

Halpin Partnership

Review of the Effectiveness of Council and its committees

A Presentation to the Council of The University of Bath, 24th May 2018

www.halpinpartnership.com

The Halpin General Theory of Governance

$$E = CC^2$$

Where E = Effectiveness
C = Compliance and (crucially) culture

Executive Summary

- The University Council has expressed its willingness to improve practice and is already moving forward in many areas discussed in this report, in particular with regard to remuneration policy and practice.
- We commend your commitment to improving effectiveness by taking a more inclusive approach and moving forward swiftly. We thank you for your contributions to our review.
- Given the context we have, as requested, undertaken a wider consultation than is typical for such a review and have obtained a large body of evidence and opinion;
 - *There were 1,392 completed responses to the survey.*
 - *49 individuals attended a one-to-one or small group interview.*
 - *52 individuals attended 9 group discussion sessions.*
- Our team included experts from the HE sector, the corporate sector and in remuneration.
- We have considered the evidence and compared it with best practice in the HE sector, and beyond.

Executive Summary

- We conclude that:
 - The *model* of governance remains fit for purpose, but that its application requires considerable improvement.
 - The University can be considered compliant in terms of the current sector guidance.
 - There are a significant number of areas in which the University can increase the effectiveness of Council and its committees.
 - With regard to RemCo, progress is being made in terms of developing good policy and practice.
- Good governance goes beyond compliance; it should aim to be participative and inclusive and encourage a culture of transparency and constructive challenge.
- There is a desire to move towards becoming an exemplar of good practice in the higher education sector, and learning from other sectors.
- We have made 15 primary recommendations and 55 supporting recommendations.
- The number of recommendations should not be interpreted as an indication of the level of failure of governance.
- Implementation will enable the University to move from compliance to best practice.

Primary Recommendations

PR1	Council members should declare former employment, where they have held senior positions in organisations which supply, have supplied or may supply goods and/or services to the University, on the Register of Interests, particularly if they are in receipt of pensions or dividends derived from their previous association with those suppliers (Paragraph 79).
PR2	The size of Council should be reduced from 26 to nearer 20 members to promote more effective and challenging discussion (Paragraph 88).
PR3	Every effort should be made to ensure a lay majority at all scheduled meetings of Council (Paragraph 96).
PR4	Maximum time limits should be placed on Council membership wherever possible and that once the maximum period has been served, members should be ineligible to return to Council (Paragraph 99).
PR5	Reserved business should be abolished and consequently students should be eligible to serve on the Honorary Degrees Committee (Paragraph 103).
PR6	Council should formally adopt a policy that all its confirmed minutes be placed on the University's website unless there is a compelling reason for redacting or withholding information from publication i.e. the presumption should always be in favour of publication rather than secrecy (Paragraph 110).
PR7	A new post of Head of Governance should be created, accountable only to Council and not to management, to be Secretary to Court, Council and Senate (Paragraph 132).
PR8	Council should identify a senior and respected designated lay member to act, in effect, as the Senior Independent Director (SID) or designated lay member and this member should annually appraise the Chair following consultation with Council members (Paragraph 133).

Primary Recommendations

PR9	A Steering Group should be established, chaired by a lay member of Council but with staff and student Council members, to oversee and direct the implementation of our report (Paragraph 133).
PR10	A review of the University's implementation of HEFCE's recommendation in relation to the RemCo and related parts of the CUC's new remuneration code should be undertaken by an independent reviewer in January 2019 (Paragraph 143).
PR11	The membership of the RemCo should be changed to include an elected staff member of Council, one of the student members of Council and an external expert in executive remuneration, and that the revised membership be reviewed after not more than three years in the light of experience (Paragraph 157).
PR12	A student member of Council should be added to the membership of the Nominations Committee (Paragraph 164).
PR13	A review of Court should be undertaken by Council but with Court representation, to seek ways and means of modernising engagement. The aim of the Review should be to create a deeper, broader and more inclusive stakeholder engagement strategy, while preserving and enhancing the ability of stakeholders, including the public, to provide challenge and speak truth to power (Paragraph 210).
PR14	Council should consider the diversity and skills of its membership, including the appointment of lay members with considerable higher education/research/public service/voluntary sector experience as vacancies arise (Paragraph 214).
PR15	Council should consider the University's culture in the light of the Financial Reporting Council (FRC) report (see text) and our report and evidence base with a view to improving transparency, rebuilding trust and encouraging two-way communication (Table 24).

Conclusion

- We believe our report accurately reflects the evidence we have gathered during our Review and the majority of opinion as expressed to us.
- The recent controversy over senior pay is a proxy for wider concerns regarding communications and culture.
- Throughout our Review, members of Council have demonstrated openness to learn and improve the effectiveness of Council and its committees and strengthen the way in which it consults and communicates with University stakeholders.
- Much progress has already been made in particular with regard to improving the effectiveness of the Remuneration Committee and engaging stakeholders in the recruitment of the new Vice-Chancellor.
- It is for you, Council, to decide whether to accept our analysis and recommendations.
- The University of Bath is a fine university; our proposals are designed to support and enable it to move on to a finer future and, we hope, to become an exemplar for good governance practice in the sector.