

Governance Effectiveness Review - Report to Court

1. Purpose of the Report

I was appointed by Court as external facilitator to assist in reviewing the effectiveness of the University's governance. Per the Scottish Code of Good Higher Education Governance, Universities are expected to undertake an externally facilitated review of their governance effectiveness every five years. This report sets out the conclusions of the review and includes some suggestions for Court to consider.

2. Conduct of the Review

The Appendix describes how I conducted this review. I would like to thank everyone who contributed to it. Thank you especially to Lewis Allan and Evelyn Dunton for their help and advice throughout.

3. Overall position

In my view, the University's approach to governance is impressive. There are many areas of excellent practice, the relevant legal requirements are satisfactorily addressed, and the University complies with the guidance provided in the Governance Code.

4. Structure of the Report

This report is structured in terms of five themes:

- .1 People
- .2 Structures and Processes
- .3 Conduct of Business
- .4 Effectiveness and Continuous Improvement
- .5 Openness and Accountability

Within each theme, I have: set out the ground covered by the review; identified aspects of governance practice that seem particularly strong; and flagged a few points for Court to consider. Of these, I think the points relating to the first theme, People, are the most significant.

David Newall, 10 December 2018

THEME 1 - PEOPLE

1.1 Coverage

For all Court members:

- .1 The selection process
- .2 Skills and experience
- .3 Understanding of the role of governor
- .4 Arrangements for induction
- .5 Attendance record
- .6 Process for reappointment and for removal
- .7 Effective use of skills and experience
- .8 Succession planning
- .9 Diversity of membership

For senior officers of Court:

- .10 Arrangements for appointment of the Vice-convener, the Principal and the Secretary
- .11 The respective roles of the Rector and the Vice-convener
- .12 Arrangements for the appointment of Committee chairs
- .13 The role of the Senior Independent Member ('the Intermediary')

1.2 Areas of Strength

- .1 An impressive Nominations Committee which takes a keen interest in Court appointments.
- .2 The new approach to the appointment of General Council Assessors will be helpful in recruiting relevant skills and experience to Court.
- .3 Some Court committees have been strengthened by co-opting external expertise.
- .4 Senior executive staff commit time to providing induction arrangements that are tailored to suit each new member's needs.
- .5 There is a strong attendance record, which is published in the Annual Report.

1.3 Points to Consider

- .1 Court has some outstanding members who fulfil key positions as Committee chairs. Not only are they highly-skilled and experienced, but they have been in post for some years and have a deep understanding of Court business. Succession planning for these key positions is something that should be addressed soon. Court might consider providing an opportunity for successors to shadow the current appointees, either by allowing them to act as observers before their appointment starts, or by temporarily increasing the number of Court members, as is permitted by the relevant ordinance.

- .2 A general point I would make is that the quality of governance is affected first and foremost by the calibre of the people involved. It is important to apply the same rigour in filling lay Court positions as is done in making a senior executive appointment. Be specific about the skills and experience that are sought, make sure the interview panel includes specialists who can assess these skills, and make an appointment only if there is a suitably qualified candidate.
- .3 Given the scale of the University's estate and of the resources invested in it, I think it would be appropriate, when the opportunity arises, to appoint a Court member with expertise at a senior level in property management.

THEME 2 - STRUCTURES AND PROCESSES

2.1 Coverage

- .1 Size of the governing body
- .2 Existence of a clear lay majority
- .3 Terms of office
- .4 Committee structure
- .5 Membership and remits of committees
- .6 Frequency of meetings
- .7 Scheme of delegation
- .8 Suitably resourced and skilled secretariat

2.2 Areas of Strength

- .1 There is a high level of confidence and trust in the University Secretary and the Court Secretariat.
- .2 Through the Exception Committee, there is an excellent vehicle for responding to matters that need a prompt decision by Court.
- .3 There is a comprehensive schedule of delegated authority, which is regularly reviewed by Court.

