



Terms of Reference, Membership and Effectiveness Review

Outcome requested:	<p>The Committee is asked:</p> <ul style="list-style-type: none"> [a] to note its terms of reference and updated membership; [b] to consider the findings from the annual review of Committee effectiveness; [c] to consider the findings from the AdvanceHE report on Council effectiveness that relate to Audit and Risk Committee and the governance of strategic risk.
Executive Summary:	<ul style="list-style-type: none"> [a] No changes are proposed to the Committee’s terms of reference which were last updated substantially in September 2014. [b] The membership list has been updated to reflect the appointment of Jonathan Gooding as the lead for External Audit [Deloitte], and the appointment of Jessica Hargreaves to Internal Audit [KPMG]. [c] An annual review of the Committee’s effectiveness has been conducted and a number of recommendations for improvements are proposed. [d] The AdvanceHE report recommends that the Committee review the university’s approach to, and monitoring of, risk in light of the new strategy.
QMUL Strategy:	The effective management of Queen Mary’s governance arrangements underpins the ability to achieve the strategic aims.
Internal/External regulatory/statutory reference points:	<p>Office for Students terms and conditions of funding CUC Handbook for Members of Audit Committees in Higher Education Institutions Audit and Risk Committee Terms of Reference CUC Code of Governance</p>
Strategic Risks:	13 – Maintain effective and constructive governance
Equality Impact Assessment:	No equality or diversity issues are raised by this paper.
Subject to prior and onward consideration by:	By committee only.
Confidential paper under FOIA/DPA:	No.
Timing:	The Committee reviews its terms of reference and membership annually.

Author:	Nadine Lewycky, Assistant Registrar (Governance)
Date:	07 June 2019
Senior Management/External Sponsor:	David Willis, Chair of Audit and Risk Committee

Review of Committee effectiveness

1. The Committee's terms of reference require a review of its effectiveness to take place on an annual basis. The Assistant Registrar (Governance) held interviews with Committee members and regular attendees covering specific aspects of Committee business and operations. This supplements the review of Council effectiveness undertaken by AdvanceHE.

Key Findings

Committee meetings

2. The business discussed by the Committee was appropriate for its remit. The Committee dealt with a substantial amount of standard business, but needed to make more space for discussing strategic issues. Topics should not be confined to the data available but should include areas that are more intangible and not as easily quantifiable. The Committee needs to focus on how to bring issues forward.
3. The meetings are chaired in a way that facilitates open debate and discussion, and encourages contribution from all members. The Chair is diligent, reads all papers in detail, and meets with staff and Committee members before meetings.

Quality and timeliness of information

4. The quality of information received by the Committee has improved. However, the volume of paperwork was still high, with papers containing too much detail or long appendices. Coversheets were effective in identifying what was required of the Committee, but could be improved by pulling out the key issues that the Committee needs to focus on.
5. Deep dive presentations were valuable when they focused on describing the strategy and controls of a particular area.

Meeting arrangements

6. The location, frequency and length of meetings are appropriate. The length of meetings could be flexible to accommodate more in-depth discussions on strategic issues. The meetings were not well spaced throughout the year and were not always tied to reporting timelines.

Committee business planning

7. Planning of Committee business was effective and members had good sight of key issues in the longer term. Although Committee business was bound by the compliance and reporting requirements set out in the annual schedule of business, business could be more flexible to respond to emerging risks and priorities. The new strategy and KPIs would drive business going forward. The Committee could more actively engage in planning its own business by taking a look across the year and a review of the business considered by the Committee in the previous cycle of meetings.

Interaction between the Committee and Senior Executive and other staff

8. The relationship between the Committee and the Senior Executive and other senior staff members was characterised by openness and transparency. The Committee was welcoming to staff presenters and posed appropriate challenges during the meeting. The Committee should state clearly to management what information it wants and how it should be presented in order to discharge its responsibilities effectively.

Interaction with the Internal and External Auditors

9. The Committee would benefit from taking more advantage of the sector wide experience brought by the internal and external auditors, such as seeking examples of best practice for deep dives.

Support, training and induction

10. New Committee members would benefit from an improved induction process, especially for those without extensive audit experience. It would be valuable to have a member of the audit team conduct a short session with the Committee to discuss best practice.

Skills, experience and succession planning

11. The Committee has a good mix of skills and experience for the current challenges. As the new strategy develops, the Committee may want to consider adding expertise in other areas, such as HR. The personal attributes of members as well as a particular skill set should be considered in recruitment. Succession planning is timely and takes into consideration the needs of the Committee in terms of skills and experience.

Recommendations

12. The order of items on the agenda to be changed so that the substantive strategic items appear towards the beginning of the meeting. This will improve the balance of time spent on strategic issues and ensure that there is enough time for discussion. Regular reports will be taken as read where appropriate.
13. The Council Secretariat will work with paper author to produce more concise papers that focus on the key issues that the Committee needs to consider. The Secretary and Chair to meet with deep dive presenters to discuss what the Committee requires.
14. The cycle of meetings will be amended to align with the quarterly reporting of the KPIs so that the reporting is timely. This will be implemented from 2020-21 as the schedule for next year is already in place.
15. The introduction of more opportunity for discussion on strategic issues and Committee forward planning. Suggestions include workshops and informal discussions, or discussions embedded within formal meetings.
16. The Strategic Risk Register and KPIs will be used to help inform the forward planning of Committee business. The Committee will have the opportunity to discuss the next year's schedule at the final meeting of each year and to reflect on the business considered over the past year.

