

1. SOME KEY ISSUES FOR GOVERNORS IN DEALING WITH ESTATES AND INFRASTRUCTURE

- 1.1 If you are a governor new to higher education, you might wonder what your role should be in relation to the provision of all the buildings and campus facilities (the estate) and the services (infrastructure - particularly IT) on which it depends. If 'your' institution is large, then the property portfolio may initially be bewildering: there may be many buildings whose existence you are not aware of - never mind not having visited. Do you really have a responsibility for all this? And if so what is it?
- 1.2 Well, the general answer is 'yes you do!' When you started your period of office as a governor of your HEI, you should have been given a copy of the CUC's 'Guide for Members of Higher Education Governing Bodies'⁴ That Guide sets out the definitive responsibilities of most UK governing bodies, and in relation to estates management it states that: "The governing body is responsible for oversight of the strategic management of the institution's land and buildings with the aim of providing an environment that will facilitate high-quality teaching and learning and research. After employee costs, those of managing estates and property represent the largest item of HEI expenditure. It requires long term planning for capital development and the effective maintenance of existing properties, while having to comply with increasingly onerous legislation."
- 1.3 Your HEI may have organised a tour of the buildings and campus as part of your induction, but after a few months as a governor you may feel that you need to know more. If so, you should feel free to ask the secretary or clerk to your governing body for more information or a tour. Some HEIs ensure that governing body or committee meetings move around buildings or campuses to provide such an experience.

"This campus is vast and I don't even know all the buildings. As a result although I just joined the estates committee, I'm really struggling to say something useful at its meetings"

LAY GOVERNOR

Key responsibilities for estates and infrastructure

- 1.4 The main issues for governors in meeting their responsibilities in this area are addressed in the following pages, and the chapter headings themselves indicate the main board tasks. Immediately it is clear that this can be a demanding challenge. In total, the CUC Guide lists eighteen board level estates responsibilities (reproduced in Annex B) which give an indication of the complexities of the processes involved. Some of these are primarily management tasks with the board only involved in oversight, but others are central to the strategic and financial concerns of the governing body.
- 1.5 As a starting point, consider briefly just three of the most important responsibilities as defined by the CUC:
- "To develop an estate strategy for the institution which underpins and facilitates the HEI's corporate plan and academic objectives in teaching and research."
 - "To ensure that adequate budgets are set to run, maintain and reinvest in the estate."
 - "To undertake peer review of estates performance."

⁴ CUC, (2009), Guide for Members of Higher Education Governing Bodies in the UK (revised edition), available from www.shef.ac.uk/cuc

All governors would probably agree that these three are crucial, as if the governing body can make the appropriate input at the strategic level, then everything else should follow - implementation, evaluation and performance measurement. However this is more easily said than done, as developments within higher education are moving very fast, which in turn impacts on the sort of estate that is needed.

- 1.6 Some of the other responsibilities listed in the CUC Guide and in Annex B will impinge less on you as an individual governor and more on the governing body as a whole. But overall there is no doubt but that this is a crucial area for a board, and for all individual governors irrespective of whether they have direct experience of estates. Big issues are immediately raised for governors, which are considered below, for example:
 - What information should be provided to governors?
 - What should be the relationship between the governing body and the directors of estates and IT (or equivalent)?
 - Should there be a specialist estates committee?
- 1.7 In practice, there should be several sources of information to provide advice to you and other governors on estates and infrastructure issues, most obviously: the directors of estates and IT; the director of finance; the clerk or secretary to the governing body (on legal issues); and specialist expertise within the governing body itself. So far as the latter is concerned, the CUC Guide confirms its importance in requiring that "estates expertise is present on the governing body".
- 1.8 This requirement cannot simply be met by the director of estates attending meetings, as a governing body will need to ensure that it has the appropriate expertise among members to analyse and - if necessary - challenge proposals that he or she makes. Rather this should be interpreted to mean that among the 'lay' members of the board there should be at least one property specialist. Of course, with boards getting smaller this raises familiar questions of how many experts in various fields are needed to provide such specialist information across the whole range of governing body responsibilities, and whether there is scope within the board's lay membership to accommodate all the appropriate expertise in suitable depth. Cooption of 'lay' members to estates committees is another way of obtaining external advice.
- 1.9 However, whether or not there is a property specialist, no governor is going to be wholly at ease with the notion that overall responsibility for all matters relating to the estate will fall in some way to him or her - particularly if there is no estates committee (see below). This material therefore sets out to provide contextual information about issues relating to the estate, and ways in which an informed non-specialist may be able to probe proposals to test their robustness and fitness for purpose. Of course, this cannot of itself meet all possible contingencies, nor turn you into an instant specialist.
- 1.10 As a matter of course, as a governor you should be familiar with the charter and statutes or memorandum and articles of the HEI with which you are involved. These - and the associated statement of primary responsibility of your governing body - will set out in detail the duties summarised in the CUC Guide, for example by adding stipulations about how such responsibilities are to be acquitted. Thus, for instance, amongst other things Leeds University⁵ gives the following responsibility to its Council: "To approve major projects and business proposals, including in particular ... any projects or proposals with a value of over £3 million".