2.3 Points to Consider

- .1 Court might commit to review its committees' terms of reference on a regular timescale, perhaps once every three years.
- .2 Some parameters in the scheme of delegated authority could be revisited to reduce the number of items that require approval at a full meeting of Court. Currently:

- Court approves a capital plan, but Court's approval is then required for expenditure on all projects within that plan that cost more than £10M. In the context of the capital plan, the figure of £10M is in fact quite small (the corresponding figure at Glasgow University, which is two-thirds the size of Edinburgh, is £25M).
- All capital expenditure that is not anticipated in the capital plan requires Court approval. Court might agree to give P&RC delegated authority to sign off commitments up to an agreed threshold.
- Expenditure commitments of a non-capital nature require Court approval where they exceed £2M. Again, Court might agree to delegate authority to P&RC up to an agreed threshold.

THEME 3 - CONDUCT OF BUSINESS

3.1 Coverage

- .1 Annual schedule of business
- .2 Standing orders for the conduct of meetings
- .3 Arrangements for determining the agenda
- .4 Balance of agenda items, with sufficient focus on strategy
- .5 Fit-for-purpose agenda papers
- .6 Timeliness of papers
- .7 Quality of minutes
- .8 Effective chairing of meetings
- .9 Quality of members' inputs
- .10 The student voice
- .11 Clear corporate decisions
- .12 Candour and openness of executive officers
- .13 Informed challenge to executive officers
- .14 Management of conflicts of interest
- .15 Conduct of Remuneration Committee business

3.2 Areas of Strength

- .1 Court and its Committees are chaired effectively. In each meeting I attended, the Chair was on top of the business, had an inclusive style and brought each item to a clear conclusion.
- .2 Senior executive managers are highly regarded by Court members, and felt to be accessible and willing to engage.
- .3 Student business is given a prominent place on Court agendas, and an effective contribution is made by the EUSA office-bearers.

- .4 Agenda papers for Court and its committees are well written, and provide Court with the information it needs. They generally include a concise summary and set out clearly what is sought from Court.
- .5 Committee reports and minutes are of a uniform high quality.
- .6 Action Logs are used effectively to identify what business is continuing and what has been closed off.

3.3 Points to Consider

- .1 Court is large and is therefore not an easy forum in which to explore a complex issue, argue different viewpoints and come to a decision. As a result, it tends to be invited simply to note or to approve business. This can be frustrating for Court members, who want to add value and are afforded little scope to do so. It may sometimes be helpful to take major decisions to Court at an early formative stage, allowing governors input well before they are asked for final sign-off. Also, depending on the item of business, it may be possible to present Court with options from which it can make a choice.
- .2 Court members should expect that, when an important matter is brought to them for decision, it will have first been considered by the executive management team. In looking at some items of Court business, I was concerned that the executive input was not visible. I think this reflects a former way of working and that the Principal is now insisting on executive input to all major Court decisions.
- .3 My sense is that Court members could be more effective in the role of critical friends who ask tough questions of the executive. At Court on 3 December, there were several items (for example; the financial statements, the staff survey and the Remuneration Committee report) on which Court might have been more challenging.

THEME 4 - EFFECTIVENESS AND CONTINUOUS IMPROVEMENT

4.1 Coverage

- .1 Clarity of Primary Responsibilities
- .2 Court members' empathy with the University's mission and culture
- .3 Awareness of relevant current developments
- .4 Members' engagement in personal development
- .5 Arrangements for performance review and feedback for all Court members
- .6 Court's ownership of University strategy
- .7 Monitoring / Benchmarking of University performance
- .8 Court-determined Key Performance Indicators

- .9 Effective governance of the quality of learning, teaching and assessment
- .10 Effective oversight of staff engagement
- .11 Effective financial management and sustainability
- .12 Effective risk management
- .13 Annual governance review
- .14 Arrangements for the effectiveness review of Senate
- .15 Court's evidenced commitment to continuous improvement

