Governor Dialogues

04. Creating a board fit for purpose

Milan Shah, chair of University of Northampton talks to Mary Joyce about creating a board fit for purpose

In the Leadership Foundation’s Governor Development Programme of events there has been much discussion on the question of how to increase board effectiveness, and whether boards are ‘fit for purpose’ in the new and complex world of diverse institutions and strengthened regulation. In this series of interviews LF associate, Mary Joyce talks to a variety of chairs of higher education governing bodies about their governance careers, and encouraging them to share their innovative practice and thinking about their own institutions and what they are doing to increase effectiveness.

One of the things that really interested me about your board is the amount of change you’ve had in recent years - a new vice-chancellor, executive team, clerk and board members. Yours seems to be the story of a board in transition?

Yes, absolutely. When he joined us a few years ago, our current vice-chancellor embarked on a fast-paced programme of change, and we were looking to reflect that at governance level by becoming more ‘fleet of foot’ and fit for purpose. Both the university and its board were responding to a rapidly evolving higher education sector.

In that context, what challenges were you faced with when you took up your role as chair?

I think the first thing I recognised was that most boards that I’ve been involved with have been in some form of transition. So our change was not unusual, or without precedent. In fact, at one of my first CUC plenaries, I found myself talking to the chair of the University of Central Lancashire (UCLAN), who had just brought in many of the changes we had in contemplation. We stayed in touch to compare notes, and other chairs with similar ideas in mind would, on occasion, explore our experiences.

The main challenge was our new vice-chancellor and his plans for the university. Boards tend to get the vice-chancellors they deserve and we had deliberately selected someone for the future. We had just acquired university status five or six years earlier and we wanted to build on that. We had recruited a relatively young, visionary and dynamic pro-vice-chancellor into his first role as vice-chancellor. In his view, an avalanche was indeed coming to our sector and the response he prescribed was a swift and bold organisational reconfiguration. The question was: would we support him? There was the obvious aspect of whether we would support the substance of his proposed strategic direction. But there was a secondary aspect of whether our governance systems would properly accommodate the pace and scale of decision-making he was bringing to us. So that was really where we had to look at things.

A further challenge arose from an unintended consequence of one of the vice-chancellor’s early changes to our organisational structure. Having removed the entire pro-vice-chancellor layer from underneath him, he set about rationalising other senior positions, all with the support of the board. The joint registrar/clerk role was then focused entirely on student services, with possibly insufficient consideration given to how the clerking function would be addressed. In retrospect, it is remarkable that a decision with clear governance consequences slipped through with so little board scrutiny. In any case, by the time I took up the chair, the interim clerking service was delivered by the previous clerk (by now director of student services) and one of her team, alongside their primary roles. We had a board at that time of approximately two dozen volunteers, and the clerking team’s role was to keep them serviced, make life easier

CUC is such a valuable network, with knowledge shared by word of mouth and anecdote. How useful it would have been to have had a case study!
for them, make sure their papers were on time - all the basic things you would expect. It was only by virtue of the individual’s immense experience of clerking and their steadfast dedication that we managed to tread water for an extended period, but they were clearly overstretched and board members managed their demands on the secretariat accordingly. All this at a time when our governance system was expected to digest a greater and more complex workflow.

**THE SIZE OF THE BOARD AND FREQUENCY OF MEETINGS**

*How did you respond to those challenges and what did you do?*

We decided to review our governance capability to ensure it was fit for purpose for the future, bringing in external expertise from the Leadership Foundation. The recommendation from that analysis was to take the size of our council down from 25 to about 15 or 16, possibly smaller, to abrogate most of our subcommittees and bring all of that work to the board, which then created quite a heavy board workload; accordingly to expand the aggregate board meeting time by shifting from four a year to monthly meetings. At the same time, we decided to move our meetings from the evening to morning, which again had repercussions in terms of impacting on the diaries of working governors.

In my first period as chair, I was getting buy-in to those proposed changes. Some were procedural and seemed quite simple, such as agreeing a new timetable of monthly daytime meetings, but with repercussions that we tried to anticipate.