"My governing body is, frankly, much too dependent on the single property person who is on it"

LAY GOVERNOR

⁵ Available at www.leeds.ac.uk/calendar/council.htm

- 1.11 Such information emphasises - if emphasis is needed - two points which border on the self-evident. First, while the process of developing and approving estates strategies is central to the governing body's activities, it cannot acquit its responsibilities by simply approving a strategic plan. It has to assure itself that those plans will be put into operation in a timely and cost effective way, and that they will have the desired impact. Secondly, large sums of money are involved in the estate (and in IT, of which more anon), and the governing body must assure itself that appropriate controls and risk management procedures are in place.
- 1.12 This in turn leads to a further responsibility given in the CUC Guide: "to ensure that a business recovery plan is in place". Issues of risk management and disaster recovery are considered below, and risk management is the subject of a separate volume in this series. The point, though, needs to be made at the outset and borne in mind throughout any consideration of the estate and infrastructure. Property is likely to be a key asset when an HEI is taking out a loan. And most, if not all, HEIs will have certain buildings on which they depend heavily for the conduct of normal business (eg teaching accommodation or specialist laboratories): how would they function if these were unusable for a week? Or a year? The same is true of the IT infrastructure - if an HEI's admissions system failed at 'clearing', the damage to student recruitment could be very grave indeed.
- 1.13 The CUC Guide is silent on the role of the board in relation to infrastructure and particularly IT, as indeed are most if not all of the constitutions of governing bodies - perhaps overtaken by the very rapid developments in the last few years. But ensuring good management of teaching, learning, research and administration can be achieved only if the governing body is in a position to assure itself that the IT and communications infrastructure is managed to an agreed standard. Accordingly, as a governor you will want to be assured that IT and information strategies, their implementation through appropriate management structures, their operation, and their evaluation are coherent, fit for purpose, efficient and effective.
- 1.14 In summary, the importance of the governing body in relation to the estate and infrastructure really speaks for itself. But the onus it places on governors involves balancing the need to acquit their duties without eroding the management responsibilities of the senior staff (most obviously the directors of estates and IT) who must remain accountable to the head of institution for service delivery. In these areas as in all others, the governing body must assure itself that the work is being done without being drawn into doing it itself. The separation between governance and management is central here, and it is not your role as a governor to get involved in operational issues.
- 1.15 This balance can only work if a clear schedule of delegated powers is in place, with authorised levels for spending approval on estates issues defined. What this means for individual institutions will vary, and governing bodies in small HEIs may be involved in formally authorising expenditure for much smaller amounts than in larger universities. However, whatever amounts are involved, as a governor you must be clear about what is expected and why.

SUGGESTED TASK

Reflect on whether as a governor, your responsibilities are clear to you in relation to estates and infrastructure.

"What do I know about estates, other than the problems of parking? During most discussions at the [estates] committee I just feel as if I have nothing sensible to say"

STAFF GOVERNOR AND MEMBER OF THE ESTATES COMMITTEE

How much expertise in estates and infrastructure do governors need?

- 1.16 Unless you were specifically appointed as a governor because of your expertise in property, the answer is that you don't need to be an expert in these areas, but - ideally - you do need experience of management (and possibly of project management), and you should possess the basic personal skills and knowledge required of an effective governor. This means the ability to think clearly and independently; to understand and assess business cases; the ability to think strategically and understand the 'big picture' and not get drawn into operational detail; and the confidence to challenge constructively plans and proposals made to your governing body.
- 1.17 Even if your governing body has members with estates and IT experience, you should not let their judgement pass without challenge or question. In other words, as with all governing body issues there is a collective responsibility, and although a small number of members will be key to providing advice to the board on any specific issue, that does not absolve you from pursuing issues and ensuring that you are satisfied with the information provided and the answers given.

