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# **University of Essex: Governance Effectiveness Review**

FINAL REPORT

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January 2020

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# 1. Introduction

## 1.1 Background

1.1.1 The University of Essex commissioned strategic support for a focussed review of the governing body. The review took place between September and December 2019. The terms of reference were that it should stimulate an informed deliberation and consideration by Council of existing practice and opportunities for improvement and:

- + Be forward looking and developmental; with the emphasis on how the University can continue to enhance institutional governance given its strategic ambitions.
- + Be fully contextualised with a focus on boardroom interactions / behaviours, and an appreciation of the 'value add' of Council.
- + Be informed by 'benchmark' insights (anonymised) arising from similar reviews conducted by Advance HE for other higher education (HE) institutions and by relevant practice in other sectors.
- + Take account of:
  - The Committee of University Chairs' HE Governance Code and the recently published HE Remuneration Code, and the requirements of the Office for Students Regulatory Framework relating to governance and management.
  - The Essex Review of Governance challenges at DMU.
  - The wider policy landscape and its impact on the strategy and decision making for higher education providers.

## 1.2 Methodology

1.2.1 A mixed modes approach was taken based on Advance HE's Framework for Supporting Governing Body Effectiveness Reviews in Higher Education<sup>1</sup>. This Framework comprises three principles of effective governance, specifically:

- + **Enablers (or processes) of governance** which are the factors that provide the foundations for effective governance and the building blocks on which governance rests. Without these enablers being in place it is highly unlikely that governance can be effective. However, the enablers by themselves do not ensure

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<sup>1</sup> The Framework sets out the key factors for consideration of higher education governing body effectiveness and offers a tool for member institutions when they are conducting their effectiveness reviews. See:

<https://www.lfhe.ac.uk/en/governance-new/governing-body-effectiveness/index.cfm>.

effectiveness but rather create the necessary conditions for effectiveness. The real test is in reviewing how they are actually used.

- + **Working relationships (culture and behaviours)** between governing body members including what happens 'inside the boardroom' is also important in determining effectiveness. There are potential sensitivities here, but when things 'go wrong' in governance they often do so because of people, relationships and associated behaviours.
- + **Outcomes and added value of governance**, which address how far current arrangements 'add value'. In this respect, the real value of such arrangements lies in what they achieve in terms of demonstrable outcomes. Some outcomes are relatively generic and uncontroversial, such as the need for financial sustainability, but others can be more specific and controversial, such as for example the role of Council in having oversight on the boundary between academic freedom and the responsibilities of the Prevent duty, or specific elements of the strategy relevant to the University.

1.2.2 We also drew on the CUC's Higher Education Code of Governance<sup>2</sup> and related documentation, such as the recent CUC Code of Senior Remuneration as well as early lessons being drawn from the registration process with the Office for Students, and our ongoing research into governance effectiveness<sup>3</sup> and experience of conducting numerous governing body effectiveness for a range of institutions.

1.2.3 Our evidence gathering for the review at the University included:

- + An initiation meeting to agree the key focus, outputs and outcomes from the review.
- + A (long form) survey to all governors.
- + A selective review (in order to ensure orientation and understanding of significant issues) of University documentation drawn from the following:
  - Council's Statement of Primary Responsibilities and Delegation of Powers
  - Current membership of the Council and key role descriptions
  - Committee structure and terms of reference

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<sup>2</sup> Committee of University Chairs. (2014, revised 2018). *The Higher Education Code of Governance*. Available at: <https://www.universitychairs.ac.uk/wp-content/uploads/2018/06/HE-Code-of-Governance-Updated-2018.pdf>.

Committee of University Chairs. (2018). *The Higher Education Senior Staff Remuneration Code*. Available at: <https://www.universitychairs.ac.uk/wp-content/uploads/2018/06/HE-Remuneration-Code.pdf>.

<sup>3</sup> Advance HE's research resources are available freely to anyone within our member institutions, see <https://www.lfhe.ac.uk/en/governance-new/resource-bank/index.cfm>.

- Sample of recent Council minutes and papers
  - The Annual Report and Financial Statements
  - Previous governance review report
  - Induction materials
  - Recent strategy away day notes, the strategy and plans.
- + 20 semi-structured individual interviews with members of the Executive team and Council.
  - + Observation of the cycle of governing body meetings which took place during the period of the review comprising Council and the committees for Resources, Audit & Risk, People Supporting Strategy, Education, Student Experience and Remuneration.
  - + Analysis of the findings to draw conclusions, develop recommendations and prepare and submit a draft report for feedback by the Chair, VC and Registrar & Secretary.
  - + Submission of a final report, to be reviewed at Council with a member of the Advance HE team present.

### 1.3 Recent context

1.3.1 The University last undertook a review of its governance in 2014. The review was conducted by the University and a positive assessment was made which included four specific areas to be addressed:

- + 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
- + Volume and detail of council papers were highlighted as having a potential impact on the quality of decision making.

1.3.2 The review also concluded that provision of timely information about the student experience, benchmarking of institutional policies and practice in the sector and focus/clarity/volume of papers should be considered.

1.3.3 It is clear that progress has been made since the previous review although some of the themes have surfaced again in this current review.

- 1.3.4 Since 2015, the HE sector has been through a period of rapid and ongoing change. Many institutions are facing external pressures stemming from reduced Government funding, rising costs and common strategic issues including the pace of technological change, growing national and international competition for students and research funding, marketisation of the English sector, a new regulator and the implications of Brexit. Institutions and their governing bodies are therefore operating in a fluctuating context, and the more competitive environment is creating a more business-like or in some cases commercial mind set within institutions. Many governing bodies are now considering financial and student recruitment issues they have not had to do in the past, which is requiring more commercial insight and decisions to be made to ensure institutional sustainability in the widest sense.
- 1.3.5 Corresponding changes in governance practice in the HE sector in recent years includes a trend toward smaller governing bodies, with greater responsibilities, and in certain cases a redrawing of the boundary between governance and management in some areas. Many governing bodies are considering whether they now need to spend more time given the wider strategic options available and increased demands being placed on them. Essex in common with other HEIs, is exposed to the risks of downturn in income, borrowing and increasing regulation. Consequently, senior executives are under greater pressure leading to more focussed scrutiny and increased challenge by governing bodies, given their need to better understand institutional performance in its proper context.

## 2. Key findings and opportunities for enhancement

### 2.1 Executive Summary

- 2.1.1 Our overall conclusion is that the standard of governance at Essex is very good with independent governors being committed and passionate, supported by an open culture. The majority of interviewees perceive that governance effectiveness has improved in the past two to three years. Based on our experience across the UK higher education sector, and the benchmarking results from the survey, we would comfortably place governance at Essex in the top quartile of the sector.
- 2.1.2 We noted examples of very good practice e.g., the relationship between the Executive and the Council, the involvement of the Council in the development of strategy, the clarity of objectives, the quality and support from the Secretariat. We also noted clear compliance with the CUC Code and the relevant sections of the OfS regulatory framework which deals with governance and management.
- 2.1.3 Advance HE has therefore emphasised culture, relationships and performance in this review with less emphasis upon conformance and compliance.
- 2.1.4 There is increasing confidence and a strong sense of assurance and we observed high quality constructive challenge. It is evident that the university has worked hard (and continues to strive) to ensure all key elements of good governance are in place despite the context of substantive change in the HE landscape and responsibilities of governors. The commitment to improving effectiveness was very evident in a number of interviews, with some good practice observed. Our e-survey supported this with the majority of questions scoring above their relative benchmarks and two questions achieving exemplary 100% scores:
- Q26.** To what extent do you agree or disagree that the governing body has assurance that: Planned outcomes agreed as part of the strategic plan are being regularly monitored and assessed to ensure that satisfactory progress is being achieved?
- 100% overall/ 12% above benchmark
- Q27.** To what extent do you agree or disagree that the governing body has assurance that: Agreed standards of organisational financial health and sustainability are being achieved?
- 100% overall/ 11% above benchmark
- 2.1.5 We should flag that the response rate was disappointing with only 14 respondents (out of 25). This is lower than most other universities with similarly sized governing bodies, however, we did secure an even spread of length of service ranging from one to eight years' service.