You end up having a large decision-making body, and it’s possibly an oxymoron, because the decisions don’t get made and people get frustrated that they’re not representing their stakeholders.

Our existing court was the body that should naturally represent stakeholders. To those governors that might be retiring from the board to focus on representing stakeholders, we suggested, ‘You migrate across to court and make that a more effective stakeholder body’. For the governors remaining, they would be focused on the business of the board more narrowly defined.

**GETTING THE RIGHT PEOPLE ON THE BOARD**

*So when you decided to go for a smaller size of board, how did you decide what kind of membership you were going to have - who was going to leave, who was going to stay, and whether you needed new people?*

For example, our ideal board composition would include both working and retired governors, with the former finding frequent daytime meetings more challenging than the latter - we considered whether we would be able to recruit the calibre of governor we wanted having set the commitment bar so high.

Those procedural changes were relatively straightforward. The harder change was to take the board from 25 down to 16, and the obvious humour emerged about turkeys voting for Christmas. I intrinsically had faith in my colleagues to do what was right for the university, but we encountered a lot of inertia from some quarters. However, once we returned to why we were doing it, and there was recognition that governance is a more holistic system than just the board; there was unanimous buy-in. It was remarkable.

Whilst the board would always play its particular role in terms of strategic direction, assurance and the like, maybe we were overloading it to say, ‘Also, you need to be representative of all the stakeholders.’ In deciding to de-couple those roles, we relieved the board of one of the inherent tensions of a unitary model: often,
Rather, we left it voluntary, to say, 'As you come to the end of your term of office, you have the option not to renew for a further term.' Some were already hitting the nine-year term limit in any case. At the end of that board year (2011/12), eight governors retired, which put us well on the way to our target size.

On the flip side, in terms of what remained, we looked very carefully at composition and what competencies and other attributes we needed. We looked at the paper ‘University Governance: Questions for a New Era’ by Professor Malcolm Gillies and invited him to address our board. He argued that:

> At the same time we had input from our Leadership Foundation consultant, and my colleagues had their own perspectives from different non-executive experiences. We put all of that together and decided, ‘Well okay, let’s create a template for our ideal board, but then let’s map ours against that.’ The ideal would, of course, be a moving target. Once we saw that the residual smaller board for 2012/13 mapped across quite well, we took the view that it would suffice and that we would use the next batch of retirements to tailor the skill set further. There was no need to persuade anyone to retire prematurely.

Our skills gap analysis looking to 2013/14 showed three clear priorities for competencies.

Our nominations committee therefore set about searching not just for high-calibre candidates, but to a tighter specification: one with project finance experience, because we were trying to build and finance a new campus; a social media specialist, because that is how our core clientele (the students, who are at the heart of what we do, and why we’re there) were engaging with this themselves, with the world outside and with the university; and marketing, because we were now in a highly competitive environment.

Previously, we might have said, ‘Does anybody know anyone who would like to join the board?’, which probably explains my presence. We now have an ongoing process of managing the composition of the board and then recruiting to that.

It sounds like it was more of a developmental process than just drawing up a skills audit.

Yes, and it continues. We’re building up from scratch because there were significant gaps in some of our systems. I think we have got up to best practice in certain areas, but there are things that we can do further. For example, we have been debating this year that from 2014/15 we should start looking at how we can accelerate turning a group of individuals into a team of governors. We might also start doing a little bit more analysis about the dynamics and relationships across that team.

We expanded the remit of our nominations committee a couple of years ago to look at not just recruiting new governors, but also getting the best out of the skills, competencies and attributes of those already on the board at any one time.

Because the composition changes each year, so does the dynamic, which makes it more difficult to manage these aspects across the board as a whole. But we think it could be a worthwhile investment to consider such issues amongst a subset of the board, for examples the chairs of committees: how they work together, how they deal with conflict, how they react to crisis. That can help build a high-performing board.
I’m wondering what difference this has made to the way that your board is functioning?
Generally governors seem happier.