AdvanceHE Governance Effectiveness Review

The AdvanceHE review of Council effectiveness made a number of recommendations for the oversight of strategic risk going forward alongside the new university strategy. The implementation of the review recommendations will be monitored by Governance Committee. The following recommendations relate specifically to the business of the Committee:

Theme	Ref	Recommendation
Sub-committees	5	Given the new strategy has been agreed, the risk appetite statement should be revisited.

	6	The new strategy and revised risk appetite statement should more obviously drive the business of the Audit and Risk Committee going forward.
Performance oversight, benchmarking and reporting	23	Identify a suite of key success factors which integrate the various strategic ambitions across the university, integrate the thinking about performance and strategy to support a better narrative about value. Consider value more widely, not just value for money.
Strategic risk and opportunities	27	Review and improve the university's approach to strategic risk, so that what is considered by Council is at a higher, more strategic level, is holistic and with a longer term view which includes scenario modelling.
	28	Review the QMUL articulation of risk appetite and after the review of risks implement an updated risk register.

Audit and Risk Committee Terms of Reference 2018–19

Audit and Risk Committee is a committee of Council, mandated by the Office for Students (OfS) under the Terms and conditions of funding for higher education institutions. The Committee oversees Queen Mary University of London (QMUL)'s arrangements for external and internal audit, financial control and risk management, providing assurances in these key areas through its annual report to Council, which is shared with the OfS.

1. External and Internal Audit

- 1.1 To make recommendations to Council at least annually on the appointment of external and internal auditors.
- 1.2 To commission a competitive tendering process:
 - for external audit services at least every 7 years; and
 - for internal audit services at least every 5 years.
- 1.3 To oversee external and internal audit services by:
 - promoting co-ordination between external and internal audit services;
 - providing input to, and approving, an annual external audit strategy and internal audit plan;
 - reviewing reports and recommendations from the external and internal auditors;
 - reviewing the adequacy and implementation of the Executive response; and
 - reviewing the effectiveness and objectivity of the external and internal auditors.
- 1.4 To review the draft annual financial statements with the external auditors and recommend their adoption by Council following satisfactory resolution of matters raised.

2. Financial Control and data assurance

- 2.1 To review the adequacy and effectiveness of the Executive's systems for:
 - management and quality assurance of external data returns;
 - financial control;
 - obtaining value for money; and
 - responding to alleged financial irregularities.
- 2.2 In relation to alleged financial irregularities:
 - to receive regular reports from the internal auditors and the Executive on reports received, investigations conducted and action taken; and
 - to obtain assurances that any significant losses have been appropriately disclosed and (where appropriate) reported to the OfS and other external bodies.

3. Risk management

- 3.1 To review the effectiveness of mechanisms operated by the Executive for identifying, assessing and mitigating risks (including, where appropriate, mitigation by insurance).

- 3.2 To regularly consider the current status of core risks to the QMUL Strategy, through the review of data and documents presented by the Executive and derived from the Strategic Risk Register.
 - 3.3 To periodically test scores and controls in selected areas of activity through consideration of specific reports.
 - 3.4 To review the OfS's Annual Institutional Risk Assessment, audits undertaken by its Assurance Service and relevant findings by other bodies.
 - 3.5 To oversee the Public Interest Disclosure (whistle-blowing) policy and receive regular reports from the Executive on cases.
- 4. Legal and Statutory Compliance**
- 4.1 To consider an annual report on exceptions to legal and statutory compliance from the Executive, and request follow up action, including investigation and reporting where identified.
- 5. Committee evaluation**
- 5.1 To review the Committee's effectiveness and the suitability of its terms of reference annually.

Membership of Audit and Risk Committee

- No less than three and no more than five external members of Council, one of whom will be the Chair of the Committee.
- Up to two co-opted members who are external to QMUL and have relevant expertise.

Mode of Operation

1. Audit and Risk Committee meets at least three times per year. The Committee holds an *in camera* meeting with the representatives of internal and external audit on two occasions per year, normally immediately before scheduled meetings.
2. The Committee will prepare an annual report covering the institution's financial year and any significant issues up to the date of preparing the report. The report will be addressed to the Council and the President and Principal, summarising the activity for the year, and providing an opinion on the adequacy and effectiveness of the institution's control arrangements as required by the OfS Terms and conditions of funding for higher education institutions.
3. The Committee reports to the next meeting of Council following each of its meetings in the form of an executive summary of its minutes. Specific proposals requiring Council consideration and approval are identified in the terms of reference.