Relationships with the executive

- 1.18 The role of the estates department is generally clear to governors, and is likely to include new build, maintenance, and facilities management. It may well also include security, waste management, and - sometimes - travel policy. While not solely estates issues, the estates department will also have a pivotal role in issues of sustainability, and health and safety.
- 1.19 There is often diversity in how IT provision is organised. In the past, IT for teaching, learning and research was often organised separately from IT for administration. However, there has been a trend to merge these, and indeed to combine provision with areas like libraries because of the impact of electronic media on learning materials and technologies. A key issue here is for services to keep up with the changing needs of users, for example the reasonable expectation of students that HEIs will provide IT services (PCs, laptops and mobile telephones) that seamlessly support their study, its administration and their social lives, in a way that some governors may have little personal experience of. That is not to say that there must necessarily be an integrated service, rather that it makes good sense for the governing body to ensure that provision is coherent from the user's point of view.
- 1.20 We have seen that the governing body has to bear in mind the need to reconcile acquitting its oversight responsibilities for service provision, whilst ensuring that this does not impede good management and undermine the accountability of the managers responsible. One potential problem here is the role of the governor who may be expert in property or IT. Whilst the value of such members is obvious, there is also a danger that they become too close to management and may almost become part time members of the 'estates team'. This has dangers and everyone involved needs to be aware of the potential role conflict involved.

1.21 The relationship between directors of estates and of IT (or equivalent) and the governing body is crucial to effective governance. Amongst the many factors shaping such a relationship, two of the most important are: first, there has to be trust and credibility between the board and such senior managers, and this has to be two way. The board has the right to expect its views to be taken very seriously, but in turn it has to establish credibility through the quality of its discussion and input. Secondly, the example set by the head of institution in his or her dealings with the board: where this is open and purposeful, the other senior managers are much more likely to regard the governing body in the same light.

Information

1.22 A key issue which concerns many governors is ensuring appropriate information flows, and being confident that they are receiving appropriate documentation. So far as the first is concerned, almost irrespective of the structure the governing body needs to ensure processes are in place whereby it receives information which enables it to:

- Develop and approve relevant estates and IT strategies and the associated budgets.
- Monitor and measure performance against plans.
- Evaluate the outcomes of implementation, whether positive or not.
- Compare estates and IT performance not only against plans but against performance in other institutions.

1.23 Only in exceptional circumstances should information come out of the blue: an effective planning process should mean that there is already a high level of shared understanding of what projects will come forward and why, how much they will cost and when, and what impact is anticipated. Properly conducted, this provides the context for governing body members to focus on the approval and delivery of plans, variations from agreed plans, the reasons for them, and the consequences.

1.24 As with all other information coming to the board, the governing body must have confidence in the data being produced (the credibility issue noted above): it should provide them with what they want rather than what senior managers choose to provide - the two are not necessarily the same! Governors should generally feel able to contact the director of estates (or other senior managers) outside governing body meetings in order to explore specific issues that are best dealt with informally.

1.25 Despite this, a concern amongst governors about lack of information on estates issues is not uncommon, and where it exists it needs to be addressed if boards are to do their job effectively. Where this happens the first step will usually be to raise the issue with the clerk or secretary to the board.

Should there be an estates or IT committee?

1.26 In overseeing strategy and performance against plans, the governing body may be supported by committees with particular responsibilities in the area concerned. Estates committees are common if not normal, but committees looking at the IT infrastructure are rarer, and, where they exist, often do not have large lay inputs.

SUGGESTED TASK

Review the strengths and weaknesses of the way that your governing body works with the executive on estates and infrastructure issues. In doing so you might look at the diagram in paragraph 13.9 of the accompanying volume in this series on finance, and consider how it applies to estates issues.

