COUNCIL EFFECTIVENESS REVIEW 2014-15: REPORT AND RECOMMENDATIONS

Introduction

1. In line with the requirements of the Committee of University Chairs (CUC) Governance Code of Practice (March 2009) and the revised CUC Higher Education Code of Governance (December 2014), Council conducted a review of its effectiveness, including of its main sub-Committees, to ensure that Council continued to operate in an efficient and effective manner, consistent with best practice in the sector, and provided a level of assurance to stakeholders that the University was delivering its institutional vision and strategic objectives.

2. While Higher Education governing bodies are not obliged to follow the CUC Code, which should be considered alongside other relevant legal and regulatory requirements for Higher Education institutions (HEIs) in the UK, most HEIs follow the Code as a matter of good practice, and the University declared in its own Financial Statements that it was fully compliant with the 2009 Code.

3. During the academic year 2013-14, the University undertook an internal audit of its corporate governance against the recommendations in the 2009 Code. The internal audit team concluded that “based on the audit work performed and in accordance with the 'levels of assurance' agreed with the Audit and Risk Management Committee (ARMC), we can give GOOD ASSURANCE on the arrangements in place to ensure compliance with the CUC Governance Code of Practice” (2009).¹

4. Although the University’s Council’s Effectiveness Review 2014-15 was initiated under the 2009 Code, the formal review took full account of the expectations within the revised CUC Higher Education Code of Governance (2014), including by setting out and evaluating the University’s compliance with the main elements of the 2014 Code, which is attached for information at Appendix 3.

5. Together with the membership and terms of reference of the Working Group to Review the Effectiveness of Council (attached at Appendix 1), a brief evaluation of the revised Code of Governance (2014) was presented to Council on 16 February 2015 (C/15/22, agenda item 25 refer). The paper noted that the 2014 Code broadly retained the substance, including most of the key elements, of the previous version. Four areas of variation, however, were identified; i.e. a stronger emphasis on promoting equality and diversity, an emphasis on ensuring sustainability (including environmental sustainability), a requirement for the Remuneration Committee to include the Chair of Council as a member, alongside a majority of independent members, and a recommendation to consider appointing a Deputy Chair.

6. Furthermore, rather than retaining the recommendation of a quinquennial review, the 2014 Code sets out an expectation that HE governing bodies should conduct a review of their effectiveness at least every four years.

7. The Working Group held three meetings, on 2 and 28 April 2015 and on 10 June 2015, during which detailed attention was given to the University’s compliance with the 2014 Code, Council’s scheme of delegated powers and the membership and terms of reference of Council sub-Committees, the findings from the Council Effectiveness

¹ University of Essex, Internal Audit – Corporate Governance, Audit Report No.2013/14 -4, May (2014), para. 3.1, p.3.
Survey, the operation of Council, and to the range of areas in which the effectiveness of Council could be enhanced, which had already been identified by Council at its Away Day on 9 January 2014.

Council Effectiveness Survey

8. In spring 2015, an online questionnaire on the organisation, business, operation and composition of Council was sent to all Council members and to members of the University Steering Group (USG), who were invited to respond as observers in order to provide a perspective of the University’s senior management team on the effectiveness of its own relationship with Council.

9. A total of 15 responses to the questionnaire had been received from members of Council, representing 60% of Council members. In addition, four observers had provided their views. It should be noted, however, that the University Steering Group (USG) is a relatively small executive team of 10, and that some USG members are also ex officio members of Council. Some USG members’ responses may therefore have been provided in their capacity as Council members.

Summary of Findings

10. Overall, the survey results suggested that Council was working well, with a positive assessment of Council’s organisation, format, business and operation.

11. Most respondents identified the number, length and composition of Council meetings as ‘good’ and gave a positive response to the statements around the effectiveness of the business of Council. Responding members felt valued and able to represent the main areas of strategic interest for the University. A majority of respondents agreed that Council received sufficient information about and analysis of key risks to the University, including assurance that decisions which might have significant reputational or financial risks underwent a rigorous process of due diligence; that there were sufficient opportunities to discuss and develop the strategic direction of the University; that Council operated in an ethical manner; and that Council was well-led. Council Away Days were overwhelmingly well-received, with the topics discussed considered to be informative and appropriate to the needs of Council members.

12. The observer responses suggested that Council provided appropriate support to the Executive and that the working relationship between Council and the Executive appeared to be effective.

13. The availability of time and the volume and detail of Council papers were highlighted as having a potential impact on the quality of decision-making. Areas which were considered overall to be effective yet where views were more mixed included the challenge offered at meetings, provision of timely information about the student experience, benchmarking of institutional policies and practice within the sector and against any external requirement, and giving clear advice to the Executive. Analysis of the free text comments suggested that this could in part be due to the number of items and volume of papers considered at each meeting and a lack of specific focus or clarity in Council papers and/or the discussion with regard to external reference points.

14. A full report of the survey findings is attached at Appendix 2.
Council Effectiveness and the CUC Code

15. The deliberations of the Working Group stimulated by the analysis of the CUC Code covered the following areas where the conclusion of the Group was that no further action was necessary:

   i. Council had approved a rigorous and systematic process for recruiting and retaining new members on the basis of personal merit and the contribution they could bring, in line with the University’s Equality and Diversity Framework and Sub-Strategy, and including national and local advertisement, reach-out to under-represented groups, supported by the routine publication of transparent information about Council, role descriptions, and how expressions of interest could be submitted at any time.

   ii. The provisions of Ordinance 11 and the appointment of Pro-Chancellors who were members of Council obviated the need to appoint a Deputy Chair of Council.

