

Governance effectiveness at De Montfort University

Report of findings from a review and recommendations to
the Board of Governors

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Author: John Rushforth Advance HE

21st December 2021 Final Report

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1. Executive Summary

The University has transformed its governance arrangements since the regulatory investigation in 2019. Board membership has completely changed, new Executive appointments have been made, including a new Vice-Chancellor. A new strategy has been developed, with a significant change to the academic offer proposed. New processes and policies have been put in place, and a culture established that welcomes diversity, encourages debate and engagement, and actively listens to the student voice.

These changes have been achieved during the Covid pandemic – with all the challenges created regarding recruitment, student experience and staff morale.

The University needs to sustain and build on these changes since there is no significant need for a radical shift. This report, therefore, does not make any further recommendations, although it does include a couple of suggestions for consideration.

My thanks to those that contributed time to the review, particularly Sam Weston, for his help in the practical side of making this work.

John Rushforth

21st December 2021

2. Suggestions

The review makes no recommendations but has four suggestions for consideration:

- + Suggestion 1 The Board could consider having a discussion, perhaps at an away day, on the future focus of governance at DMU.
- + Suggestion 2 The University could consider modifying the way it seeks feedback on the effectiveness of meetings.
- + Suggestion 3 Academic Board could consider expressing an explicit opinion on the maintenance of standards and quality.
- + Suggestion 4 The University might consider further focusing members' time on strategic issues.

3. Introduction

De Montfort University commissioned Advance HE to undertake an external review to evaluate the progress made in implementing the recommendations arising from the independent governance review conducted by Advance HE in late 2019 (and reported on 5 March 2020).

The review's focus was to:

- + Review the University's response to the recommendations made in the Advance HE report
- + Evaluate the arrangements made for implementation and any associated governance oversight.
- + Assess the emerging impact of implementation, especially regarding governor development, governance culture, working relationships and structures.

The review was to:

- + Be holistic, forward-looking, developmental, and support the University in realising its strategic ambitions and contextualising its vision, mission, and values.
- + Examine the University's governance culture and ethos and its ability to assure progress on equality, diversity and inclusion matters effectively.

The context of the review was that in February 2019, the Office for Students (OfS) initiated a formal investigation into matters at De Montfort University. This identified weaknesses and failings in the University's management and governance arrangements

which were significant and systemic. The University acted, including commissioning an external review by Advance HE of its governance arrangements. The University has implemented a range of improvements and has been removed from the OfS's enhanced monitoring regime.

Our report is structured around the recommendations we made in March 2020, and these are in *italics*. We have found that the University has addressed all of the recommendations, and we have no recommendations for change since our view is that the University is on the right track. Still, we have made some suggestions to support the University's changes.

4. Discussion

4.1 Relationships and behaviours

The new Chair and Board devise a development programme with the Executive to clarify their roles, how they will work together in the future, and their mutual expectations and needs of each other. This is important in creating the culture and behaviours for good and effective governance.

The Board and Executive explore and agree a future model of governance. This work has already begun under the interim arrangements. It will need to be consolidated further as the new Chair and permanent Vice-Chancellor take up their appointments (alongside a University Secretary).

From the interviews we have conducted, there has been a transformation in values and behaviours since our previous review. People described a set of behaviours and relationships which indicated a significant amount of mutual respect and trust between the Board of Governors and the Executive. There is a clear commitment to openness and transparency, an acceptance of the value of constructive challenge and a willingness to explore complex issues in partnership.

We heard of examples of openness and a willingness to share information from the Executive and a strong desire to help the University from the Board. The focus of the Board is changing, from one that has been very focussed on procedure and accountability to one with a much greater emphasis on adding value and shaping the strategic development of the University. This movement to more strategic engagement is one that governors welcome, and there is a desire for that change to be sustained.

With a recruitment round for new governors recently completed and the new governors joining in the New Year, and a new strategy agreed, it might be helpful to have a Board discussion to take stock on the role of governors. This discussion could consider the future focus of governance and the balance between accountability, adding value, strategic direction and external connection.

Suggestion 1 The Board could consider having a discussion, perhaps at an away day, on the future focus of governance at DMU

4.2 Effectiveness

‘The Board, under the leadership of the new Chair, should, as part of its routine business and building on this report, conduct a regular review of how effectively it is working, considering its evolving dynamics and relationship with the Executive.’

The University agreed with the recommendation and asked its internal auditors PwC to review effectiveness. They reported in September 2021 and concluded, “Overall, De Montfort University has put in place effective arrangements to meet the majority of the CUC Governance Code and the CUC Audit Committee Code of Practice requirements.”

The Chair also meets with Board members and discusses how things are progressing and if there are improvements that can be made.

In addition, the University has a standard item on each agenda, asking the Board or Committee on effectiveness. It asks whether they are content that the board/committee had been effective in discharging its responsibilities during the meeting and that all present had been enabled to be effective in their contribution.

After a while, such agenda prompts can become limited in ensuring any reflection. Some institutions have found it helpful to nominate a different member at each meeting and ask them for feedback on a couple of things they have found useful and any improvements they might want to suggest.