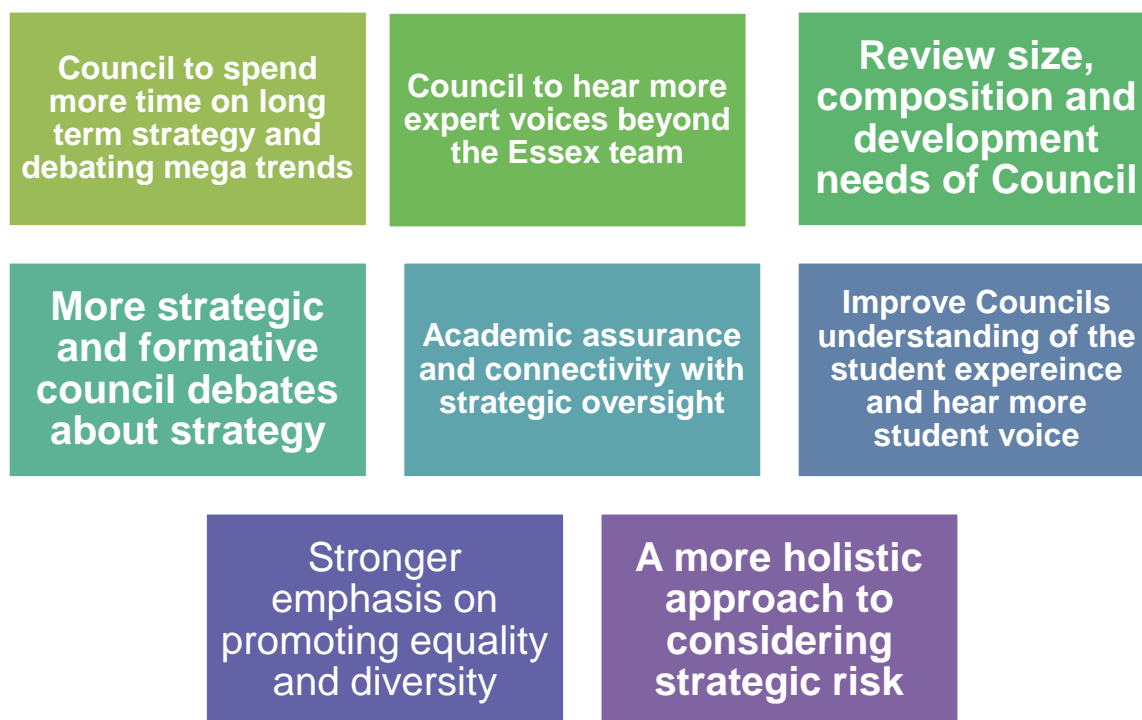
- 2.1.6 We observed a clear focus on the university strategy over the short and medium term, and we were assured that a number of current important sector issues such as Brexit, staff and student wellbeing, and pensions are being actively discussed and considered.
- 2.1.7 The University has acceptable arrangements in place for assuring academic quality and standards. It should be noted that it was not possible to observe a meeting of Senate (although we did observe Education Committee and Student Experience Committee). We suggest that it would be beneficial to explore ways to improve collaborative working between Council and Senate, and we have identified some potential approaches to enhance what we understand to be current practice.
- 2.1.8 The suggestions and recommendations set out in this report are designed to support and maintain the current positive trajectory of governance and to build on good practice and the ethos of continuous improvement.

**Our view is that the five top priorities are:**

- + Make away days more strategic, with an agenda which is formative and longer term, set aside time for discussion on “big ticket” items within the Council agenda beyond the current good questioning and challenging, to be more holistic, analytical and forward looking. Use away days and undertake deep dives to consider mega trends. This will build upon the experimentation which has been deployed in your away days over the last couple of years.
- + Improve the range of expertise and voices heard by Council, in particular external input in various forms and present topics with more opportunity for formative discussion/debate.
- + Integrate the thinking about performance and strategy to support a better narrative about value, including bedding in and integrating the PSSC, sustainability strategy, evolving people strategy performance reviews and strategic risk as a holistic piece of work.
- + There is a clear commitment from Council and the Executive to the importance of diversity at the university as a whole and on Council itself. Good progress has been made on gender and to an extent age, however BME diversity remains low. The next round of recruitment should prioritise this, and should be accompanied by better reporting of diversity across a range of other protected characteristics.
- + Continuous improvement on governance enablers, meetings, timings, skills matrix, size of Council, quality of papers, technology for meetings.

- 2.1.9 Our recommendations are informed both by proposals made by interviewees during the review, our own knowledge of and research into effective governance in the sector generally, and in comparison with effective practice in other institutions.

## 2.2 Summary of suggested areas for enhancement of governance effectiveness



## 2.3 Enablers of effective governance

2.3.1 The enablers of an effective governing body are the factors that provide the foundations for effective governance and the building blocks on which governance rests. Without these enablers being in place it is highly unlikely that a governing body could be effective.

### The Council

2.3.2 Overall Council is found to be operating very effectively. There is a positive and constructive relationship between members, and this extends to the relationship between the Executive and Council more generally.

2.3.3 The English higher education sector is adjusting to the introduction of a new regulator, the Office for Students (OfS), and this is undoubtedly placing new responsibilities on the Council. Essex is dealing with this in a proportionate way, and when the OfS matures into the risk based regulator, this should mean that low risk institutions like Essex should (hopefully) experience a reduction in the present regulatory burden. We see that Essex is taking a considered and detailed approach to ensuring that you continue to meet the OfS conditions of registration and ensuring that Council is presented with sufficient information to ensure they can be assured of this.

- 2.3.4** In the short term though, Councils are being drawn toward increasing in-year issues relating to regulation (in addition to longstanding considerations such as finance, student recruitment, and league table performance). There is an important balance to strike between considering in-year issues vs long term strategy (where the university ought to be in 5-15 years). In drawing up the agenda, the Chair, Vice-Chancellor and Registrar & Secretary need to be mindful to protect enough space for these long term strategic discussions and not be overwhelmed by in-year demands.
- 2.3.5** Council members generally felt that they had a reasonable understanding of the university, but were keen to find ways to deepen this. One way to help expose Council members to aspects of the university would be to organise a 30-minute presentation immediately before the Council meeting, not only would this provide an informal opportunity to get a briefing on an area of the university (e.g. faculties, student services, careers/employability etc.) it would also help, albeit in a small way, for larger numbers of staff to meet Council members. Some of these presentations should also be given over to students/the Students' Union to address topics of importance to them (e.g. mental wellbeing, employability, different experiences e.g., commuter students, volunteering etc.)
- 2.3.6** In keeping with good governance, declarations of interest and conflicts are transparently captured. In the higher education sector, student and staff members particularly have to balance their role alongside other roles (i.e. as university employees or students' union officers etc.) Ultimately all members, irrespective of how they find themselves on Council have equal rights and equal responsibilities. This means there is an unambiguous commitment to act in the best interests of the university at all times. This should manifest itself in all members of Council being engaged and invited to all items of business, unless there is a specific, personal or individual conflict which arises. We would not for instance consider a discussion about the university wide approach to pay or pensions to be considered an individual conflict, and therefore we believe this is an item which staff members on Council can contribute to. In the private sector, senior executive members of the Board do not exempt themselves from discussions about company pay or pensions policy.

### **Development**

- 2.3.7** The take up of development and training opportunities for Council members was highly variable. Some members were able to speak extensively about development they had undertaken, and others were not. It is a challenge in the volunteer model, particularly members who are undertaking this role alongside other commitments to find time to engage in training and development. But for those that come from outside the higher education sector, it is important to keep pace with the policy landscape that is changing rapidly. The Secretariat should consider what more can be done to promote training opportunities to Council members.

### **Recruitment and Induction**

- 2.3.8** A great deal of attention has been placed into ensuring an engaged Council, with a good mix of skills that are able to add considerable value. Essex have also been able to secure a number of members of working age in senior executive roles, and this adds positively both to the skills and age mix.
- 2.3.9** There are a small number of minor recommendations we have observed which will further strengthen the approach to recruitment. The skills matrix currently just has the 14 external members, and this should be updated to include all members to take a wider view of the skills mix on Council. We also believe that the current scale of “0” or “X”, should be replaced with a more granular scale, say “0-5” to better capture the degree of expertise individuals have on specific skill areas. The current skills matrix would also benefit from breaking out the skill area of “education”, into “higher education policy” and “higher education quality and standards” to better reflect what is required by Council. The Council at Essex would also benefit from securing stronger skills in the area of higher education quality and standards, and this should be considered as part of the next round of recruitment.