“Now everybody sees everything. We no longer have a finance and estates committee that might work on a proposal for a new £20 million set of halls, which is then presented to the board, and those eight governors know about it in detail and the rest have a choice: take it on trust or scrutinise it afresh and risk delaying the whole meeting. Proposals now come directly to the board, and governors are less prone to work in silos; they are seeing the university as a whole. This is the second year of running this model and I think we are settling into a rhythm. We recognise that there’s a design flaw in how we have set the system up - the estimate of the quantum of time required at board level to get through this volume of work, especially our new campus project, was too tight.

However, there are opportunities to rationalise what comes to the board that we did not take initially, when the focus was on not dropping any of the balls previously juggled by the subcommittees, and parked until our next annual board evaluation. When we decided to transfer all the work from subcommittees directly to the board, our clerk built a spreadsheet to log every item of work in the terms of reference of each subcommittee or that had been covered in the minutes, as well as when and how frequently it should happen. That was then mapped across to the board’s workplan, so that nothing fell through the cracks.

What we deferred until we had digested the new modus operandi was to design out items that were not critical to the board, so that governors could address their priorities. At the moment, I’d say three-quarters of the board meetings we’ve had this year have had well over half a Lever Arch file full of papers - you can miss the wood for the trees in that detail.

A SMARTER USE OF TECHNOLOGY
A simple intranet could make policies and other material, with which the board has determined it does not need to concern itself directly, available on a self-service basis, so that those governors wishing to scrutinise a little further may do so without burdening the entire board. Even those policies that need to come before governors might consume less of our precious board time if some of the preliminary discussion on them (often clarification seeking), had been drawn out online beforehand. This can reduce the final face-to-face discussion requirement at a board meeting to the minimum necessary. On some types of issues, allowing time for board debate is critical, but it can be crowded out by allowing discussion on issues where it is not.

However, such technology is not available to our board just yet. I have become a patient chair because I can now see the executive working furiously to replace our prehistoric information and communications infrastructure with modern, resilient, cloud-based systems. One of my first experiments almost three years ago was to trial using the university’s then document management system for board papers, but it was clumsy and difficult to navigate. In any case, a high proportion of the governors at that time would have felt less comfortable with the use of such technology. But now we have the SharePoint platform in place to accommodate a modern board portal solution. In parallel, we have also rebuilt our clerking function to project manage such an implementation and our current and prospective governor profile looks much more comfortable with working in that way.

So is your vision a paperless board?
It is a progression. The first step is to bring efficiency and discipline to the executive’s production line that generates papers for the board. This is essential when meetings are monthly; a good board portal will do that. A further early benefit is the simple document management system that ensures decent document control and efficiency of access, rather than lots of document-heavy emails clogging up governors’ inboxes. More important, for any team of busy volunteers, is the convenience of having access to the relevant information anywhere, at any time and on any device. The option then remains of whether to offer papers in addition or not. Some governors are happy annotating on screen, others prefer pen on paper. When the balance changes sufficiently towards the former, we can save some trees!

I am thinking about the way that you described how you’ve dealt with subcommittees; have you essentially only got those you’re required to have or are recommended through the CUC guidance?
Our Instrument and Articles of Government require us to have an audit committee in addition to the board and we follow...
CUC’s best practice guidance of a remuneration committee and a nominations committee. Traditionally, the chair of the board used to chair both the latter two committees, but now the deputy chair does so as to maintain some independence. We have been creating a couple of external member positions on those committees that did not already enjoy such independent and expert input.

We have one further significant committee and that is our project assurance committee, which is a time-limited audit committee (probably until 2019) for our new campus project, to make sure that the audit committee doesn’t take its eye off the ball on the university itself. The project assurance committee meets monthly to keep pace with the project; the deputy chair of the audit committee is a member, and once a term it holds a joint meeting with the audit committee.

Just over two years ago we conducted an options appraisal into our campus master-planning opportunities. We decided to consolidate mainly onto a new campus on a new enterprise zone in the centre of Northampton from our existing two suburban campuses. In order to finance that scale of capital expenditure, we needed to borrow most of the project cost (as a young institution, we had not accumulated years of alumni donations) - approximately three times our current turnover.