4.2 Areas of Strength

- .1 Half-yearly seminars and ad hoc briefing sessions are used to help inform Court members of current developments.
- .2 The quality of financial reporting to Court is excellent, including special briefings on the annual accounts.
- .3 There are clearly defined Key Performance Indicators, with annual reporting.
- .4 Management reports consistently seek to benchmark performance with other high-performing universities.
- .5 Court has a strong focus on actions to improve the quality of the Student Experience.
- .6 Each Court member has an annual developmental discussion with a senior Court colleague.

4.3 Points to Consider

- .1 The Annual Effectiveness Review feels like an act of compliance: something that has to be done each year, but with no expectation that it will lead to change. Court might decide to expand the remit of a re-named 'Governance and Nominations Committee' to give it a responsibility for promoting continuous improvement of governance. Each year, the Committee could consider what shape the effectiveness review might have. It might involve questionnaires as in the recent past. Or it might consider lessons learned from a recent item of Court business. Or it might focus on an aspect of governance (such as the Appointments process, the Committee structure, or the suite of KPIs) and compare Edinburgh's practice with that of other universities. The important point would be to use the exercise in a constructive way.
- .2 A high proportion of Court members are current students or staff, or former students. For many of them, Edinburgh will be the only university that they know well. In future recruitment Court might aim to appoint someone who has experience of governance in another high-performing university, in the UK or the US.
- .3 I think Chairs (i.e. the Rector and the Committee Chairs) will appreciate receiving feedback on their effectiveness in chairing meetings. To some extent this may happen

already as part of the annual discussion that takes place with each Court member. It may be helpful though if, in each case, the person meeting with the Chair is provided in advance with inputs from members of the relevant committee.

THEME 5 - OPENNESS AND ACCOUNTABILITY

5.1 Coverage

Publication of the following:

- .1 Statement of Primary Responsibilities
- .2 University Strategic Plan
- .3 Annual Report and Financial Statements
- .4 Court minutes and agenda papers
- .5 Information on Court members and their skills / experience
- .6 Register of Interests
- .7 Outcomes of Effectiveness Reviews
- .8 Statement on compliance with the Code

5.2 Areas of strength

- .1 The University's website is informative on governance structures and responsibilities.
- .2 Compliance with the Governance Code has been clearly demonstrated.
- .3 The annual report and financial accounts is an excellent document.

5.3 Point to Consider

- .1 Court might reflect on how information on Court business is made public. The HE Governance Code (para 45), while acknowledging there is sometimes a need for confidentiality, nevertheless encourages universities to make Court papers widely available, in particular to staff and students. In reviewing the university website as a member of the public, I found it was often difficult to understand just what Court had been discussing. Minutes are provided in full, but they are concise rather than expansive. And the associated agenda papers are often made available in such an abbreviated state that they convey little information.

DN, 10.12.18

Conduct of the Review

Key contacts

Lewis Allan, Clerk to Court, briefed me on how Court and its Committees operate, and provided me with access to key documents and to resources on the website.

Evelyn Dunton, Court Services Officer, organised my schedule of meetings and was my first point of contact throughout.

Alan Johnston, Chair of Audit & Risk Committee, gave me valuable advice on the approach and initial comments on the Draft Interim and Draft Final Reports.

One-to-one discussions

Court members

Sarah Cooper

Jo Craiglee

Eleri Connick

Doreen Davidson

Perdita Fraser

Ann Henderson

Alan Johnston

Peter Mathieson

Kai O'Doherty

Claire Phillips

Susan Rice

Anne Richards

Ritchie Walker

University officers

Gary Jebb

Phil McNaul

Jonathan Seckl

Sarah Smith

Committee attendance

Policy & Resources Committee (19 November)

Nominations Committee (19 November)

Audit & Risk Committee (22 November)

Court (3 December)