### **Size**

- 2.3.10** There is a trend for governing bodies across multiple sectors, towards reducing their size to facilitate genuinely strategic discussions and decision-making. In the corporate sector common practice is for boards to have 12 members. Annex 5 shares benchmarking information on the size of governing bodies elsewhere in the English university sector. Essex is at 25 with 8 staff members excluding the VC and DVC (2 Deans and 5 elected academic, 1 non-academic members). The sector average is now 18.7 members (around 21 for universities of Essex’s heritage). Against the benchmark, Essex is particularly large in terms of the staff numbers present at 8, against a benchmark of 5.
- 2.3.11** We have not recommended that Essex implements an immediate reduction in the size of Council, but there is a strong case to continue to monitor this and specifically consider a reduction in future; we would encourage the university to continue to monitor wider trends in the sector over the coming years and identify opportunities to find other ways for staff to keep abreast of Council matters.
- 2.3.12** In recent years several universities which previously elected all staff members to Council have now moved to a mixed mode (a combination of election and appointment). Members secured through a skills-led appointment process can specifically help to address weaknesses on the skills matrix and in diversity.

### **Recommendations – The Board**

1. A 30 minute presentation on an area of the university should be introduced before each Council meeting, to provide a briefing or deep dive on an area of university activity, and to increase the interaction between Council and staff members of the university.

## Recommendations – The Board

2. The Secretariat should consider what more can be done to promote training and development opportunities for Council members to keep abreast of developments in the higher education sector and governance. This could include some tracking of which Council members have taken advantage of development opportunities to be offered to the Chair and reviewed regularly.
3. The skills matrix should be updated to ensure all members (not just the external members) are included. The scale should change from “0” or “X” to a more granular scale, say “0-5” to capture a more detailed degree of sophistication.
4. The skill area “education” should be broken out into “higher education policy” and “higher education quality and standards” to better reflect the real needs of Council. There is also a case to consider appointing an individual with high level understanding of quality and standards in the next round of recruitment (e.g. a recently retired VC or PVC from another university).
5. Council as a whole, and the Nominations committee specifically should continue to monitor the size and composition of Council at Essex. Essex is currently larger than the sector average (Essex is 25, sector average at 19, Plate Glass universities at 21). The staff member contingent is especially high (Essex is 8, sector at 4, Plate Glass at 5).

## Equality, diversity, inclusion and skills

**2.3.13** Equality and diversity is clearly an area which is given attention by Council and the university more widely. Commitment to diversity is clear, and excellent progress has been made on some characteristics such as gender. Essex has also made very progress with regard to age diversity (particularly compared to other university governing bodies) which is positive and positions the university work towards being a sector exemplar in terms of diversity. Nonetheless, progress on BAME diversity on Council is disappointing given the student population and the importance with which the university regards this.

**2.3.14** This is borne out by our e-survey, where on the question in relation to governor equality and diversity, this question rated lowest as an internal benchmark for Essex and below benchmark:

**Q8** To what extent do you agree or disagree that there are processes in place to ensure recruitment of governing body members addresses the requirements of equality and diversity (in all senses of the term)?

**64% overall/ 5% below the benchmark**

**2.3.15** There is a substantial gap between the profile of governors and the population of students at the university. In the governance e-survey every single respondent was white or ‘other white’ at Essex (although we understand other members of the Council who did not complete the survey would identify as BAME), but this speaks to a wider question about the extent to which the Council is able to hear sufficient voices across a range of different perspectives.

2.3.16 Ensuring that the Council becomes more diverse, particularly in relation to ethnicity is important for a range of reasons. Partly to ensure that different perspectives are able to contribute to the scrutiny and decision making of the Council, but also for when staff look at and engage with Council and the same for students and the Students' Union.

2.3.17 The CUC Higher Education Code advises governing bodies to take steps to ensure that they reflect 'societal norms and values' and are representative of the student body, and whilst we accept this taken seriously by all those involved at Essex more needs to be done to realise progress in ethnicity, in the same way where progress has been made with gender. We propose that a substantive action plan is developed and some suggested steps are included in recommendation 7 below, with further suggestions and guidance to include can be found [in this report](#).

### Recommendations – Equality, diversity, inclusion and skills

6. The Nominations committee should more rigorously and more regularly review its analysis of and range of characteristics of Council members including gender, ethnicity, disability and age and other protected characteristics as appropriate, if it wants to achieve at least benchmark in the sector on this topic.
7. Develop a substantive action plan to address the issue of diversity on council and its committees, identify and agree with Council a series of targets and/or indicators to track and review progress. Practical steps which could help are:
  - Future recruitment needs to transparently prioritise on ethnicity to ensure that the Council becomes more representative of the student body at the university.
  - Recruitment literature to be clear that Essex is seeking diversity and that images used reflect diversity.
  - Recruitment processes promote that Essex will offer support and training to candidates from diverse backgrounds.
  - Develop a comprehensive and tailored training scheme and on-boarding processes to support new board members from diverse backgrounds to enable them to contribute effectively and including additional support for those who are less familiar with the higher education sector.
  - Ensure that recruiters and interview panels have received unconscious bias and equality training and that this is being regularly refreshed.
  - Ensure that selection criteria are rigorously applied and that non-relevant information is not taken into account when appointing.

### Sub-committees

2.3.18 There are 5 sub-committees of Council (Audit and Risk, Resources, People Supporting Strategy, Ethics and Remuneration). Overall there was evidence that the information provided to Council and sub committees was credible and accurate.

2.3.19 Much of the 'heavy lifting' in terms of scrutiny and policy development is undertaken at sub-committee level. There is generally a strong interface from the sub committees

to Council, and it is good practice that the sub-committee Chair is invited to address Council on any matters of significance.

### **Resources Committee**

2.3.20 The Resources committee is highly effective and it was widely regarded by members that serve on the committees, and other members feel assured by the more detailed scrutiny they undertake. Like other resources committees elsewhere in the sector, the scope of the committee necessarily takes a broad outlook to encompass the wider policy landscape in the sector and for the institution. To that end we would recommend that the Resources committee is renamed Policy and Resources committee to reflect the broader remit it already undertakes.

### **Audit and Risk**

2.3.21 We also found this committee to be effective. Like Audit committees elsewhere in higher education and indeed in other sectors, there was a considerable volume of information to be absorbed, and the Secretariat need to be mindful of ensuring that papers are as concise as possible.

2.3.22 We would encourage the audit and risk committee to consider whether as an evolution to the current risk register, the audit committee might be able to move to a scenario based approach to risk where a number of risks are considered together (e.g. Brexit impacts research income and EU student numbers AND a reduction in the headline home tuition fee to £7500 as a government seeks to implement the Augar review). This will provide the committee and Council generally with a more holistic and dynamic approach to the oversight of risk. In 2020, CUC will be publishing new guidance on audit committees in higher education, and the committee will wish to review their practice against this when it is published.

### **Remuneration Committee**

2.3.23 The Remuneration Committee demonstrated good practice across a number of areas. In particular, we observed:

- + A good mix of experienced governors with corporate memory combined with new governors bringing fresh eyes and challenge.
- + Executive Officers providing good contextual information, background and question response.
- + Chairing was excellent with all voices being heard in a professional and respectful tone. Due to the newness of the Chair some processes and arrangements were professionally clarified and noted.

2.3.24 Whilst practice in the sector is mixed, increasingly Remuneration Committees are including the student voice into proceedings (sometimes as a member, in some institutions the student voice – usually through the SU President – is formally included as part of the 360 degree feedback for the Vice-Chancellor). We understand that a

conscious decision was made in consultation with the Students' Union that their input is better made elsewhere. We suggest that this be a little more explicit in meetings and would encourage Essex to consider whether there are more specific means to formally engage with the student voice in this process as part of the wider deliberations. However, we make no formal recommendation here at this stage.

2.3.25 We also noted that external members of the committee felt that the committee would benefit from more external/sector and benchmark information to help inform their scrutiny. Executive officers agreed to prepare a paper which explains the rationale for different benchmark groups and this action will be welcome.

### **People Supporting Strategy**

2.3.26 The focus on discussing one main item (an early draft of the people strategy to support the institutional strategy) is an approach which should be commended. There was good challenge, feedback, critique and suggestion from internal and external governors.

2.3.27 Chairing was thoughtful and all voices were heard, including those by phone, however the student voice did not have a presence at the particular meeting that we observed.