Historically low long-term interests rates made the project affordable, and we had the generous support of a cross-guarantee from HM Treasury. Nevertheless, a higher education sector constructed on capital grants has traditionally not seen this level of gearing and so it was essential that we demonstrated robust assurance processes around what might be perceived as a risky proposition. As our regulator, Hefce has been of great assistance on this front.

**The Board’s Working Relationship with the Executive**

You mentioned that the whole board receives the financial papers, and that there isn’t a committee that does pre-work on the board’s behalf. I imagine that also changes the relationship between the board and the executive?

Yes, a direct consequence of everybody looking at these papers is that the director of finance, chief operating officer or vice-chancellor is held to account, not just by the few financially literate people you might expect on a finance and estates committee, but by the entire board with the full range of governor backgrounds. That is simply the flip side of not taking items on trust from a subcommittees for rubber-stamping at the board.

As a result, concepts taken for granted at subcommittee level might need explaining at board level. We have to walk at the pace of the slowest member and I enforce that country code because we are each individually liable for the decisions we make as a board and so each governor must feel comfortable that they have understood the material before them. If they need us to slow down then they let us know. Of course, there is the concomitant risk of frustration for others.

This equally identifies a training requirement to help improve the minimum level of board competency, in this case on financial matters but it could be on other specialist topics previously addressed by subcommittees. In fact, during our governance review, we had anticipated that almost all governors would have to scrutinise papers outside their comfort zones in future. This possibly was a factor in consideration when the self-selection occurred regarding retirement.

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**The job of the chair is to try and anticipate who has what development needs and then to work with them to get to a level where they can comfortably deal with the issues before them, making for a more effective board.**

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A further source of potential frustration for the executive is that they live and breathe this content and tend to forget that volunteer governors look at these issues less frequently and in their spare time. This was, of course, the case before our governance changes. It is just that they now need to bring a broader range of governors up to speed on each issue than when they were presenting papers to a subcommittee. On the other hand, monthly meetings help in that all is not forgotten in the interval and we can keep to the pace desired by our executive and demanded by the critical path for our major project.

So it was important to have conversations with our executive to make sure that they understood and anticipated the sorts of tensions that might arise and I have to say that they have been quite mature about it.

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**Every so often tensions boil over and we just have a sensible conversation over a cup of tea.**
How have you gone about forging your relationship with the vice-chancellor and the executive team? What’s your way of doing it that works?

I am in the very fortunate position of having an utterly straight and transparent pair of senior officers in the vice-chancellor and chief operating officer. It is generally very comfortable and on the odd occasion slightly uncomfortable to deal with colleagues who just basically say what they think. I much prefer it to the alternative, and that honesty has been at the core of why we seem to work so well together.

Neither senior officer is precious about being a gateway to their team, because they trust that I and my board will not interfere. On a day-to-day basis in a relatively fast-moving environment it is very useful to be able to speak directly to any of the executive. Many of us have longstanding relationships, which has also been helpful. As governors we are all very clear that we don’t do the instructing, but if we want to clarify or explore something, we can go and have a conversation. There are a few areas that I tidy up every so often with the board, such as the difference between rowing and steering. We only rarely and exceptionally step in to row because otherwise we risk blurring the lines.

The chief operating officer is an ‘old hand’ in the sector and balances our vice-chancellor very well. Although his role is a board appointment, as a senior officer, his operational reporting line is to the vice-chancellor. Under the chief operating officer, much of the executive team is new, so this experience helps them on their learning curves. Although the deans of our six schools have been stable for a while, they are in new executive dean roles, sharing many of the responsibilities of the previous pro-vice-chancellor layer of academic management.

The board relationship with the executive works best when there is a clear understanding of expectations and of each other’s roles on both sides. At our awayday my opening session was looking at governance. I wanted to move the board to a certain space, in terms of a communal understanding, on a handful of governance issues. There were also various sensitivities that I wanted to deal with. The point was to have the senior executive team there. You can raise the same issue and spot the differences in perspective coming through. I think the divergence is reducing between governors’ self-perception, the executive’s perception of them and vice versa.