- 1.27 The potential benefits of such committees are fairly clear. They allow more detailed scrutiny than the main board can give, and also provide a means of focusing expertise, both of the lay members and of any other coopted members. (Cooption can be particularly useful in relation to IT, as there is unlikely to be more than one person well versed in it on a typical board.) This approach also provides a useful means of bringing potential members into contact with the institution's business.
- 1.28 However, establishing a committee in an HEI is often seen as a cure all for perceived difficulties, and the potential downside is clear. First, it adds to the time that a given decision will take - minimally two weeks to any business cycle (if committee minutes are to be agreed and circulated in good time before the next meeting of the board), although good management of the business, and the delegation of appropriate decisions will help. Secondly, some committees in this area simply don't work very well, and rather than concentrating on the important strategic issues tend to get bogged down in the minutiae of car parking and staff accommodation, to the frustration of all parties. Thirdly, in some HEIs the directors of estates or IT may feel that as they are responsible for all aspects of their services the only form of reporting required is a regular (often annual) report against plans, and approval of project funding above delegated limits where necessary.
- 1.29 In practice, the judgment of whether an estates committee is useful is a matter of assessing the value added by the additional scrutiny against the time and resources involved. One way to address the issue may be to ask what ailment an estates committee is intended to remedy - that is, what is happening that should not happen, or not happening that should happen? When the answers are flushed out, it is then possible to make sure that a committee is the appropriate prescription, and that its terms of reference and membership are suited to the requirements to be addressed.

"If it wasn't for the externals on the estates committee we would have had a serious problem by now"

INTERNAL GOVERNOR

- 1.30 In relation to estates, some of the relevant factors to take account of in answering this question are:
- The size of the institution (in small HEIs estates matters may more usually be dealt with in the full board).
 - The complexity of the existing estate.
 - The nature of development plans.
 - Whether substantial new building is to be undertaken.

Of course, an estates committee does not have to be a permanent committee of the governing body, and a time limited special working group with limited terms of reference can be a very effective alternative, particularly when focusing on strategic issues (see the next section).

- 1.31 It may help to consider how your role as a governor might apply to a particular issue. Let's take as an example considering the case for a new building. Such developments are attractive for a number of reasons. Many HEIs have buildings that might charitably be described as showing their age, and this does little for their image, reputation and, sometimes, functionality. New buildings are an exciting prospect (certainly more exciting than refurbishing old ones) and provide a means of making strong visual statements. And, dare it be said, the prospect of the building being named after the current head of the institution or the chair of governors has the capacity to add a

"The estates committee is a complete waste of time. None of the members have any expertise, and they sit around moaning about car parking all the time."

DIRECTOR OF ESTATES

frisson of egotism to the mix. So there are often arguments which will be put strongly for new build. However, it falls to governors to put the cautionary questions, and to test the robustness of the proposal. The board should be presented with a convincing business case which addresses all the points below, and which you may need to test:

- What is the logic for new build rather, say, than refurbishment or rental?
- What purpose is the building to serve? Is the purpose necessary, and can it be met in any other way? Is it timely?
- How do you know that the building will be fit for purpose in 20 years?
- How will the build be financed? What other priorities will not be financed as a consequence, and how has the priority been arrived at?
- What are the risks in the build, and how will they be managed?
- What contingency plans are there to deal with problems of overspend, delay, etc?

1.32 The challenge here, as in so many cases, is to find a way of adding value to the process. The probability is that such questions will be answered entirely satisfactorily - but if they cannot be, then it needs to be discovered at this stage, as even with well developed proposals the answers to such questions can have the effect of refining the strategy and its implementation. If, as a governor, you are still not convinced then you need to have the courage of your convictions and argue your case.

"Being able to see the wood for the trees, and staying out of the detail is essential if we [the estates committee] are to do our job, and frankly I'm not sure if all members realise that"

LAY MEMBER

Self-challenge questions

- Generally, is information on estates and infrastructure made available to support the governing body's discussion timely, comprehensible and fit for purpose?
- Think back to the last major estates or infrastructure issue that came to your governing body. How effectively was it dealt with, and on reflection what - if anything - might you have done differently?
- In discussing this issue, was the governing body's involvement satisfactory, both overall and in terms of the relationships between members with different levels of expertise in the matter? If it was not satisfactory, how could it be improved?
- Did you feel that you understood fully the issues involved in the discussion. If not, what action might you take to obtain the support you require?

A GOVERNOR'S DILEMMA 1:

When you look at the membership of your governing body you are slightly concerned that there seems to be a lack of expertise on property issues and, indeed, a lack of understanding about what a modern estate for an HEI should be like. You also do not have such expertise. You are not wholly confident in the director of estates, who - whilst seemingly competent technically - does not inspire you and some other board members with drive or vision. It is not so much that things are going wrong, but somehow a feeling that opportunities are not being seized. However, you have no 'hard' information to base this feeling on. As a governor, what - if anything - should you do?