Audit and Risk Committee 2018–19 Membership

- No less than three and no more than five external members of Council, one of whom will be the Chair of the Committee
- Up to two co-opted members who are external to QMUL and have relevant expertise

Chair

External member of Council

David Willis

Up to four other external members of Council

Kathryn Barrow
Monica Chadha
Peter Thompson

Up to two co-opted members

Melissa Tatton¹
Nadim Choudhary²

In attendance

Academic Registrar and Council Secretary
President and Principal
Finance Director
Deputy Director (Financial Controls)

Jonathan Morgan
Professor Colin Bailey
Joanne Jones
Janice Trounson

External Auditors [Deloitte]

Jonathan Gooding
Julian Reeve

Internal Auditors [KPMG]

Jessica Hargreaves
Neil Thomas

Secretariat

Assistant Registrar (Governance)

Dr Nadine Lewycky

Papers circulated for information to:

Hard copy to:

Archivist
Treasurer

Naomi Sharp
Luke Savage

¹ Second term of office expires September 2021.

² First term of office expires 22 October 2019.

Queen Mary University of London (QMUL): Governance Effectiveness Review

Final Report

1 May 2019

Contents

Contents

1. Introduction	3
2. Key findings and opportunities for enhancement	6
3. Conclusions and next steps	22
Appendix One Schedule of recommendations	23
Appendix Two Recent developments in Corporate Governance and reporting	26
Appendix Three – Example tools to develop strategic risk	27
Appendix Four: Comparison of size and structure with peers	29

1. Introduction

1.1 Background

Queen Mary University of London commissioned strategic support for a focussed review of the governing body. The review took place between March and May 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.

1.2 Methodology

A mixed modes approach was taken based on Advance HE's Framework for Supporting Governing Body Effectiveness Reviews in Higher Education¹. 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 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

¹ 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>.

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.

We also drew on the CUC's *Higher Education Code of Governance*² 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 effectiveness³ and experience of conducting numerous governing body effectiveness for a range of institutions.

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 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
 - Sample of recent Council minutes and papers
 - The Annual Report
 - Previous governance review reports
 - Induction materials.
 - Recent strategy away day notes.
- + 19 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 Audit & Risk, Finance and Investment, and Remuneration.
- + Analysis of the findings to draw conclusions, develop recommendations and prepare and submit a draft report for feedback by the Chair and Secretary.
- + Submission of a final report, to be reviewed at Governance Committee with a member of the Advance HE team present.

² 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>.

³ 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>.

- + Presentation at the Council meeting on 9th May 2019.

1.3 Recent context

The University last undertook a review of its governance in 2014. The review (by David Fletcher Consulting) included limited observation and consequently Advance HE has emphasised culture, relationships and performance in this review with less emphasis upon conformance and compliance.

Whilst the majority of recommendations from the Fletcher review have been implemented some were only very recent, in others the Governance Committee decided alternative actions; in particular we noted that the appointment of a lay member with HE experience has not been followed up although the Governance Committee completed the skills matrix in October 2016. A small number of points from the Fletcher review have surfaced again in this current review and while significant progress has been achieved since 2014, we recommend a more structured approach to reviewing and implementing recommendations be put in effect under the direction of the governance committee.

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 mindset 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.

Corresponding changes in governance practice in the HE sector in recent years, both in the Russell Group and more broadly, 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. QMUL, in common with other HEIs, is exposed to the risk of a downturn in income. 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 Overview

Our overall conclusion is that the standard of governance at QMUL is good with independent governors being committed and passionate. This view was backed by a clear consensus among the interviewees, who consider that governance at QMUL is effective overall. Moreover, the majority of interviewees perceive that governance effectiveness has improved in the past 18 months, particularly under the current Chair and Principal (both of whom are relatively new in post).

There is an increasingly transparent approach to governance with more constructive challenge, and 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 independent governors and senior staff in recent years, combined with immense change in the HE landscape and responsibilities of governors. The commitment to improving effectiveness was very evident in a number of interviews, with some very good practice observed.

The relatively recent appointment of the Principal and Chair, and the finalising of a new strategy, mean that much change is being absorbed and there is a positive sense for the future among governors. Some changes have not yet had time to bed in, so some of our recommendations are forward looking and based on current intentions.

The University has reasonable arrangements in place for assuring academic quality and standards. It should be noted that a meeting of Senate did not fall during the window of the review fieldwork. We suggest that it would be beneficial to explore ways to improve communication and collaborative working between Council and Senate, and we have identified some potential approaches to enhance what we understand to be current practice.

We propose that QMUL carefully consider the following with respect to the new strategy:

- + Strategic risk and risk appetite in a holistic and integrated context
- + Communication to, and engagement of QMUL people to understand and engage to deliver
- + A series of critical success factors and/or milestones which will provide indicators that the KPI's are on track (whilst not deviating from the 13 KPIs).

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 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 Suggested areas for enhancement of governance effectiveness



2.3 Enablers of effective governance

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.

2.3.1 The Board

There has been significant effort put into recruitment of new board and committee members in the last year with much success. (see also section 2.3.2 Equality, diversity, inclusion and skills).