When contentious issues arise at the board the attitude has generally been one of transparency, getting the issues out into the open for proper debate. That interests me, as it normally only happens with reasonably mature relationships, which we are only still developing across a relatively new board and a relatively new executive.

In terms of the relationship between chair and vice-chancellor, which is obviously a critical one, it has to be built on mutual trust and respect. As I said earlier, the trust seemed to come naturally because neither of us is very political. The respect had to be earned on both sides, which takes time. I did wonder initially if the fact that I am a decade his junior would make any difference but it hasn’t - we seemed to recognise that we both had equal experience in our current roles. Finally, although it is not something I would emphasise on a day-to-day basis, the chair has to have ultimate authority because the relationship is based on a reporting line of accountability to the board.

Of course, in the final analysis, all relationships are about people, so there are all the usual personal issues you might expect and personalities are important. We work closely together, we deliver the results, but it’s a relationship that has evolved over a period of time. As a non-executive chair, I can pull very few levers directly to deliver on the promise of our vision, so I might as well just concentrate on making the executive vice-chancellor the best person he can be in his role.

I am wondering how you make it work though - do you meet every week? Is it mostly formal, informal?

We have some fixed private meetings, which are as regular as they can be around our travel plans. But to get things done and to give us space to share thoughts and ideas, all forms of communication are open. For example, there might be an issue that arises at 6pm in the evening that requires reasonably prompt attention. Rather than leaving it until the next day when our diaries will probably already be full, it might be resolved in a phone call or an exchange of texts or emails that evening. We know the etiquette of when we can communicate with each other and we are both reasonably flexible in that. We respect each other’s weekends, unless a very urgent issue arises, but during the week both are available to deal with matters into the evening if the need arises.
Quite often we will piggy-back a private meeting before or after events that we might both be attending. For example, we both happened to sit on the local enterprise partnership board: I have just retired last month after a decade on the board of the county’s various incarnations of economic development vehicle and the vice-chancellor joined when he first took up his role. There are many other events, both local to Northamptonshire and pertaining to higher education, at which we overlap. We take many of these various opportunities for our frequent (but not absolutely regular) discussions in addition to the more structured ones back at the university. Often it’s just a cup of tea, but it’s a conversation nevertheless, and we are constantly communicating about all sorts of things. So as I said,

“you have to invest time in a relationship. You don’t necessarily do it proactively with an agenda - it just evolves. But it will evolve in a more accelerated manner if you give it more opportunity to do so.”

Equally, when you speak to someone almost daily, you have to be vigilant to keep a distance and focus on your own role, not theirs.

**CHANGING THE DYNAMICS OF THE BOARD**

Is there a version of that communication and relationship-building that happens at the board as well?

“My view again is that we have to create the soft space for board relationships to blossom.”

Where we were coming from was a board of about two dozen governors, meeting four times a year with no off-site or awayday type opportunities. I wonder if all the governors would have known the names of all their colleagues without name badges. One would get to know others on the same subcommittee and also some governors knew each other well socially from the locality, which was a function of our recruitment practices. So cliques would naturally form.

We have now got people from disparate backgrounds, professional in their own areas, who don’t know each other until they join the board. Earlier this year we had our first ever awayday, where we went away, stayed overnight and carved out ample opportunities for soft social time between structured sessions. The feedback was that this was immensely valuable and should be maintained as an annual event. We also have an optional calendar of further events, whether its lectures or our fashion show or graduations. We recognise that many governors will not make all the events but we hope all governors can make some, especially graduations, which remind us why we do this. The governors can talk to each other at these events, but they also engage with members of our wider court community, which is invaluable.

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Are you observing a difference in the quality of conversations you are having as a result of the changes you have made?

Completely. Both the content and the tone of what is discussed at the board have improved substantially. People are more comfortable speaking in front of colleagues and we tend to feel we are in a meaningful conversation rather than just passengers being driven through checkpoints for rubber-stamping. The fact that we all get to see all the issues is also a very powerful leveller and avoids having an inner circle or kitchen cabinet of committee chairs, from which we used to suffer. Of course to our new batch of governors, these reforms are of historical interest only and they correctly focus upon the next set of enhancements required to improve our effectiveness. I guess it’s the balance between the road travelled and road ahead, but clearly we are always on that journey.

