies and ensure it remains up to date with developments and practices in the sector and beyond

## **Recommendation 12**

**That consideration be given to the above suggestions with regard to the operation of the Remuneration Committee**

## **Nominations Committee**

We consider that this Committee operates effectively and we commend its achievements in terms of Board diversity. Our suggestions in 6.1 above are relevant here. We think also there may be a case for refreshing committee memberships a little more frequently.

## **Ethics**

We commend the establishment of an Ethics Committee, chaired by a member of the Governing Body, which represents good governance practice. However, we note that it has been established as a sub-committee of the Executive Board. We believe that it would be more appropriate to constitute it as a committee of the Board. We consider also that there should be an overarching Ethics Policy and that there should be in place as a matter of urgency a Policy on the Acceptance of Gifts and Donations.

## **Recommendation 13**

**That the Ethics Committee should be constituted as a committee of the Governing Body and that an overarching Ethics Policy and a Policy on the Acceptance of Gifts and Donations should be put in place**

## **6.7 Governing Body Business**

Governing Body business is effectively and efficiently conducted. Meetings are very well chaired and time management is good. Paperwork is very voluminous but this is common for the sector and the University is not at all out of line in this respect. This is not to say that there is no scope to rationalize this somewhat and we consider that there would indeed be benefit in trying to lessen the load. Although members are clearly very assiduous in their approach, there is always a danger that when confronted with 300-400 pages of dense material things get missed or skipped over. We note the use of SharePoint. We suggest the following:-

- The paperwork to be re-configured and considerably reduced in volume with particular attention being paid to items for debate and decision. The key point in our view is that the paperwork for the substantive discussion items needs to be very clearly focussed on the needs of Governing Body members to understand fully all the key issues in as succinct a way as possible. It is suggested that paperwork which takes more than one hour to read and assimilate is counter-productive.
- Generally more use could be made of summaries and visual presentation of key data and information
- The use of technology should be further developed – for example using an off the shelf Board app (of which there are several) which permits Board information to be stored and easily referenced and accessed on tablets. There is also probably scope for greater use of video conference which will be facilitated by DMU London

We note and support the intention to make redacted Minutes publicly available.

### **Recommendation 14**

**That attempts be made in the ways suggested to lessen the burden of paperwork for the Board and its committees**

## **6.8 Secretariat**

We consider that the Secretariat provides excellent support to the Governing Body and members were very complimentary about this. The monthly Clerk's Digest is welcomed.

We believe that there is further potential to raise awareness about sector developments in governance and to undertake more horizon scanning to ensure that the University keeps up to date and in this regard we consider that it would be helpful also for the University to engage with the Committee of University Chairs. This would not necessarily take a lot of time and would in our view be fruitful and, given the University's high standards of governance, would assist with its positioning and influence in the sector.

### **Recommendation 15**

**That more attention be paid in the future to horizon scanning in terms of**

## **governance and that the University should engage with and play a role in CUC**

### **6.9 Communications**

We consider that there is scope to heighten somewhat the visibility of the Governing Body as a whole 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 the Governing Body and its role in the University. We suggest that this could easily be done by use of the website, social media and an occasional Board bulletin (which could, for example, include profiles of new governors when they are appointed).

### **6.10 University /Stakeholder Engagement**

The Board focuses strategically on key stakeholder engagement and has provided both appropriate challenge and support. The skills and networks of individual members are appropriately used. This is an area of considerable strength.

### **6.11 Induction and Training**

The induction arrangements for new Governors were widely regarded and much appreciated. The Secretariat provides valued on –going support and opportunities exist for continued development through participation for example in the Leadership Foundation Governor Development Programme. Various handbooks and documentation produced by CUC and the Leadership Foundation are made available and we note that induction handbooks for members of the Audit and Finance and Human Resources Committees are in preparation. There is potential to increase the provision of on-going support and development , though the constraints of time have to be recognised.

We do, however, feel that one to one annual feedback meetings between members and the Chair (who could share this task with other senior lay members) would be beneficial. This will assume added importance if remuneration is introduced.

We also consider that an annual Board dinner to enable members to interact socially would be beneficial.