16. The Group was of the view that Council, through its delegation of some aspects of the monitoring of strategy and policy development to Strategy and Resources Committee, had given the impression that it did not have full responsibility for and ownership of institutional strategy. Furthermore, the consideration of matters of strategy by SRC prior to Council consideration for approval caused undue duplication which should be avoided where possible. While analysis showed there was no evidence that the responsibility of Council had been undermined, the Group was of the view that the name, remit and the terms of reference of SRC should be reviewed to give greater focus on resources. Similarly, the Group recommended that USG be more clearly designated as having its authority directly delegated from Council and not from SRC.

17. The Group believed there was merit in broadening the remit of Remuneration Committee to include a strategic oversight of pay and reward, in addition to its current responsibilities, and to improve its reporting to Council, contributing to an environment of greater transparency around decision-making on senior pay issues, trust and confidence in decisions regarding pay and to anticipate future issues.

18. In addition to the areas outlined above, the Group considered enhancements to protect the University’s reputation, to strengthen assurance mechanisms, to continue the process of codifying in a transparent way Council roles and associated recruitment processes and enhancing oversight of the student experience and the SU.

Recommendations

19. Based on the scrutiny and evaluation of all areas where the effectiveness of Council could be enhanced, the Working Group invites Council to consider and approve the following recommendations that:

   Protecting the University’s reputation and sustainability

   i. The referral mechanisms to Council of any sensitive or potentially sensitive issues, or issues with a potential impact on the University’s reputation and sustainability, considered by the sub-Committees of Council be codified. (Recommendation 1)
Fundraising Activities

ix. The University's Fundraising Code of Practice be revised to include an explicit reference to the role and responsibilities of Council and any delegations of power as appropriate, and that Council would receive an annual report on the effectiveness of the University’s fundraising activities. (Recommendation 2)

Enhancing the role and remit of the Remuneration Committee

ii. The Committee’s remit to include the setting of a strategic framework for pay and reward across the institution be broadened. (Recommendation 3)

iii. The terms of reference be revised by including pay structures, reward and recognition, pay bargaining and performance pay, and by explicitly referring to the public interest and ensuring greater transparency in the reporting of the Remuneration Committee to Council of the number of professorial and grade 11 professional staff by salary band, salary trends, amount paid as discretionary payments, and of the individual salaries of the Vice-Chancellor and Registrar and Secretary, based on a proportionate approach. (Recommendation 4)

Revising the Terms of Reference of the Strategy and Resources Committee

iv. The terms of reference of the Strategy and Resources Committee (SRC) be revised in order to reflect that consideration and approval of high-level strategic issues was reserved to Council, and re-designate the SRC as the ‘Resources Committee’ to indicate a greater focus for this Committee on the consideration of the University’s sustainability. (Recommendation 5)

Revising the Status of the University Steering Group (USG) within the University’s Formal Committee Structure

v. The terms of reference of the University Steering Group (USG) be revised to make clear that USG has authority directly delegated from Council in a number of areas rather than from Strategy and Resources Committee. USG’s remit remains unaltered. (Recommendation 6)

Assessing the Performance of the Audit and Risk Management Committee

vi. Based on information obtained through the internal audit and from the external auditors, the Audit and Risk Management Committee include an appraisal of its own performance and effectiveness over the year in its annual report to Council. (Recommendation 7)

Selection of the Treasurer and Pro-Chancellors

vi. The Nominations Committee consider the provision in Ordinance 3 for the appointment of the Pro-Chancellors and Ordinance 4 for the appointment of the Treasurer and recommend a selection process for both roles for approval by Council. (Recommendation 8)

Process for Appointment and Role Description for the Chair of Council

vii. The process for appointment and role description for the Chair of Council attached at Appendix 4 be approved. (Recommendation 9)
Raising the Profile of the Importance of Council within the University Community

viii. Further work be undertaken on raising the profile of Council and the importance of its work to attract and encourage a diverse pool of internal candidates for vacancies on Council. (Recommendation 10)

Annual Review Meetings with the Chair of Council

x. A summary of the outcomes of Council members’ individual annual review meetings be presented to Council. (Recommendation 11)

Supporting the Student Experience

xi. The University’ Executive ensure that the student experience receives effective representation and appropriate visibility at meetings of Council in line with the respective remits of Council and Senate. (Recommendation 12)

Scrutinising the Affairs of the Students’ Union

vii. The Students’ Union be asked to provide an enhanced annual report to Council to allow for better scrutiny of the SU’s governance and operating processes in line with the requirements of the Education Act 1994. (Recommendation 13)

Environmental Sustainability

xii. A high-level assurance report on key targets and actions to reduce the University’s carbon emissions be presented to Council on an annual basis. (Recommendation 14)

Extending the Opportunities for Council to Consider Strategic Priorities

ix. The scope for whole-day Council meeting be explored with Council members through individual discussions with the Chair. (Recommendation 15)

Format and presentation of papers to Council

x. Further training be offered on producing effective committee papers, including a more rigorous use of coversheets to provide a clearer steer to Council regarding issues for consideration and decision. (Recommendation 16)

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2 July 2015

** Please note that the appendices to this report have been removed. If you wish to access any of the appendices, please contact the Governance Team at governance@essex.ac.uk **