Development

The annual survey of council members has been replaced with a more informal format including a short narrative document which is used to form the basis of a discussion with the Chair. It may be advisable to undertake both the survey and a discussion to ensure breadth and timeliness for Council members to offer feedback and reflect on their individual contribution. The survey also supports the high level findings being tracked over time and fed back to council.

Council members should continue to be actively encouraged to participate in external training to support their ongoing development (this is well attended by some members at QMUL, whereas other members have not undertaken any additional training).

Induction

Generally members were positive about their induction on to the Council with a couple of exceptions. Further steps should be taken to formalise the induction process to ensure that all members, including staff members receive consistent support.

Induction could be more substantial than it is at present and involve refresher(s), after 9-12 months. It should also include new members receiving a precis of current and recent issues on which the Council has been focussed to help orientate new members from an early stage.

Size

There is a trend for governing bodies across multiple sectors, including in research intensive universities, 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. QMUL is at the Russell Group median size of 21. See [Appendix Four](#) for full comparison. While we are not recommending a reduction in the size of Council; we would encourage the university to continue to monitor wider trends in the sector over the coming years.

There has been recent change in Executive representation on council which will bring a new perspective (and new voices) to the Council table. The number of **staff members** of Council is relatively large at QMUL, compared against the HE sector overall, although more in line with other Russell Group universities. 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.

Recommendations – The Board

1. **Formalise and enhance induction.** For example, go back to longer serving members to review gaps, more comprehensive induction for new members, and consideration given to the timing of induction and the need for a follow-up, rather than concentrated at initial arrival.
2. **Consider the introduction of a ‘light touch’ annual governance effectiveness questionnaire for Council members,** to complement the current narrative and provide an additional opportunity to feedback on their experience, and the effectiveness of the Council and its committees.

2.3.2 Equality, diversity, inclusion and skills

Equality and diversity is clearly an area which is given very close attention by Council and the university more widely. Council members felt this was an area which was generally given good scrutiny, particularly in relation to issues affecting the student body. Commitment to diversity is strongly reflected in the new strategy and will be subject to close monitoring through the suite of key performance indicators.

In relation to Council itself, more than 50% of current Council members identify as female and progress has also been made in terms of age and ethnicity. All major protected characteristics should continue to be routinely collected and monitored by the Nominations committee.

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. The QMUL student body is diverse in terms of ethnicity, gender and age and the Council’s composition does reasonably well in reflecting this diversity, particularly following recent appointments.

One area where further work is required is in developing the Council’s lay member skills matrix to more clearly reflect the institution’s strategic direction. We would specifically suggest adding expertise in higher education and in regulatory environments as two distinct areas of capability and be mindful of the need for succession planning for HR expertise. Completing an analysis of Council against a revised/refreshed skills matrix may also reveal other areas where a greater depth of capability may be of value.

Recommendations – Equality, diversity, inclusion and skills

3. **Update the skills matrix** and adopt a regular/ongoing assessment of skills and expertise (e.g. on a scale of 0-5 across each skill area). The updated Skills Matrix should be analysed to determine whether there are any collective skills gaps for the governing body which they would benefit from receiving support on.
4. **The Skills Matrix** should also include the following areas; Higher education policy, higher education quality and standards, HR and regulatory expertise.

2.3.3 Sub-committees

There are 4 sub-committees of Council (Audit and Risk, Finance and Investment, Governance, Honorary Degrees and Remuneration). Overall there was evidence that the information provided to Council and sub committees was credible and accurate.⁴

Much of the ‘heavy lifting’ in terms of scrutiny and policy development is undertaken at 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.

⁴ Estates Committee reports to the Executive

Finance and Investment

The Finance and Investment committee was seen to be particularly effective; we observed a healthy interaction between the Chair, members and the Executive. There was robust discussion around financial performance, and a detailed analysis of the implications of the new strategy on future financial forecasting. The open and transparent chairing, together with the contributions from the Principal and the Finance Director, meant that the committee was able to get to the heart of the issues easily.

A number of other universities have moved to extend representation to the students' union onto the Finance committee. Given the strategic importance of this committee, we would support this practice being adopted at Queen Mary through the SU President.

Audit and Risk

Like Audit committees elsewhere in higher education and indeed in other sectors, there was a considerable volume of information to be absorbed. One observable consequence was that the Committee was not consistently focussed on the matters of greatest significance. Whilst the interface between the Executive and the committee offered suitable and appropriate questioning, the challenging we observed could have been more strategic. It is crucial that the committee members are steered to focus on the issues of greater importance and not to stray into operational matters.

The CUC Code is clear that the Audit Committee **must** be composed of a majority of independent members (who may also be drawn from outside the governing body) and produce an annual report for the governing body, including: its opinion on the adequacy and effectiveness of the institution's risk management, control and governance arrangements; processes for promoting value for money (VFM) through economy, efficiency and effectiveness; and (in institutions receiving funding body support) the management and quality assurance of data.

Given that the new strategy for the university is about to be launched (May 2019), it would seem timely to revisit the risk appetite statement and ensure that this is helping to shape the future business for the audit committee. Timing is now an issue to get this work done before the launch of the strategy.