#### **Recommendation 16**

**That members should receive feedback on their input and contributions on an annual basis**

### **6.12 Governance Processes and Procedures**

#### **Recommendation 17**

**That, although the processes and procedures of the Governing Body generally conform to the CUC Code and guidelines and are sound, the issues listed in 4.4.2 above should be considered**

## **7. Conclusion**

The standard of corporate governance in De Montfort University is in our view high and amongst the best we have seen in the sector. In terms of process, procedure, monitoring and assurance the Governing Body has carried out its responsibilities conscientiously and effectively. It has a very good grasp of the institution's strategy and it questions and challenges appropriately. Significant reliance is placed on the sub-committees for assurance and in particular the Finance and Human Resources Committee which plays a pivotal role. Audit Committee provides sound assurance. The contribution and commitment of senior lay members is exceptional. Relationships between the Governing Body and the Executive are excellent. Together and in partnership the Board and the Executive have created a mission and direction for the University characterized by innovation and distinctiveness. The achievements of the University over the past five years have been very impressive indeed and a great credit to the Governing Body and the Executive Board.

Significant change in terms of governance is definitely not needed. However, the challenges and uncertainties which face the sector will require governance to remain alert, agile and ready to adapt. We have every confidence that this is fully understood and will be carefully managed.

The analysis in this report and its recommendations are intended to assist the Governing Body to be more effective and to contribute to moving the University forward in the future as it enters an era of greater challenges and threats than have been faced in the sector for many years. It is hoped that they will be viewed positively in that light.

David Fletcher Consulting / 14 August 2015

## **8. Appendices**

### **Appendix A List of Recommendations**

#### **Recommendation 1**

**That no change should be made in the size of the Governing Body at the present time**

#### **Recommendation 2**

**That consideration should be given to the use of a public advertisement when recruiting lay members and that a more formal appointment process should be introduced**

#### **Recommendation 3**

**That in future the academic staff member of the Governing Body should be nominated by the Academic Board rather than selected through an election process**

#### **Recommendation 4**

**That Nominations Committee should maintain a skills matrix and that the Governing Body should periodically discuss it and succession planning with advice from the Nominations Committee both with a view to identifying skills gaps and utilizing fully existing members' expertise and networks**

#### **Recommendation 5**

**That at each meeting the Board should receive a KPI/corporate risk summary as an appendix to the Vice-Chancellor's report**

#### **Recommendation 6**

**That consideration should be given to instituting a second Away Day**

#### **Recommendation 7**

**In the context of the HEFCE consultation on *Future Approaches to Quality Assessment* the Governing Body should consider what further mechanisms are needed to provide the Board with assurance about quality and standards**

#### **Recommendation 8**

**That lay members of the Governing Body should be assisted to continue to improve their knowledge of academic affairs in the ways suggested**

#### **Recommendation 9**

**That a formal Relationship Agreement between the Governing Body and the Students' Union be put in place defining respective responsibilities and**

**expectations**

**Recommendation 10**

**That the Chairs of the Finance and Human Resources and Audit Committees should liaise about future schedules of business to reduce the potential for overlap and duplication**

**Recommendation 11**

**That the Audit Committee should consider adopting a rolling programme of “deep dives” into areas of high risk to the business**

**Recommendation 12**

**That consideration be given to the suggestions made with regard to the operation of the Remuneration Committee**

**Recommendation 13**

**That the Ethics Committee should be constituted as a committee of the Governing Body and that an overarching Ethics Policy and a Policy on the Acceptance of Gifts and Donations should be put in place**

**Recommendation 14**

**That attempts be made in the ways suggested to lessen the burden of paperwork for the Board and its committees**

**Recommendation 15**

**That more attention be paid in the future to horizon scanning in terms of governance and that the University should engage with and play a role in CUC**

**Recommendation 16**

**That members should receive feedback on their input and contributions on an annual basis**

**Recommendation 17**

**That, although the processes and procedures of the Governing Body generally conform to the CUC Code and guidelines and are sound, the issues listed in 4.4.2 above should be considered**

## **Appendix B List of Interviewees**

Simon Ambrose  
Anne Ewing  
Ian Blatchford  
Sally Bowie  
Ben Browne  
Hilary Carty  
Alan Charlton  
Doreen Crawford  
Sue Francis  
Christine Hancock  
Robert Harris  
Mike Kapur  
Oliver Mishcon  
Suzanne Overton-Edwards  
Vijay Patel  
Marcia Saunders  
Dominic Shellard  
Jonathan Shuter  
Tony Stockdale  
Adil Waraich