2.3.28 This committee is new and is a useful addition to the formal committees of Council showing an integrated approach to strategic oversight, beyond financial considerations. There is the potential for overlap with resources committee which needs to be clarified and the terms of reference and Council Scheme of Delegations should be reviewed to clarify delegations for PSSC. For example, gender pay gap and similar topics also being discussed in other committees so some clarity about the purpose of discussions and ultimate delegation should be clearer, including responsibility for the relevant OfS responsibilities.

2.3.29 During the period of our review, we did not identify where formal oversight for public sector equality duties and health and safety lay. These are not explicitly set out in the terms of reference for other committees, therefore we would recommend this coming under the People Supporting Strategy.

### **Recommendations – Sub-committees**

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| 8. Resources committee should be renamed “Policy and Resources committee” to reflect the wider remit it already undertakes.   |
| 9. Audit and risk committee to consider whether the current linear approach to risk (a series of individual risks on the register) can be involved to a scenario based approach which encompasses several risks occurring simultaneously. |
| 10. Review Terms of Reference and Scheme of Delegations for the People Supporting Strategy Committee, including explicit reference to health and safety.  |

2.3.30 Governance processes and secretariat



- 2.3.31** Council members were broadly positive about the quality of support and the secretariat. Indeed, there were especially positive comments about the approach, commitment and style of the Secretary and the senior executive officers. Roles and responsibilities of the senior officers are well defined but provide flexibility to ensure good support and response.
- 2.3.32** The key requirements of the Council are well understood, and like many other universities, Essex, through its documentation and meeting papers, is clearly able to demonstrate compliance with its statutory and regulatory requirements.
- 2.3.33** On the whole interviewees considered that meetings are well managed and viewed papers as improving. Essex faces a similar challenge to other higher education providers, namely lengthy papers and a sense that some papers have been recycled from other (often academic) committees rather than specifically for Council and its subcommittees. In interview, some members suggested that papers should be limited to 2 to 4 pages. Whilst we recognise this is not always possible, authors should ensure that their papers are focussed on the key matters and inputs required from Council, being clear about where the paper has been considered already, what changes or comments have already been addressed, and detail can be moved to annexes where appropriate.
- 2.3.34** Papers mostly have clear links to strategy and KPIs, but there was some feedback in interviews that strategic deep dives are 'managed' to a point which may not always surface wide ranging or longer term views. Council away days have mostly focussed on short to medium time horizons and there has been limited input from experiences, voices and expertise beyond Essex. It would therefore be beneficial to invite relevant input and presentations from elsewhere in the sector (e.g. UUK, HEPI, AdvanceHE, Wonkhe) and where appropriate an opportunity to consider mega-trends to place your strategic discussions in a wider context.
- 2.3.35** Some interviewees commented that meeting cycles, while clearly needing to meet regulatory timelines meant that there were often big gaps between some meetings and very short gaps between others. In addition, the timing and cycle of papers for Remuneration Committee was discussed to ensure that approvals were not being made retrospectively.
- 2.3.36** Ideas to improve this without increasing face to face meetings would be to review the schedule of business to better fit timings, and where appropriate consider the use of technology to brief Council members of specific matters before a Council meeting in order to free up time in Council meetings themselves. The steps taken earlier this year to convene an extraordinary meeting to consider the student code of conduct was met positively.
- 2.3.37** We noted the schedule of business and link with timetable does exist but propose that this be a little more visible to Council members and is scrutinised to identify potential timing issues but also to explain the rationale of the timings better.

### Recommendations – Governance processes and secretariat

11. Continued improvement of papers and further attempts to shorten papers by listing who has already reviewed, what points have already been addressed and the salient points for governors
12. Identify opportunities to bring in voices from beyond Essex (elsewhere in the HE sector and beyond) to contribute to Council away days, pre-council meetings and other strategic sessions.
13. Make the schedule of business which runs over 12 months (ideally 24 months) to better plan the flow of business and make it more visible to allow Council members to input well in advance.
14. Consider further use of technology to brief Council members on important matters outside of the schedule of meetings, to free up time in the meeting themselves, and ensure members do not always need to travel to campus.

## 2.4 Relationships, culture and behaviours

- 2.4.1 Relationships, behaviours and interactions inside the boardroom are key to effective governance. The consensus among interviewees, and our observations of meetings, is that there is active involvement of all members in discussions and decision-making.
- 2.4.2 The Chair of Council is new in post (although she has served on Council previously), is settling in well and is widely respected by her fellow members. She has a clear passion for higher education and an open and inclusive chairing style which is starting to develop.
- 2.4.3 We observed a constructive and productive governance culture at Essex and this is backed up by the results of the e-survey, notably the agreement that contribution of all members is regularly reviewed scoring 21 points above benchmark.

To what extent do you agree or disagree that the contribution of all members (including the chair) is regularly reviewed using processes agreed by the governing body?

And the following question which was 18 points above our benchmark with members having a high degree of confidence in the organisation and its governance:

To what extent do you agree or disagree that the governing body has assurance that: External and internal stakeholders have a high degree of confidence in the organisation and its governance?

- 2.4.4 The new Chair has an opportunity to bring a range of skills to bear in evolving Council to stimulate a culture which is even more open in exploring mega trends and blue sky strategic issues with richer and more rounded discussions and debates.

## Roles and Responsibilities of the Council

- 2.4.5 Although it is a relatively new relationship, there is a clear understanding between the Vice-Chancellor and the Chair. Whilst a positive collaborative partnership exists, both

are confident to challenge the other, should that be appropriate. More generally, we found Council members clearly articulated the separation between governance and management.

- 2.4.6 The line between governance and management is not always black and white, it is common for this to be an area of ambiguity for governing bodies and indeed it can change over time (and on the context for each institution). Council members appear respectful of the boundary between governance and management and are open to feedback about occasions where the line is blurred.
- 2.4.7 Engagement of staff governors of council and sub committees was variable and we understand that some are very new to the role. Executive officers in attendance responded well to questions, comments and challenge. However, there is a responsibility for staff governors to provide insight about the delivery of the strategy and this appears to be lacking from an academic perspective. There was some feedback that on occasion academic staff governors can approach business through the lens of being a representative rather than as a trustee. This is an area where further training, particularly for newer members of Council may be of value.
- 2.4.8 Irrespective of the route through which Council members gain membership (e.g. independent, staff, student or executive) their rights and responsibilities are the same. There is an unambiguous and clear commitment to always act in the best interests of the institution. For staff and student members, this can often be a more delicate balance to strike. We believe this is generally discharged very responsibly at Essex, and that it should remain an important and central feature of internal induction for all new members.

### Recommendations – Roles and responsibilities of the Council

15. **The role and responsibilities for all Council members** (irrespective of how they have come onto Council) needs to be clearly explained as part of the induction process. Given the steeper learning curve often required for staff and student members, additional emphasis should be provided for a more tailored induction for them.

### Student voice, student experience and academic assurance

- 2.4.9 The Council place a significant focus on the student experience, and this is clearly reflected in the new strategy and performance measures. In interviews, Council members felt reasonably well sighted on the student experience, although as with other universities there is perhaps a slight skew toward the easy to measure and nationally comparable data. Council members felt they had a reasonable handle on institution wide issues relating to the student experience, but were less knowledgeable about the respective departmental strengths and weaknesses within the university.
- 2.4.10 The University Secretary was commended for taking proactive steps to engage with the student member of Council (as well as the management of the university more

generally) and overall, interviewees felt that a good attempt is made to understand and have oversight of the student experience. However, in line with increasing expectations in this area (and the explicit assurance statement introduced previously by the Higher Education Funding Council for England before the transition to the OfS), further work could be done to strengthen oversight of the student experience.