What kind of relationship do you want the board to have with staff in the university?

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“On one view, we are a service business with 200,000 staff, and unless they understand our vision and mission, are motivated to deliver our strategy, and focused on the student as customer, we will not progress and our performance may even slip back.”
One idea I was keen to explore is mutualisation, with staff and students as co-owners of the university, their interests being fully aligned to the institution from which they draw part of their identity, and to which they contribute. Whilst it can be messy in terms of governance, it does have the added benefit that the board is accountable to somebody.

We employ the staff and agree a framework for them via our remuneration committee, with which the vice-chancellor has reasonable autonomy to operate. However,

we have another responsibility, for the educational character of the university, and to discharge that we do need to have an understanding of what our academic staff are doing, whilst respecting the position of senate.

We used to maintain a link governor system, with governors paired to particular schools. That was not particularly effective or efficient, so we are in the process of developing a new form of engagement between governors and course leaders based on clusters of courses categorised by the Joint Academic Coding System, which will get the board closer to our core proposition.

The input of our staff governors is critical in developing a broader understanding by governors of staff perspectives. In terms of delivering our strategy through our staff, much can get lost in translation between the board and the lecturer or support professional. I am quite impressed with the new performance review and development system we now have to ensure a better line of sight from the vice-chancellor to the front-line. It is early days and we shall see how it changes attitudes and behaviours.

WORKING WITH THE STUDENTS’ UNION

How involved are you and the board with students?

As with staff, a mutual with our 15,000 students as co-owners would help avoid a less transactional relationship in the context of the fees regime, and ensure the board remained responsive to its clientele. It would truly put students at the heart of the system.

The president of our Students’ Union sits on the board. As with staff governors, the effectiveness of the representative depends crucially on the individual. Our current Students’ Union president is our first international student and also our first postgraduate student to hold that role. I think she may be the first Chinese national to be president of a UK university Students’ Union. She has been whirling like a cyclone through the student body, working non-stop on student issues, thoroughly researching them before bringing them to the board. She is energetic and impressive, as are several of the national advocates of the NUS that I have met over the years.

As chair, I might have more interaction with her and the vice-president and students generally than my colleagues. Our structured contact is limited to a single annual visit to the Students’ Union with a presentation where we review the year and look at emerging issues - we need to build on that in the future.

I follow the president of the Students’ Union and the vice-chancellor on Twitter. It’s an efficient method to stay informed on activities across the university and the re-tweets help me take the temperature of the institution.

What sort of feedback do you get from students when you do that?

Often they find it surprising that somebody from the board takes an interest in them or even that we have a rudimentary grasp of social media.

Of course very few students will know who sits on their board of governors or even that their university is actually governed by such a board. At the end of their career at the university, they get to graduation and they see a parade of people in gowns sitting on the stage.
Quite often some of them don’t even know who the vice-chancellor is. Ours do, because he tends to put a lot of effort into engaging with students.

Most boards have a sense of humility about where they really fit into the student experience.

**LEADING THE BOARD AND CREATING THE CONDITIONS FOR WORKING WELL TOGETHER**

You said earlier that occasionally tension erupts. How do you deal with it when it arises on your board?

If it’s an issue that has been simmering away, with the tension building up, you often see a pattern from little comments both at and outside meetings, in emails, etc. I would then try to drill down to the root cause underlying the pattern of behaviour, which can be done outside a board meeting. The next task is obviously to remedy that cause, if it is possible. Sometimes the issues are simple, such as a governor feeling that their hobby horse is not being given sufficient airtime or that insufficient information is presented by the executive on which to base a decision. Other issues can be more intractable or knotty.