There is a need to improve the Council's oversight and understanding of strategic risks particularly in the context of the new strategy. Regular and more holistic risk reports should be received by the Council over the course of the year following consideration by the Audit and Risk Committee. See also section 2.4.3 on strategic risk.

Remuneration Committee

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

- + A diverse and knowledgeable committee with an appropriate contribution from all attendees.

- + Discussion was mostly strategic, going beyond just questioning, but much more analytical, questioning and forward looking, with one example of recognition of risk as part of the discussion.
- + The usual transparency that we have seen across most of QMUL was visible and the debate added real value and insight, drawing on information and benchmarks from a range of stakeholders and a range of sources.

The recommendation about timed agendas and sharing those timings to manage expectations, made in 2.3.4 below is also suggested for Remco but a formal recommendation is not seen as necessary here.

We also note that there is a clear annual agenda of key priorities for the three meetings per year, but that additional meetings/phone calls or other business seems to be dealt with effectively and efficiently.

Interviewees felt positive about the approach to senior remuneration, that a robust process was being followed against clear criteria and clearly compliant with the CUC Remuneration Code. It was felt that that Council members' should be clearly sighted on the process followed by the Remuneration Committee in order to provide wider assurance.

Other comments about sub committees

We note due to the timing of the review our observations did not include a meeting of the Estates Strategy committee or the Senate.

We identified that, in recent years, there has been some vulnerability against big capital projects at the university. Given the ongoing importance placed on the estates strategy in order to deliver the new strategy we noted that the Finance and Investment Committee receives a report at each meeting on spend against plan and has raised concerns at Council about delivery. This should be kept under close review.

Some other universities have established Task and Finish groups to deal with strategic matters and to progress major projects particularly when there is a long gap between Council meetings or require a degree of detail which would not be possible at Council. Given the new strategy there may be a role for Task and Finish groups (usually chaired by Executive members), being careful to respect the boundary between governance and management.

Recommendations – Sub-committees

5. Given the new strategy is about to be launched, **the risk appetite statement should be revisited.**
6. The new strategy and revised risk appetite statement should more obviously **drive the business of the Audit and Risk committee** going forward.
7. The Students' Union President should be added as a **member of the Finance committee.**

8. The merits of a **task and finish group** in relation to high risk items relating to new strategy to be evaluated, particularly in relation to estates. But being careful to respect the boundary between governance and management.

2.3.4 Governance processes and secretariat

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 current Secretary and the Senior Executive Officers.

The key requirements of the Council are well understood, and like many other universities, QMUL, through its documentation and meeting papers, is clearly able to demonstrate compliance with its statutory and regulatory requirements.

Given the volume of board papers, members are clearly very keen that the intention of papers being circulated (at least) 7 days before a meeting needs to be consistently applied.

Some council members told us that while time for questions and constructive challenge has improved that this did not fully equate to making time for discussion/debate. Appropriate time for formative discussion and debate on key strategic items needs to be more obviously inserted into the agenda for Council meetings (beyond the annual strategy session) to ensure that Council continue to be involved in the development of strategically important areas for the university.

On the whole interviewees viewed papers as good (and improving) but like elsewhere in the sector a number of papers were still too lengthy and not written for the audience in mind. In interview, some members suggested that papers should be limited 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, and detail can be moved to annexes where appropriate.

Now that a new strategy has been agreed, papers should more obviously link to the strategy and where appropriate reference the relevant KPIs or milestones. The cover sheet for papers should more explicitly set out the link to the strategy, relevant KPIs and the specific input required from Council (decision, scrutiny, discussion, for note). Items for note should be exactly that, and not opened up for discussion unless there is a good reason. Items which do not relate to the strategy or are not a regulatory requirement should not be brought to Council, this will also help to create more time for strategic discussions on relevant developments for the university.

Given the volume of business to contend with, Council meetings would benefit from sharing expectations regarding the timed agenda, to support the flow of the meeting and ensure that items toward the end of the agenda do not end up being rushed.

Each meeting should undertake a “strategic deep dive”. Done well these provide an excellent opportunity to ascertain performance against a strategic objective. These presentations need to be carefully managed and should not be an excuse to run through

detailed operational activity or a list of achievements, rather a high level (maximum 10 minute) appraisal of performance, the key risks and the biggest variance against performance measures.

Acoustics in the Council room were not good, and this is a slight barrier toward having an even more effective meeting. There is no easy resolution to this, but further consideration should be given by the Secretariat to consider whether technology (such as table microphones and speakers) may be of aid.

Recommendations – Governance processes and secretariat

9. **More time for formative discussion** on “big ticket” items should be inserted into Council agenda going forward (in addition to the Strategy sessions).
10. **Council papers** (and the cover sheet) need to be more obviously linked to the new strategy and KPIs.
11. **Council meeting agenda items** should be timed to help manage the flow of the meeting. Expectations regarding timing should be shared.
12. Council meetings should consider introducing **one strategic deep dive** each meeting. These need to be carefully managed (to steer away from detailed operational matters), but instead a maximum of 10 minute appraisal against performance, the key risks and the biggest variance against performance measures.