Suggestion 2 The University could consider modifying the way it seeks feedback on the effectiveness of meetings.

4.3 Consultancy

Board members should be prohibited from undertaking any consultancy work for the University.

The Board has determined that governors are prohibited from undertaking consultancy work for the University. None has been undertaken since our review in 2020.

4.4 Expenses

Any travel or accommodation which Board members undertake representing the University needs to be appropriate, clearly and explicitly justified, proportional and in accordance with a single travel and expenses policy that applied to all staff and governors alike.

The Board of Governors approved a revised Business Travel and Expenses Policy in March 2020. In addition, the Board receives an annual report setting out all governor expenses.

4.5 Board and Committee appointments

- + Continue and diversify the use of external search
- + Continue to be undertaken against a skills matrix to ensure an appropriate balance of skills, knowledge and expertise
- + Address strengthening non-executive experience

- + *Address strengthening higher education expertise*
- + *Diversity action plan for Board and committee appointments with agreed targets and/or indicators to track and review progress.*

The University has recently completed independent governor recruitment exercises geared toward addressing the Board's requirement for a more diverse membership, reflecting the university's student and staff make-up. The recruitment exercise was carried out transparently, using an external search firm and recruiting against an identified skills matrix to recruit new governors possessing the right balance of skills, knowledge, and expertise. Among other requirements, the recent process seeks to identify candidates with a strong higher education background and non-executive director experience. In addition, DMU is also participating in the governor apprenticeship scheme <https://www.diversitygap.co.uk/>

4.6 Senior Independent Governor (SIG)

DMU should consider appointing a Senior Independent Governor (SIG)

The Board has now appointed a Deputy Chair of the Board. This role encompasses the functions of a SIG as outlined in our report.

4.7 Board performance and development

- + *Every member of the Board should undertake an annual review meeting (including the Chair)*
- + *Board member participation in training/development events should be recorded and reported to the Nominations Committee on an annual basis*
- + *The Clerk to the Board should analyse the outcomes of the annual review meetings, the skills matrix together with training undertaken by individual governors to draw together an annual training plan for the Board. These could take the form of sessions immediately before/after Board meetings. Implementation should be monitored by the Nominations and Governance Committees.*

Governing Body members now have individual meetings with the Chair, training attendance is reported, and a training plan was agreed upon at the October Board meeting. The pandemic has affected progress because of face-to-face contact restrictions, but there are plans for more dinners and informal gatherings.

4.8 Board size, diversity and succession planning

Consideration by the Board as to the balance that should in future be struck between the:

- *Size of the Board*
- *Importance of increasing the diversity of Board membership*
- *Maintaining an optimal mix of skills and competencies*
- *Servicing the roles required on Committees*

The size of the Board has increased from 15 at the time of our previous report to twenty (4 new), plus two governor apprentices (who will not be members). These changes have resulted in greater diversity and a more comprehensive range of skills and competencies.

4.9 Committee Structure

Remove HR from the existing 'Finance and HR committee' and separately establish a 'Finance and Performance committee' and 'People and Culture committee'.

The University has separated HR from the remit of Finance and created one committee entitled 'Finance and Performance' and another called 'People and Culture'. The Nominations Committee has not had Governance added to its' name.

4.10 Academic governance

- *The Academic Board, in consultation with the Board of Governors, should reappraise its role and how it will operate in future.*
- *As the cycle of business is developed for the Board going forward, further emphasis should be placed on the oversight of quality and standards, the student experience and research.*
- *The relationship between the Academic Board and the Board needs to be further developed.*

An independent governor now sits on the Academic Board as a non-voting member. Together with the elected academic staff representative, they give an update at each Board of Governors' meeting on the discussions at the Academic Board's preceding meeting. In addition, Academic Board established a working group that considered the response to the findings relating to the Academic Board. The group's recommendations were agreed upon, and the Board produced an action plan to take forward enhancement actions.

The recommendations included an induction event for new members, amended membership to include all Associate Deans Academic (as Chairs of the Faculty Academic Committees), and provision of a Student report to the Academic Board at each meeting. Our interviews indicate that these changes, together with the more inclusive style of the Vice-Chancellor, as Chair of Academic Board, has resulted in greater engagement of Academic Board members and a higher quality of debate.

The Academic Board also has produced an Annual Report and Plan. This document sets out a wide range of activities undertaken and planned. The report does not set out any opinion on whether standards and quality have been maintained or improved and does not include any comparative performance metrics.

With the development of a new strategy, it might be helpful if the next Annual report from Academic Board explicitly considers progress in delivering the academic elements of strategy. Academic Board could also give some form of opinion on the maintenance and development of standards and quality, based on comparative key performance indicators and external examiners reports.

Suggestion 3 Academic Board could consider expressing an explicit opinion on the maintenance of standards and quality.

4.11 Support to the Board

DMU should prioritise the appointment of a University Secretary who is appointed by and answerable to the Board. The Clerk to the Board would then report to the University Secretary.