We have a board member who is also an officer of an organisation that is in dispute with the university. Issues of a conflict of interest and confidentiality arise and if they do so sufficiently frequently, either the board member becomes ineffective because they spend more time outside the boardroom than in it, or trust across the board is undermined and eroded as governors think twice before sharing their thoughts candidly.

Incidentally, the Charity Commission is very clear that if a governor has come to a board representing a stakeholder, actually their first duty is to the charity and its board, not to that stakeholder.

On the occasions when we have issues that arise at the board meeting itself, then that’s just a question of the theatre and drama of the meeting and how you deal with it on the spot. Before you even get to that stage, you must have built up the trust of your colleagues in your judgement. It is only with trust that they will respect you when you have to guillotine their point in a discussion or get them to see another’s point of view. Quite often it is as simple as that: to recognise that there is more than one perspective. I bend over backwards to be courteous to my colleagues as the leader often sets the tone, but if one of them shows a clear lack of respect for their peers then my lack of tolerance for that may be felt.

If you haven’t got authority as a chair outside the boardroom, then you may not get very far when you need to exert it at the board meeting itself.

**ACCOUNTABILITY AND GOVERNANCE**

Tell me a bit about how your court is organised and its importance in the governance of the university.

As a post-92 university, we are a higher education corporation with the status of an exempt charity and with the board of governors constituting the legal entity of the corporation. As I mentioned, the board could be seen as a self-perpetuating oligarchy, facilitated by the machinery of the nominations committee, and not ultimately answerable to anyone in legal terms.

Of course, that is not to say that we are unregulated; far from it. We have statutory regulation as well as contractual covenants tied to our funding. But in a sense I feel like a shareholder who is also a director when acting as a governor of the university, not like a director held to account by my shareholders. You understand then, my interest in mutualisation, because our legal responsibility, not just our moral one (as with court) would be to our stakeholder base.
The point of court is to represent the stakeholder interest and articulate it properly to the board and executive, so that we do not have to second-guess it.

Of course this begs the questions of how the composition of court is determined and whether it is effective in its role. For many years, we would organise some sandwiches once a year for the great and the good locally to come in and hear about what the university has been doing. This reassured the community that had worked so hard to give birth to the university. I was never able to pin down a definitive list of who was on court, so I guess the membership was determined by the understanding of whoever sent out the invitations.

I think our chancellor, who is acutely perceptive and a constitutional specialist in some of her parliamentary work, had seen the issues with such an arrangement from the outset of her tenure. So I was pushing on an open door when I floated the idea of reform. Our review also made clear that jettisoning stakeholder representation from the board to court should only be contemplated if court was to be made effective. In a second phase of our governance review, we set about some preliminary tidying up of court as a foundation for the body to take ownership of its own destiny.

We have expanded to three gatherings a year, with our main court meeting slightly in the style of a general meeting, and the other two sessions shining a spotlight on themes or aspects of the university. We defined the categories of court membership and identified the individuals within them: current students, alumni, honorary award holders, representatives of various organisations (livery companies, business lobbies, local authorities, etc.), current and past governors, university officers and so on. We also created the position of pro-chancellor and recruited to it in order to ensure the chancellor has a partner with whom to work to give effect to her aspirations.

This is only the foundation to make court a more effective community that lives and breathes the values and identity of the university and holds the board’s feet to the fire in our delivery of the mission. Court is also critical as an advocacy group in a more ambassadorial role, promoting the university and fostering understanding on specific issues. For example, when we wanted to build new halls or perform the land assembly for a new campus, local relationships were critical to ensure that key decision-makers understood what the university was doing, what we stood for, and how it benefited the local community.

BOARD EVALUATION AND EFFECTIVENESS

Tell me about your evaluation process and whether you think it’s the same as everyone else’s or maybe a bit different? What are you doing and why do you do it the way that you do?

I am not aware of any structured evaluation process for either the board or the chair in the past. There was an annual discussion session with the chair in which a questionnaire was populated about each governor’s skills and their responses were taken to a set of questions around board effectiveness, but data capture in itself does not effect change or improvement. There was also possibly a hint of resistance around evaluation processes from those who felt that volunteering their time in a good spirit was sufficient, but being held to account or evaluated might be taking matters too seriously. This is understandable, as evaluation can be uncomfortably revealing.