2.4 Relationships, culture and behaviours

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.

The Chair of Council is widely respected and highly effective. He has considerable experience in corporate governance, a clear passion for higher education (and QMUL) and a personal style which has been welcome and actively contributed toward a more inclusive approach.

There is a transparent culture at QMUL and the value of this could be enhanced in a few cases if the debate and discussions were more holistic. This could make better use of the talent and knowledge of the people round the table. For example a couple of interviewees suggested that while questioning at Council is open and challenging, more rounded discussions and debates were less common or occasionally lacking in richness. See also strategic risk and opportunities for suggestions regarding actions or tools which might facilitate this.

2.4.1 Roles and Responsibilities of the Council

There is a clear understanding between the Principal and the Chair about roles and responsibilities, and both are confident to challenge the other should that be appropriate. We

also felt that QMSE and Council members more generally clearly articulated the separation between governance and management.

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 must continue to respect the boundary between governance and management and be open to feedback about occasions where the line is blurred.

There were comments that there has been relatively high senior staff turnover. Council rely on their interaction (both formally and informally) from other members of the executive (beyond the Principal) to help them judge the performance of the university. Indeed other members of QMSE can play a particularly helpful role to provide added context to what they hear from the head of institution. As a number of senior roles continue to be filled, it will be important to ensure there are relevant opportunities/forums for Council members to build appropriate relationships with other members of the Executive (in addition to executive members of Council).

Engagement of professional service senior staff in council and sub committees was very visible and staff 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 clarification and training may be of value.

Recommendations – Roles and responsibilities of the Council

13. **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.
14. It is crucial that the **new Strategy** (and significant decisions from Council) are clearly **communicated to staff** across the university.
15. Improve the **support and training** for all council members to ensure there is clarity about their role (this is particularly important for staff members who have to balance multiple roles, although their role in Council is unambiguous).

2.4.2 Student voice, student experience and academic assurance

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.

The review found that the contribution of students' union is well received, genuinely valued and is actively sought for by Council. The Chair and Deputy Chair were commended for taking proactive steps to engage with the student members. 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 by the Office for Students), further work could be done to strengthen oversight of the academic experience beyond the two core components at the moment (nationally measured data on the student experience and the link with Senate).

Two specific examples would be to find ways of bringing in other students (either before or after the meeting, over lunch/coffee for instance), and also to provide a breakdown of key data by department (as well as against other benchmark/Russell Group universities which is already provided).

Some interviewees reported some very positive learning experiences from opportunities to 'observe lectures' and attend graduation and exhibitions of work to understand student profile and experience. We suggest the Secretariat consider developing a more formal programme to allow lay members to spend more time visiting academic units and engaging directly with academics and students *in situ*, through lunches, dinners etc.

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 members to further strengthen the wider coverage of student matters. We suggest this be in addition to the pre Council meetings held by the Principal with the student members.

There does not appear to be a clear and transparent process for selecting the second student member to attend Council alongside the Students' Union President (currently the President of the Barts and the London students' association). The students' union ought to reflect on how best to fill the second student place, bearing in mind the diversity of the QMUL student body, perhaps as part of a wider exercise to consider SU governance.

One area in relation to the student experience which Council members felt should continue to have increased prominence was in relation to student wellbeing and mental health.

Consideration should also be given to the quality of reporting from Senate to Council. Council members often have to rely on the two-page summary from Senate meetings to get a handle on the items they cover, and papers written for Senate will rarely be appropriate for Council. Further consideration should be given as to how best to capture the key discussions from Senate for the attention of Council (we suggest this aim to generate short, but more meaningful reports than those provided at present).

QMUL does not currently undertake an annual joint session of Council and Senate. It may be worthwhile to introduce this to strength 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 to become more familiar with key academic concerns and achievements.

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. Introduce twice yearly formal **meetings between the Chair and the student members** to reflect the unique term of office and contribution that student members can make to Council.
20. Review the **process for selecting the second student member** to attend Council alongside the Students' Union President.
21. The **reporting from Senate to Council** should be reviewed to deliver shorter, more focused high level reports on academic quality for the attention of lay members.

2.5 Outcomes and added value

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'.

This section provides more insight about governance outside of the HE sector and refers to Appendix 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”.

2.5.1 Effective strategic development

There is clear acknowledgement that the Principal and the Executive have taken strides to engage Council in a more transparent fashion with strategy formulation and performance monitoring. Feedback about the strategy day was positive and the new strategy has been agreed along with a smaller set of more strategic KPIs. Interviewees felt that this will need to be supplemented by improvement to the quality of the information and data that supports it and its visualisation.

“The problem is that by the time we find out that a KPI is not achieving target it can take up to two years to turn it round” quote from one interviewee. (See also performance oversight).

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, with information about where there is flexibility in the financial plan. However there is still some work to do to assure Council that all necessary measures are in place to deliver the strategy and keep QMUL sustainable. Strategic planning needs to integrate the abilities of the estate/environment and infrastructure, the relationships (social capital) and the people (human capital). Insight with consistent, relevant and credible data is needed in all these areas for Council and Executive to take a holistic view and to inform decisions (see also https://media.ed.ac.uk/media/0_fktr5xwi and Appendix 2, recent development in corporate governance and reporting).