The University has reorganised the support to the Board, and there are now two posts - the Corporate Governance Manager and the Registrar (Academic)/Secretary. The latter post reports to the Chair of the Board in the Clerk/secretary role and the Vice-Chancellor in the Registrar (Academic) role. Objective setting sits jointly between the Chair and the VC for the relevant parts of the role.

4.12 Board papers

The University initiate a progressive process to improve the quality of Board papers.

The Corporate governance Manager has produced guidance on preparing reports for University Boards and Committees, which sets out clearly that authors need to consider the purpose of providing a paper for consideration. Board members also provide feedback on documents within meetings. In addition, the agenda has been reshaped to ensure a clear focus at the beginning of each session on strategic matters and the separation of assurance items and governance matters.

In our interviews, members commented on the level of improvement they had seen, coupled with a desire to continue increasing the focus on strategic issues. The University might consider the use of a “starred paper” system – whereby papers that do not require discussion are starred (or colour coded), and these are only referred to in the meeting if a member indicates a desire to raise a specific point before the start of the meeting. The University could also consider identifying the author of each paper and their contact details – so that if there are points of clarification or detail a member wishes to raise, they can do so before the meeting.

Some members commented that although there had been a reduction, there were still some papers that appeared to have been ‘recycled’. These papers seemed to have been written for use within the University and do not always consider the Board’s specific requirements. Still, it was accepted that this was a “work in progress”, and members expected to see further reductions.

Suggestion 4 The University might consider further focusing members' time on strategic issues.

4.13 Board remuneration

The Board explicitly considers a policy paper on Board remuneration, publishes a justification of any decisions made and regularly publishes levels of remuneration and expenses paid to Board members.

The Board has received papers on governor remuneration and has now agreed on a governor remuneration policy for the future. From our interviews, this has been a challenging topic. There are a variety of views as to how the process has been managed.

The sense we get is that whilst there are differences of opinion, there is now a broad acquiescence to the decisions that have been made and that this is now a topic that does not need further attention in the immediate future.

“Whilst I disagree with the conclusions reached, I accept them, and we need to focus on future challenges rather than revisit this.”

Some of the changes that have taken place regarding staffing and the commissioning of legal advice should reduce the risk of similar difficulties arising in the future.

4.14 University strategy

+ The creation of the next strategy should be an extensive and consultative process. The Board should be extensively engaged in helping to set the parameters and framework, and the senior officers should lead a wide consultation exercise with staff, students and other stakeholders

+ The agreed strategy should then shape the cycle of business that is brought to the Board.

The University has a new strategy, and it is clear that the whole process was interactive, widely discussed with a range of stakeholders and has actively been debated at both the Academic Board and the Board of Governors.

The next step is to develop a means of tracking the delivery of the strategy. This is being developed with the Board, who have discussed key performance indicators at the November Board. It might be worth discussing at an awayday how the governance arrangements for monitoring the delivery of the strategy will operate and what will be monitored by the Board, its committees, and the Academic Board.

4.15 Previous Suggestions

As well as making 13 specific recommendations, the previous Advance HE report included several suggestions for the University to consider. The University has carefully considered the suggestions and has implemented most of them.

There has been significant improvement in ensuring a more active student voice in Board discussions. For example, there is now a standing item for the student Governor to raise matters of concern. The student governor is assigned a mentor and has regular discussions with the Chair and VC. It remains a challenge for one student member to represent the entire student population.

Some institutions have added another student (typically a post-grad) to the Board, whilst others have a student forum session driven by students and attended by members of the Board, with formal communication links to and from the Board. At De Montfort, there is an effective engagement with the Executive team, and it might be possible to brief the Board on those discussions.

Annex One: Review Methodology

Document Review

We reviewed over 60 documents, including the internal audit review of governance, Board and Committee agendas and minutes, the Code of Conduct, the Report writing guidance, the Academic Board action plan and papers related to meetings that considered the development of the governors' remuneration policy.

Interviews

We agreed to undertake interviews with some members of the Board and some Executive members. These interviews were all one-to-one. The full list of completed interviews is as follows:

Aashni Sawjani	Student Governor
Andy Collop	Deputy Vice-Chancellor
Beverley Shears	Independent Governor
Catherine Clarke	Independent Governor
Dan Toner	Independent Governor
Fiona Cownie	Independent Governor
Ian Squires	Chair of Board of Governors
Jon Lees	Staff Governor
Katie Normington	Vice-Chancellor
Lynn Robinson	Interim Registrar (Academic) and Clerk to the Board
Nick Jeffs	Secretary to the Board
Peter Cross	Chief Finance Officer
Peter Tansley	Independent Governor
Richard Snape	Staff Governor
Sam Weston	Corporate Governance Manager

Contact us

General enquiries

+44 (0) 3300 416201
enquiries@advance-he.ac.uk
www.advance-he.ac.uk

Media enquiries

+44 (0) 1904 717500
communications@advance-he.ac.uk
www.advance-he.ac.uk/contact-us

   @AdvanceHE

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