- 2.4.11 Two specific examples would be to find ways of bringing in a wider range of students (either before or after the meeting, over lunch/coffee as mentioned in an earlier suggestion), and also to provide a breakdown of key data by department or engage with senior academics more regularly.
- 2.4.12 Because of the unique nature of the short term of office for student members on Council, to extract maximum value from them, a number of universities have introduced formal twice yearly meetings between the Chair and the student member to further strengthen the wider coverage of student matters.
- 2.4.13 One area in relation to the student experience which Council members felt should continue to have increased prominence was in relation to student (and staff) wellbeing and mental health.
- 2.4.14 Consideration should also be given to the quality of reporting and the relationship between Senate and Council. A short report covering the key discussion items at Senate will often be more useful than the minutes of the meeting, although we note that Essex does do this we suggest that the style and format is reviewed to ensure that it is impactful and useful, but this is not a formal recommendation.
- 2.4.15 In our e-survey the question which scored lowest against our benchmark was:
- “To what extent do you agree or disagree that the governing body: Receives assurance that regular performance reviews of all academic departments and professional services are undertaken?”*
- 2.4.16 Council members commented that oversight of academic governance is not as robust as they would like and papers written for Senate will rarely be written in a digestible style for Council – there is a clear need for shorter and more meaningful reports than those provided at present.
- 2.4.17 We also suggest that it would be beneficial to explore ways to improve collaborative working between Council and Senate, but also between Council and academic departments. We have identified some potential approaches to enhance what we understand to be current practice.
- 2.4.18 Essex does not currently undertake an annual joint session of Council and Senate. It may be worthwhile to introduce this to strengthen the bonds between these bodies (either annually or biennially), and also act as an opportunity for Senate to be briefed on the strategic priorities of the university whilst simultaneously offering an opportunity for Council to become more familiar with key academic concerns, achievements and closer to student experience matters.

## Recommendations – Student voice, student experience and academic assurance

16. Consideration as to how the Council can be better briefed on the **student experience** beyond the data it receives, which could be augmented with more regular presentations and briefings on the student experience to Council.
  - a. Ensure these are unmediated, strategic and purposeful. For example draw out key themes such as domestic v international, commuter student experience, underperformance of specific cohorts or categories of student.
17. Invite a cross section of students to join council for a **short networking** and coffee session, immediately before or after some meetings.
18. As well as aggregate level student experience measures (vs other universities), equal emphasis should be placed on **comparing student experience performance within the university** (i.e. by department) to allow Council members to understand the relative strengths and weaknesses inside the university.
19. Oversight of academic governance should be reviewed to provide more assurance about academic quality – this also relates to student experience issues discussed above.
20. Council and the executive should identify ways to improve the integrated thinking and reporting of strategic matters between Council and Senate.
21. Introduce more presentations, meetings, ad hoc interactions from students and Heads of Faculties to expose Council members to academic priorities, challenges and the student voice.

## 2.5 Outcomes and added value

2.5.1 The outcomes of an effective governing body are those factors that will determine ultimate effectiveness, including the extent to which a governing body 'adds value'.

2.5.2 This section provides more insight about governance outside of the HE sector and refers to Annex Two which provides some insights about trends in corporate governance and reporting. For higher education, The CUC code requires that:

- + *“The governing body ensures institutional sustainability by working with the Executive to set the institutional mission and strategy. In addition, it needs to be assured that appropriate steps are being taken to deliver them and that there are effective systems of control and risk management.”*

It goes on to state that:

- + *“It **must** rigorously assess all aspects of the institution’s sustainability, in the broadest sense, using an appropriate range of mechanisms which include relevant key performance indicators (KPIs) not just for the financial sustainability of the institution but also for its impact on the environment”.*

## Effective strategic development

- 2.5.3 There is clear acknowledgement that the Executive Team have taken great strides to engage Council in a more transparent fashion with strategy formulation and performance monitoring.
- 2.5.4 While Council has clearly had a number of opportunities to engage there are still some opportunities which, if addressed, will enable Council to contextualise the new strategy and have better oversight. There has been considerable work around financial scenarios and articulation of the financial capital required to deliver the new strategy. A strategy to integrate the people strategy (human capital) is being developed, and Estates is considered by the Resources Committee. Environmental sustainability could also be integrated into such a holistic approach, which Council would welcome and which will help inform future decisions, contextualise discussion about the longer term and monitor risk organisationally. See [https://media.ed.ac.uk/media/0\\_fktr5xwi](https://media.ed.ac.uk/media/0_fktr5xwi) for an integrated approach by the University of Edinburgh, and Annex 3, recent developments in corporate governance and reporting.
- 2.5.5 We heard in our interviews about good engagement with Council for away days although, of late, these have tended to focus on short to medium term strategic issues and strategic plans. We also heard that issues sometimes come to Council as well formed and developed ideas. This can sometimes be helpful and efficient, but our reflection is that Council need to debate longer term strategic issues at a more formative stage in order to have more opportunity to input into strategy formulation, decisions and options. Our e-survey partly relates to this with a below benchmark score on the question:
- To what extent do you agree or disagree with the following: That governing body meetings and business are conducted and chaired in a way which encourages the active involvement of all members in discussions and decision-making? (-9)
- 2.5.6 We strongly recommend that Essex engages its Council members in longer term considering of mega trends and blue sky thinking to help place the Essex strategy in a wider context.
- 2.5.7 We also heard that the Essex Executive Team is excellent at providing briefings, context and information for external governors, and we observed this in meetings – in particular the presentation on BREXIT preparation. To improve this further, we recommend that both external and internal governors, and the executive team need to hear voices and expertise from beyond Essex, (see recommendation 12 above). We therefore recommend that external presentations, reports or online virtual thinking is brought to the more open strategic discussions to broaden the debate and to provide useful external provocations.

### Recommendations – Effective Strategic development

22. Develop an integrated approach to articulate and provide assurance to Council of the capacity and capability to deliver the strategy beyond the financial capital. Start with

## Recommendations – Effective Strategic development

the people strategy and move on to estates, infrastructure and social capital. Annex 4 or 6 could offer insights in this regard.

23. Away days need to strike more of a balance at considering and discussing the longer term strategic matters, and less on presented updates. Annex 6 could offer tools to help with this.

## Performance oversight, benchmarking and reporting

**2.5.8** The last governance effectiveness review at Essex highlighted a need to consider an emphasis on ensuring sustainability, including environmental sustainability. There has been some progress, with policies strategies and reports published along with commitments and targets. However, the sector and beyond is moving quickly in this area with a trend towards a much more integrated approach and to understanding performance across multiple dimensions. The integrated reporting approach outlined below could help address how to incorporate the sustainability into the wider university strategy as could the Let's Talk Value report published by Advance HE in 2018 and listed in the Annex 4 resources.

**2.5.9** Outside of higher education there are calls for more non-financial measures, assurance and credibility of information/data beyond the balance sheet. In particular this would include the UN Sustainable Development Goals (SDGs) that the UK government has signed up to. The Times Higher Education University Impact Rankings is the world's first global attempt to document evidence of universities' impact on society, rather than just research and teaching performance.

## **Reporting**

**2.5.10** Non-financial data and information can provide useful milestones or leading indicators to achieving KPIs, particularly those with very long lead times. It also enables the institution to tell a more holistic and forward looking narrative about performance. Lots of statistics at a point in time are of limited value and do not necessarily provide nuances about interdependencies.

**2.5.11** Some universities are starting to change the way they report to better articulate the way value and performance is understood by all their stakeholders - students, staff, the economy and society. Taking a multi capital approach such as integrated reporting (see 2.5.1 above) is proving to be a worthwhile approach.

“Integrated thinking and reporting is bringing in a step-change in the way universities can engage stakeholders through a far more compelling and accurate picture of the full value we create over the short, medium and long term for stakeholders and wider society. We're using this approach to enhance our decision making and collaborative working, and in a way that supports and informs our strategic planning.”

Chris Cobb, Pro Vice-Chancellor (Operations) and Chief Operating Officer, University of London and Chair of the 17/18 project steering group

2.5.12 The benefits promote a mature discussion about performance, provide transparent and authentic board oversight and help the whole institution connect to the university's purpose and strategy.

2.5.13 Annex Four offers some reflections on Corporate Reporting and a series of resources which can offer more insight on taking a multi capital approach to reporting, including an Advance HE conference on 11 February. This approach would be considered leading in the sector and is not part of our formal recommendations.

### **Performance Management and benchmarking**

2.5.14 We noted in the People Supporting Strategy Committee that clarification was required about the benchmark groups. In interviews there was mixed feedback about the knowledge and clarity regarding benchmarking, although there is trust that the Executive Officers are doing the right thing, there was a lack of clarity and understanding across all areas about benchmarking. Having different benchmarks for different areas or activities is not, in itself unreasonable, although the rationale and reporting over time needs to be consistent to show true comparisons.