In the review of staff wellbeing in December 2017 there was general consensus that the strategic priorities of the university were not clear. There is an opportunity with the newly agreed strategy to better communicate with the staff community, and Council would expect to see that this will have a positive impact when they see the high level results of future staff surveys.

Recommendations – Effective Strategic development

22. 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. This [article](#) might provide some useful insight on people strategy/human capital.

2.5.2 Performance oversight, benchmarking and reporting

A number of interviewees suggested that considering the strategic objectives over differing time horizons would be helpful for visualisation.

It is important that a progress report against the new KPI's should come to every Council meeting and should show the trend over time. Given their strategic nature, Council and Executive require some additional insight, information and data which will provide necessary assurance but also provide early warning signs about any variances in performance so that timely action can be taken if required.

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 that the UK government has signed up to⁵. 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.

Non-financial data and information could provide useful milestones or serve as critical success factors (CSF's) to achieve QMUL KPI's, and to tell a more holistic and forward looking narrative about performance at QMUL.⁶ Lots of statistics at a point in time are of limited value and do not necessarily provide nuances about interdependencies. We heard good feedback and observed that the Principal provides this externally focussed information as part of his input into Council and A&R Committee.

There was a strong commitment in interviews and observations that QMUL benchmarks itself against the Russell Group institutions.⁷ While this is commended and likely relevant in most cases, there should be some consideration given to using different benchmarks in certain circumstances (e.g. the Russell Group is not an especially ambitious comparator for many student experience measures). This information could form part of the suite of critical success factors or milestones for achieving the KPI's. Examples might include:

- + Comparing student retention internally across different schools/faculties.
- + Comparing staff retention internally across different schools/faculties.
- + Comparing success factors for achieving 'going for gold' against a portfolio of institutions with a similar student profile.
- + Feedback from the staff survey about understanding and engaging in the KPI's and CSFs will be a strong indicator that the university can deliver its strategy.

Recommendations – Performance oversight, benchmarking and reporting

23. Identify a suite of **critical success factors or milestones** which integrate the various strategic ambitions across the university **over time**, integrate the thinking about

⁵ World Business Council for sustainable Development, 5 November 2018

⁶ CSFs are the *cause* of your success, whereas KPIs are the effects of your actions. Well identified and executed CSFs should indicate moving towards meeting your KPIs. CSFs can be used to provide some leading and lagging indicators.

⁷ Some (limited), non Russell group comparisons/benchmarking in the Remuneration Committee.

performance and strategy to support a better narrative about value. Consider value more widely, not just value for money.

24. Ensure that the new **KPIs are brought to every meeting of Council** (and presented to show trend over time).

25. Ensure that **staff are engaged and mobilised and understand their role** in delivery the KPI's and CSF's with clear milestones and timelines and provide assurances of this to Council.

26. Reporting and monitoring of performance would benefit from an approach which includes **indicators related to projections, interdependencies and non-financial measures, and the provision of a wider range of internal and external comparative information** (to contextualise the institution's performance relative to a wider range of benchmarks).

2.5.3 Strategic risk and opportunities

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 issues, along with associated risks and opportunities typically receive limited coverage in university reporting and strategic discussions. They can often be considered on an ad hoc basis. However, they are important and their inclusion in strategic discussion and reporting facilitates an integrated approach to thinking and the development of strategy. Good examples of such coverage include, [Abertay University's 2017 Integrated report](#) which discusses the impact of Brexit, but more unusually goes on to discuss other global and national influences on Scottish universities and how they are funded. [Durham University's Annual report](#) goes further than most in not only identifying key risks, but stating what measures are in place to mitigate them. This is common practice in reports outside the university sector.

Many of the interviewees at QMUL raised the issue of the University's approach to risk in the current volatile sectoral context. Some also feel they need to be provided with a holistic assessment of the key strategic risks facing the institution, rather than disaggregated risks. Many institutions are now making far better use of data for 'what-if' scenario modelling to help them assess risks and opportunities.

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”.*

At QMUL, the Audit and Risk (A&R) Committee has agreed that the current risk register requires updating in the light of the new strategy and this is an excellent opportunity to consider risk, particularly strategic risk, in a holistic way before the new risk register is created.

The A&R committee we observed considered a series of routine internal and external audit reports, 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.

We would have expected some consideration of risk in relation to the new strategy before this point given the strategy is to be launched in May. We recommend that consideration about interdependent risks, multiple risks and their likely impact on the strategy take place, with an innovative and robust discussion about more holistic mitigations. Following this the usual process of mapping, action plans, control activities, delegations and communications should take place.

“We need a strategic risk session before strategy is launched” (interviewee).

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 more light 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. See possible framework in Appendix Three.

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 shown in Appendix Three.