The old CUC governance guide used to require a quinquennial effectiveness review and we have always followed that; in fact we have one going on at the moment. This year we are performing a sort of meta-analysis of all the various governance reviews that have taken place in recent times: an internal audit of governance by KPMG, the Leadership Foundation consultant’s review of a couple of years ago, a rebuilding of our constitutional documents and associated systems after the privy council approved our revised Instrument and Articles of Government last year, and an audit commissioned by Hefce when we applied for approval to borrow beyond the normative threshold for our sector. This is in addition to governors’ annual assessment of the effectiveness of the board or of the chair. Getting professionals, who have seen other universities or who have seen other organisations, come in and look at us can be extremely valuable.

The analysis we are keen to see is to identify the common themes that emerge from all these audits, assurance processes and feedback mechanisms.

The annual review processes that have emerged in the last year, from the standing start I described earlier, are just a review of the effectiveness of the board and a review of the chair. That’s all that we have kicked off with.

What would you say are the conditions that you as chair need to create for effective governance?

Firstly is an understanding of what governance is, in its fullest sense.

A narrow perspective is often betrayed by an agenda dominated by compliance, which is a hygiene factor, in that it gives you your licence to operate but not per se move you closer to your mission.
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For that, the board needs to focus on strategy, from ownership of the strategic planning process through to oversight of the metrics that explain whether the executive is actually executing as desired, and assurance that risk is being managed within appetite and tolerance through to challenge on any remedial actions required. But

"what quite often gets overlooked is something I would call the generative side: the space to think about what are the right questions that the board should be asking in the first place?"

The capability for effective governance has to be there. One common paradigm is to break down capability into several aspects, each of which can have a positive or negative effect on governance: resources, systems, structure and culture. As I mentioned, something as simple as tinkering with the clerking resource or lacking a decent IT resource can have a serious and detrimental effect on governance; an example of structure might be the relationship between subcommittees and the board. Culture can also drive or inhibit effective governance in so many ways - whether evaluations are deemed acceptable, and the various critical relationships, internally and externally.

"Whilst all drivers of capability are necessary for effective governance, the most challenging is surely the soft, emotional, people side."

On a practical note, chairs have to deliver effective governance through a volunteer board - and it’s important to have an armoury of techniques ready to deal with those that regularly forget to read the papers or have enduring conflicts of interest or accidentally breach confidentiality or are serial absentees!

REMUNERATING BOARDS

This is a related question, but do you think the board members ought to be remunerated?

Personally, I am not a fan, but I have heard strong arguments as to why one might wish to move to a remunerated model. Let’s leave aside the fact that we are charity trustees. I think there is enough of a pool of talent out there to populate the boards of universities without any recompense in that way. I also look at the NHS as a controlled experiment and don’t necessarily see that governance there is any better than in higher education. I tend to draw a distinction between ‘mission-driven’ organisations and ‘for-profits’. Whilst the private for-profits will obviously pay their boards, we are here driven by the mission and we are passionate about it.

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ABOUT THE GOVERNOR DIALOGUES SERIES
Governor Dialogues are a series of interviews with senior governors, in which the issues facing governors and how they are dealing with them are considered.

We hope that Governor Dialogues will provide governors and those interested in governance with ideas for best practice.

MILAN SHAH, CHAIR OF UNIVERSITY OF NORTHAMPTON
Milan Shah, became a governor and trustee in August 2008, and the chair of the governing body in 2011. Milan retired from the post in August. He is a chartered director and fellow of the Institute of Directors, specialising in governance.

MARY JOYCE
Mary Joyce is a leadership and organisation development consultant. She is founder of Leading Minds Consulting and a LF associate. She specialises in working with teams and boards that are leading and managing change, particularly the psychological impact of change on group behaviour and organisational performance.

She has held senior leadership roles in the education and health sectors, which has included: clerk & university secretary, first clerk to the Hefce council, governor on a university board, trustee of an independent hospital, and currently, trustee of a mental health charity.

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