2.5.15 As well as clarifying and assuring relevant benchmark groups This information could form part of the suite of milestones for achieving the KPIs. Examples might include:

- + Comparing student retention internally across different schools/faculties.
- + Comparing staff retention internally across different schools/faculties.
- + Linking with Education Committee and Senate in relation to the focussed programme to improve NSS scores, particularly relating to feedback to students.
- + Social Responsibility and/or reporting on Sustainable Development Goals (SDGs) as part of the strategy for environmental capital (possibly within estates) should be considered as part of the wider strategy e.g. see [Durham University](#) Annual Report pp8-9.
- + Feedback from future surveys about understanding benchmarks and engaging in the KPIs will be a strong indicator that the university can deliver its strategy beyond financial.

### **Recommendations – Performance oversight, benchmarking and reporting**

24. Integrate the thinking about performance and strategy to support a better narrative about value. Consider value more widely, not just value for money, and better integrate the sustainability targets and evolving HR/People Strategic performance measures (financial and non-financial). Information provided on Integrated Reporting which could enhance this further.

25. Address concerns about clarity around benchmarks, and put in place a rationale for benchmarks, but also show trends over time to improve confidence in this area.

## Strategic risk and opportunities



- 2.5.16 Identifying trends and issues in the internal and external environment which impact on the activities of a university is critical to identifying risks and opportunities which can either create or destroy value. These often received limited coverage in university reporting and strategic discussions.
- 2.5.17 Many of the interviewees raised the issue of the University's approach to risk in the current volatile sectoral context. Some feel that they need more time spent on taking a holistic assessment of key strategic risks facing Essex, rather than disaggregated risks.
- 2.5.18 While we understand from interviewees that Essex has done some 'what-if' scenario modelling to help them assess risks and opportunities, there is not a holistic overview of strategic risk and risk appetite. An example of this might be the Durham University Annual report which goes further than most in not only identifying key risks but stating what measures are in place to mitigate them.
- 2.5.19 The CUC requires institution's to:
- + *"Be clear how institutional performance is measured and identify what institutional-level KPIs and other performance measures are to be adopted **within a risk-based framework** and monitor these on a regular basis".*
- 2.5.20 The Audit and Risk (A&R) Committee has a well maintained risk register which is updated for the new strategy. But there is a need to consider how the new strategy will change the risk profile for the institution and there is an important role for the A&R committee to play to assure Council that the evaluation and mitigations are material, relevant and robust.
- 2.5.21 Risks which are material to the strategy could be more fully analysed and monitored through the risk register and other risks could be monitored on a lighter touch basis. Of course this will be dependent on a continual watching brief so that 'other' risks are reviewed if there is a change in their status for some reason.
- 2.5.22 In addition, some institutions outside of HE use a strategic scorecard for the Board to keep a balanced and holistic view of strategic matters. An example is in Annex 6.

### Recommendations – Strategic risk and opportunities

26. Review and improve the **University's approach to strategic risk**, so that what is considered by Council is at a higher, holistic and more strategic level, and with a longer-term view which includes critical success factors (CSFs) or milestones and balanced with a view on opportunities and scenario modelling.

## 3. Conclusions and next steps

- 3.1.1 Overall this review finds a very high level of effective governance practice at Essex with an ethos of continuous improvement. The findings from this report support previously undertaken work that the Council complies with the CUC HE Code of Governance.
- 3.1.2 Partly given the changing nature of higher education policy and regulation, but also in the spirit of continuous and ongoing improvement, this report also makes a number of recommendations which we feel will enhance the governance practice at Essex.
- 3.1.3 To that end, the Council should consider each of the recommendations in turn. A decision should be reached on which recommendations should be accepted, and if any are rejected a clear rationale why that recommendation is not implemented should be documented.
- 3.1.4 Our view is that the five top priorities are:
- + Make away days more strategic, with an agenda which is formative and longer term, set aside time for discussion on “big ticket” items within the Council agenda beyond the current good questioning and challenging, to be more holistic, analytical and forward looking. Use away days and undertake deep dives to consider mega trends.
  - + Improve the range of expertise and voices heard by Council, in particular external input in various forms and present topics with more opportunity for formative discussion/debate.
  - + Integrate the thinking about performance and strategy to support a better narrative about value, including bedding in and integrating the PSSC, sustainability strategy, evolving people strategy performance reviews and strategic risk as a holistic piece of work.
  - + There is a clear commitment from Council and the Executive to the importance of diversity at the university as a whole and on Council itself. Good progress has been made on gender, however BME diversity remains low. The next round of recruitment should prioritise this, and should be accompanied by better reporting of diversity across a range of other protected characteristics.
  - + Continuous improvement on governance enablers, meetings, timings, skills matrix, size of Council, quality of papers, technology for meetings.
- 3.1.5 A clear timeline for the recommendations should be agreed by the Council, an individual with identified ownership for each action should be agreed, and this should be monitored by the Board until all actions have been implemented.
- 3.1.6 The Advance HE team is grateful for the support and input of everyone at Essex who contributed to the review and for the excellent support provided by Essex Governance Team.

## Annex One: Schedule of recommendations

Theme	Ref	Recommendations
<b>The Board</b>	1	A 30 minute presentation on an area of the university should be introduced before each Council meeting, to provide a briefing or deep dive on an area of university activity, and to increase the interaction between Council and staff members of the university.
	2	The Secretariat should consider what more can be done to promote training and development opportunities for Council members to keep abreast of developments in the higher education sector and governance. This could include some tracking of which Council members have taken advantage of development opportunities to be offered to the Chair and reviewed regularly.
	3	The skills matrix should be updated to ensure all members (not just the external members) are included. The scale should change from “0” or “X” to a more granular scale, say “0-5” to capture a more detailed degree of sophistication.
	4	The skill area “education” should be broken out into “higher education policy” and “higher education quality and standards” to better reflect the real needs of Council. There is also a case to consider appointing an individual with high level understanding of quality and standards in the next round of recruitment (e.g. a recently retired VC or PVC from another university).
	5	Council as a whole, and the Nominations committee specifically should continue to monitor the size and composition of Council at Essex. Essex is currently larger than the sector average (Essex is 25, sector average at 19, Plate Glass universities at 21). The staff member contingent is especially high (Essex is 8, sector at 4, Plate Glass at 5).
<b>Equality, diversity, inclusion and skills</b>	6	The Nominations committee should more rigorously and more regularly review its analysis of and range of characteristics of Council members including gender, ethnicity, disability and age and other protected characteristics as appropriate, if it wants to achieve at least benchmark in the sector on this topic.
	7	<p>Develop a substantive action plan to address the issue of diversity on council and its committees, identify and agree with Council a series of targets and/or indicators to track and review progress. Practical steps which could help are:</p> <ul style="list-style-type: none"> <li>- Future recruitment needs to transparently prioritise on ethnicity to ensure that the Council becomes more representative of the student body at the university.</li> <li>- Recruitment literature to be clear that Essex is seeking diversity and that images used reflect diversity.</li> <li>- Recruitment processes promote that Essex will offer support and training to candidates from diverse backgrounds.</li> </ul>

Theme	Ref	Recommendations
		<ul style="list-style-type: none"> <li>- Develop a comprehensive and tailored training scheme and on-boarding processes to support new board members from diverse backgrounds to enable them to contribute effectively and including additional support for those who are less familiar with the higher education sector.</li> <li>- Ensure that recruiters and interview panels have received unconscious bias and equality training and that this is being regularly refreshed.</li> <li>- Ensure that selection criteria are rigorously applied and that non-relevant information is not taken into account when appointing.</li> </ul>
<b>Sub-committees</b>	8	Resources committee should be renamed “Policy and Resources committee” to reflect the wider remit it already undertakes.
	9	Audit and risk committee to consider whether the current linear approach to risk (a series of individual risks on the register) can be involved to a scenario based approach which encompasses several risks occurring simultaneously.
	10	Review Terms of Reference and Scheme of Delegations for the People Supporting Strategy Committee, including explicit reference to health and safety.
<b>Governance processes and secretariat</b>	11	Continued improvement of papers and further attempts to shorten papers by listing who has already reviewed, what points have already been addressed and the salient points for governors
	12	Identify opportunities to bring in voices from beyond Essex (elsewhere in the HE sector and beyond) to contribute to Council away days, pre-council meetings and other strategic sessions.
	13	Make the schedule of business which runs over 12 months (ideally 24 months) to better plan the flow of business and make it more visible to allow Council members to input well in advance.
	14	Consider further use of technology to brief Council members on important matters outside of the schedule of meetings, to free up time in the meeting themselves, and ensure members do not always need to travel to campus.
<b>Roles and responsibilities of the Council</b>	15	<b>The role and responsibilities for all</b> Council members (irrespective of how they have come onto Council) needs to be clearly explained as part of the induction process. Given the steeper learning curve often required for staff and student members, additional emphasis should be provided for a more tailored induction for them.
<b>Student voice, student experience and academic assurance</b>	16	Consideration as to how the Council can be better briefed on the student experience beyond the data it receives, which could be augmented with more regular presentations and briefings on the student experience to Council.
	a.	Ensure these are unmediated, strategic and purposeful. For example draw out key themes such as domestic v international,

Theme	Ref	Recommendations
	17	commuter student experience, underperformance of specific cohorts or categories of student. Invite a cross section of students to join council for a short networking and coffee session, immediately before or after some meetings.
	18	As well as aggregate level student experience measures (vs other universities), equal emphasis should be placed on comparing student experience performance within the university (i.e. by department) to allow Council members to understand the relative strengths and weaknesses inside the university.
	19	Oversight of academic governance should be reviewed to provide more assurance about academic quality – this also relates to student experience issues discussed above.
	20	Council and the executive should identify ways to improve the integrated thinking and reporting of strategic matters between Council and Senate.
	21	Introduce more presentations, meetings, ad hoc interactions from students and Heads of Faculties to expose Council members to academic priorities, challenges and the student voice.
Effective Strategic development	22	Develop an integrated approach to articulate and provide assurance to Council of the capacity and capability to deliver the strategy beyond the financial capital. Start with the people strategy and move on to estates, infrastructure and social capital.
	23	Away days need to strike more of a balance at considering and discussing the longer term strategic matters, and less on presented updates.
Performance oversight, benchmarking and reporting	24	Integrate the thinking about performance and strategy to support a better narrative about value. Consider value more widely, not just value for money, and better integrate the sustainability targets and evolving HR/People Strategic performance measures (financial and non-financial)
	25	Address concerns about clarity around benchmarks, and put in place a rationale for benchmarks, but also show trends over time to improve confidence in this area.
Strategic risk and opportunities	26	Review and improve the <b>University's approach to strategic risk</b> , so that what is considered by Council is at a higher, holistic and more strategic level, and with a longer-term view which includes CSFs or milestones and balanced with a view on opportunities and scenario modelling.

## Annex Two: Survey and Benchmark Results

14 respondents completed the survey. This was slightly below average, which is disappointing. Average response number all other benchmarking institutions = 15. Range of response numbers from 6 to 22 responses per institution (note it is not possible to calculate the response rate % as there is no data on number of potential respondents each survey was circulated to)

	% of respondents in agreement (strongly agree or agree)	% of respondents in agreement or partial agreement (strongly agree / agree / partially agree)	Benchmark (strongly agree / agree / partially agree)
1. To what extent do you agree or disagree that there is a genuine and shared understanding about and commitment by both the governing body and the executive to ensure effective governance?	86%	93%	90%
2. To what extent do you agree or disagree that the governing body regularly reviews its own performance?	64%	93%	74%
3. To what extent do you agree or disagree that the governing body demonstrates a commitment to continuously improving its effectiveness?	64%	93%	82%
4. To what extent do you agree or disagree that there are effective arrangements in place for involving staff and students in the governing body (and its committees where relevant)?	71%	79%	83%
5. To what extent do you agree or disagree that mechanisms are in place: For the governing body to be confident in the institutional processes for maintaining the quality and standards of teaching and learning?	86%	93%	85%
6. To what extent do you agree or disagree that mechanisms are in place:	93%	93%	91%

To enable the governing body to be assured as to financial stability and value for money?			
7. To what extent do you agree or disagree that mechanisms are in place: To allow the governing body to be assured that the institution has effective processes in place to enable ethical policies and behaviours in the management of risk?	86%	93%	85%
8. To what extent do you agree or disagree that there are processes in place to ensure recruitment of governing body members addresses the requirements of equality and diversity (in all senses of the term)?	57%	64%	69%
9. To what extent do you agree or disagree that the following takes place: The recruitment of governing body membership is effectively managed?	64%	71%	75%
10. To what extent do you agree or disagree that the following takes place: The succession planning for governing body membership is effectively managed?	50%	71%	68%
11. To what extent do you agree or disagree that the contribution of all members (including the chair) is regularly reviewed using processes agreed by the governing body?	57%	71%	51%
12. To what extent do you agree or disagree that the governing body demonstrates an understanding of and commitment to the institution's vision, ethos and culture?	93%	93%	92%
13. To what extent do you agree or disagree that the governing body receives assurance that regular performance reviews of all academic	54%	62%	72%

departments and professional services are undertaken?			
14. To what extent do you agree or disagree that the governing body where necessary receives assurance that recommendations arising from performance reviews of academic departments or professional services are implemented?	57%	71%	66%
15. To what extent do you agree or disagree that the governing body ensures that regular performance reviews of the head of institution are undertaken and reported by the Remuneration Committee?	64%	71%	65%
16. To what extent do you agree or disagree that: Reliable and up-to-date information is provided to the governing body to ensure that it is fully informed about its legal and regulatory responsibilities?	93%	93%	91%
17. To what extent do you agree or disagree that: There is effective communication to and from the governing body with key stakeholders?	86%	86%	81%
18. To what extent do you agree or disagree that the governing body reviews the extent to which its existing governance arrangements are appropriate to support the institution's long term strategic plans?	57%	86%	72%
19. To what extent do you agree or disagree that the governing body actively ensures it has assurance on the standards of the institution's: Academic awards?	64%	71%	77%
20. To what extent do you agree or disagree that the governing body actively ensures it has assurance on	79%	86%	83%



the standards of the institution's: Student experience?			
21. To what extent do you agree or disagree with the following: That governing body meetings and business are conducted and chaired in a way which encourages the active involvement of all members in discussions and decision making?	79%	79%	88%
22. To what extent do you agree or disagree with the following: Working relationships between governing body members and the institution's executive are good?	79%	86%	92%
23. To what extent do you agree or disagree with the following: A positive atmosphere exists to support effective governance?	86%	86%	93%
24. To what extent do you agree or disagree with the following: The need for constructive challenge by the governing body is understood and accepted by both members and the executive?	79%	86%	88%
25. To what extent do you agree or disagree with the following: Constructive challenge is undertaken appropriately?	79%	86%	89%
26. To what extent do you agree or disagree that the governing body has assurance that: Planned outcomes agreed as part of the strategic plan are being regularly monitored and assessed to ensure that satisfactory progress is being achieved	93%	100%	88%
27. To what extent do you agree or disagree that the governing body has assurance that: Agreed standards of	100%	100%	89%

organisational financial health and sustainability are being achieved?			
28. To what extent do you agree or disagree that the governing body has assurance that: Required standards of accountability are being achieved, as is compliance with legal, regulatory and charitable requirements?	93%	93%	92%
29. To what extent do you agree or disagree that the governing body has assurance that: Defined quality levels for the student experience, including related academic and service provision, are being achieved?	79%	93%	81%
30. To what extent do you agree or disagree that the governing body has assurance that: Risks are well-managed (including risks from collaborative activity and partnerships) and organisational reputation is protected?	93%	93%	83%
31. To what extent do you agree or disagree that the governing body has assurance that: he governing body ensures there is effective organisational leadership?	86%	93%	87%
32. To what extent do you agree or disagree that the governing body has assurance that: External and internal stakeholders have a high degree of confidence in the organisation and its governance?	86%	93%	75%

## Annex Three: Interviews

### **Interviews**

Jane Hamilton (Chair)

Professor Anthony Forster (Vice Chancellor)

Professor Lorna Fox O'Mahony (Deputy Vice Chancellor)

Milan Makwana (Pro Chancellor)

Asha Ali (President of the students' union)

Professor Dominic Micklewright (Dean and elected member of Council)

Professor Andrew Canessa (Academic member of Council)

Dr. Nilufer Demirkan-Jones (Academic member of Council)

Professor Timo Jutten (Elected member from senate)

Professor Monika Schmid (Elected member from senate)

Bryn Morris (Registrar & Secretary) & Clare Hornsby (Head of Corporate Governance)

Tim Porter (Treasurer)

Elizabeth Hall (External)\*

Kathryn Harrison Thomas (External)

Ray Lashley (Elected non academic member of Council)

Susie Morgan (Director of Human Resources)

Andrew Keeble (Finance Director)

### **Focus Groups**

Focus Group external members Alexa Coates, Simon Hall and Paul Jackson

## Annex Four: Recent developments in Corporate Governance and reporting

In the UK, the Financial Reporting councils (FRC's) mission is to promote transparency and integrity in business. Similar to the CUC, the FRC sets the UK Corporate Governance as well as Stewardship Codes and UK standards for accounting and actuarial work. Transparency in higher education governance is similarly topical.

The Financial Reporting Council (FRC) published its new 2018 UK Corporate Governance Code together with revised Guidance on Board Effectiveness.

The 2018 Code has been designed to set higher standards of corporate governance in the UK so as to promote transparency and integrity in business and, at the same time, attract investment in the UK in the long-term, benefitting the economy and wider society.

As a result, the definition of governance has been broadened in the 2018 Code. It emphasises the importance of positive relationships between companies, shareholders and stakeholders, a clear purpose and strategy aligned with healthy corporate culture, high quality board composition and a focus on diversity, and remuneration which is proportionate and supports long-term success.

The FRC Strategic Report serves as a best practice statement and, as such has recommended rather than mandatory force. One of its objectives is to set out high-level principles that enable entities to '*tell their story*'. The International Integrated Reporting Council (IIRC) welcomed the updated guidance on the Strategic Report by the UK Financial Reporting Council, which provided the potential for a step-change in the quality of corporate reporting. Recommendations around the integration of non-financial information, transparency and use of the International <IR> Framework were all welcome.

In South Africa their new corporate governance code, King IV, is the first outcomes-based governance code in the world and modelled on the International <IR> Framework. The code recognises Integrated Reporting as a key principle of corporate governance.

Corporate reporting is an essential and inseparable part of corporate governance – grounded in the purpose, values and activities of the organisation and reflecting on the behaviours, from the board and management team, through the entity.

A number of UK Universities have been piloting the <IR> framework as principles based architecture that connects corporate governance with the purpose and strategy of the university. Through the lens of integrated thinking and reporting they have been looking at the capitals (not only financial) that integrate to create value, achieve a resilient, sustainable organisation and long term performance.

The following is a series of resources available which look at reporting through the lens of integrated thinking and reporting<sup>4</sup>:

### Advance HE Resources

- + [Let's Talk Value Conference](#), 11 February 2020
- + [Project report](#) - Let's Talk Value - How universities add value, 2018
- + [Video](#): Let's Talk Value - Professor Carol Adams, the report author 2018

### Advance HE (formerly the Leadership Foundation) has been telling the story about Integrated Thinking and Reporting/Let's Talk Value - in a series of blogs

- + [Information and resources](#) In particular we draw your attention to:
- + [Are governors facing information overload?](#)
- + [The Path to Integration means keeping the end in mind](#)
- + [Using our strategic resources better](#)
- + [Internal Audit getting on board with #Let's Talk Value](#)

Examples of integrated reports in the sector

- + [Newcastle integrated report](#)
- + [Exeter integrated report](#) (particularly p7)
- + [Winchester integrated report](#)
- + [Phil McNaull, Former Director of Finance, University of Edinburgh](#):

### Associated outputs

- + [The International Integrated Reporting Framework](#)
- + [The IIRC Resources](#)
- + [Integrated thinking and reporting: telling a different story of HE](#)
- + [Integrated reporting case study: University of Edinburgh](#)
- + [The value of universities](#) - six short videos created by British Universities Finance Directors Group (BUFDG)
- + BUFDG Integrated Reporting [Comparisons of Annual Reports](#)
- + 180 or so [annual reports from BUFDG website](#). Everyone has their favourite!

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<sup>4</sup> Integrated Reporting is a principles based framework owned by the International Integrated Reporting Council, which is freely available for organisations to use.

## Annex Five: Governing body sizes

In 2019, a mapping exercise was undertaken to capture the size of 120 English university governing bodies by Alison Wheaton (PhD candidate at the UCL Institute of Education), which provides additional context on the composition elsewhere in England.

Origin	Avg # members	Avg # external	Avg # internal	Of these; avg # academics
Oxford and Cambridge	25.0	4.0	21.0	17.0
Earlies	19.0	11.3	7.7	5.3
Civic “Red Bricks”	21.1	12.5	8.6	6.1
Plate Glass/1960s	21.1	12.5	8.6	5.3
Former Polytechnics	17.8	12.5	5.3	2.8
Cathedral	18.0	13.3	4.7	2.8
Specialist	16.8	12.1	4.7	2.8
Other new	16.9	12.4	4.5	2.5
<b>Total</b>	<b>18.7</b>	<b>12.2</b>	<b>6.5</b>	<b>4.1</b>

**Earlies** – ancient universities that were founded before the Civic expansion in the early 20<sup>th</sup> century. Examples include Durham, founding members of the University of London including UCL and KCL.

**Civic “Red Brick”** – Based in major English cities these universities were often founded with funding from local businessmen including Manchester, Liverpool, Leeds, Bristol and Birmingham followed by a second wave including Leicester, Exeter and Hull in the first half of the 20<sup>th</sup> century.

**Plate Glass** – Following the Robbins review to promote higher education expansion in the 1960s these include Essex, UEA, Lancaster, Sussex, Surrey and Warwick.

**Former Polytechnics** – Gained university status in 1992. Examples include Sheffield Hallam, Manchester Metropolitan, Anglia Ruskin and Brighton.

**Cathedral** – close ties to the Church including Canterbury Christ Church, Newman, Chester and Winchester.

**Specialist** – generally focussed on specific disciplines examples include Harper Adams (agriculture), Ravensbourne (design), University for the Creative Arts (arts).

**Other new** – universities that have gained university title in the 21<sup>st</sup> century including Suffolk, University College Birmingham, Bucks New and BPP.

## Annex Six: Example tools to develop strategic risk

**Example log of risks which are not material to delivery of the Essex strategy and may be logged at a lower level.** This includes an example in each case which may or may not fit with Essex decisions about materiality.

STRATEGIC RISK	FINANCIAL RISK
Risk appetite not well articulated could lead to different responses to investment proposals.	Loan rate increases
OPERATIONAL RISK	REPUTATION RISK
Feedback to students principles not improved could affect student numbers	Essex diversity in staff and governors does not reflect the student profile

### Strategic Scorecard example:

The strategic scorecard may offer Essex a simple but effective process to facilitate a more holistic approach to discussions about strategy in the context of risk.

The scorecard was originally designed for a corporate environment and therefore the concept has been adapted here, so there may be other equally suitable formats which will achieve the purpose.<sup>5</sup>

*Strategic position* focusses on what is required to assess the institutions current and likely future position. So it must be forward looking and cover externally focused information such as competitor or comparator group benchmarks, economic and policy developments and internal issues such as competences and resources.

*Strategic options.* Having set the scene with relevant background and information the scorecard shifts towards decision making. Strategic options can be defined as those options that have the greatest potential for creating or destroying value.

*Strategic implementation.* The emphasis is then to track key milestones and KPIs to have suitable oversight on implementation of the strategy over time. Decision points may be appropriate here and some include a balance scorecard in this section or a series of financial and non-financial performance indicators.

*Strategic Risks.* This looks again at the external environment as well as internal to keep the Council sighted on the major strategic risks that post the greatest threat to the achievement of the institutions strategy as well as key issues such as the organisations risk appetite. Having a common and shared understanding of risk appetite is essential.

<sup>5</sup> Original source for further information:

[http://issuu.com/cimaglobal/docs/cima\\_strategic\\_scorecard\\_boards\\_engaging\\_in\\_str/1?e=1740886/5033220](http://issuu.com/cimaglobal/docs/cima_strategic_scorecard_boards_engaging_in_str/1?e=1740886/5033220)



Strategic Position		Strategic Options	
<p>KEF external positioning and internal ability to deliver and demonstrate.</p> <p>NSS – external ranking and benchmark alongside internal capacity and capability to deliver</p> <p>Research Rankings/Entry Tariffs</p>		<p>Partnerships and commercial enterprises.</p>	
Strategic Implementation		Strategic Risk	
<p>Data requirements</p> <p>Milestones</p> <p>KPIs and non-financial performance indicators</p> <p>People/HR indicators</p>	<p>Dates, timelines, etc.</p>	<p>Fee income</p> <p>Visa policy</p> <p>Key staff losses over XYZ decision</p>	<p>Internal/external</p> <p>Appetite low due to financial position</p> <p>External – appetite high as international student appetite low as ability to recruit low</p>



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