Recommendations – Strategic risk and opportunities

27. Review and improve the **University’s approach to strategic risk**, so that what is considered by Council is at a higher, more strategic level, is holistic and with a longer-term view which includes CSFs or milestones and scenario modelling.
28. Review the **QMUL articulation of risk appetite** and after the review; implement an updated risk register and an ongoing review of performance in the context of a risk-based framework.

2.5.4 Communication

The Friday afternoon update was commended as a short sharp and timely communication to Council, committee members and senior staff to keep abreast of matters arising.

Additionally, Council members would also like to see more regular briefings before or after Council meetings on important developments such as changing regulation, how the Office for Students will work and changes to governance, as well as more regular presentations showcasing the work of the University’s academics, student achievements and strategic matters. Although we noted one recent poorly attended virtual meeting (an update on pensions), we recommend that QMUL persevere with this with a range of communication issues to test and innovate with communicating.

It is essential that Council members have up to date knowledge and understanding of the changing nature of higher education in the UK and globally, in order for them to be sure they are discussing the right topics and are properly informed about them.

Externally, and with some similarity to the old HEFCE Public Benefit Statement, UK Businesses produce a strategic report or OFR (operating and financial review). This is a public document accompanying the Annual Report and Accounts. In 2018 the UK Financial Reporting Council updated their good practice guidance for ‘The strategic report’ proposing that it should address the positive and negative aspects of the entity’s development, performance, position and future prospects of the entity openly and without bias. The board should seek to ensure that shareholders are not misled as a result of the presentation of, or emphasis given to, information in the strategic report, or by the omission of material information from it.

Recommendations – Communication

29. Identify ways to **brief Council more regularly about matters of strategic importance** with either an internal or external emphasis. Persevere with trying virtual opportunities to meeting and/or communicate.
30. Review the internal **communications for all staff** to engage better with the new strategy and to improve key indicators in the next staff survey. Build on examples such as the Blizzard Focus Group and take a co-creation approach to some issues.
31. Consider producing an integrated report or **strategic report to accompany the Financial Statements, to tell a more holistic story** to external stakeholders about the value that QMUL creates.

3. Conclusions and next steps

Overall this review finds a good level of effective governance practice at QMUL with many changes already in progress. The findings from this report support previously undertaken work that the Council complies with the CUC HE Code of Governance.

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 QMUL.

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.

Our view is that the three top priorities are:

- + Improve the approach to risk, aligning it with the new strategy and making strategic risk a more holistic part of strategic discussions.
 - o Consider the future business of the Audit and Risk Committee in the light of the new strategy.
- + 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.
- + Set aside more time for formative discussion on “big ticket” items within the Council agenda beyond the current good questioning and challenging, to be more holistic, analytical and forward looking.

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.

The Advance HE team is grateful for the support and input of everyone at QMUL who contributed to the review, and in particular to the Registrar and Secretary and Assistant Registrar (Governance).

Appendix One: Schedule of recommendations

Theme	Ref	Recommendations
The Board	1	Formalise and enhance induction. For example, go back to older members to review gaps, more comprehensive induction for new members, and consideration given to the timing of induction and the need for a follow-up, rather than concentrated at initial arrival.
	2	Consider the introduction of a 'light touch' annual governance effectiveness questionnaire for Council members, to complement the current narrative and provide an additional opportunity to feedback on their experience, and the effectiveness of the Council and sub committees.
Equality, diversity, inclusion and skills	3	Update the skills matrix and adopt an regular/ongoing assessment of skills and expertise (e.g. on a scale of 0-5 across each skill area). The updated Skills Matrix should be analysed to determine whether there are any collective skills gaps for the governing body which they would benefit from receiving support on.
	4	The Skills Matrix should also include the following areas; Higher education policy, higher education quality and standards, HR and regulatory expertise.
Sub-committees	5	Given the new strategy has been agreed, the risk appetite statement should be revisited.
	6	The new strategy and revised risk appetite statement should more obviously drive the business of the Audit and Risk committee going forward.
	7	The Students' Union President should be added as a member of the Finance committee
	8	The merits of a task and finish group in relation to high risk items relating to new strategy to be evaluated, particularly in relation to estates. But being careful to respect the boundary between governance and management.
Governance processes and secretariat	9	More time for formative discussion on "big ticket" items should be inserted into Council agenda going forward (in addition to the Strategy sessions).
	10	Council papers (and the cover sheet) need to be more obviously linked to the new strategy and KPIs.
	11	Council meeting agenda items should be timed to help manage the flow of the meeting. Expectations regarding timings should be shared.
	12	Council meetings should consider introducing 1 strategic deep dives each meeting. These need to be carefully managed (to steer away from detailed operational matters), but instead a maximum of 10 minute appraisal against performance, the key risks and the biggest variance against performance measures.

Theme	Ref	Recommendations
Roles and responsibilities of the Council	13	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).
	14	It is crucial that the new Strategy (and significant decisions from Council) are clearly communicated to staff across the university.
	15	Improve the support and training for all council members to ensure there is a clarity about their role (this is particularly important for staff members who have to balance multiple hats, although their role in Council is unambiguous).
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. <ul style="list-style-type: none"> o Ensure these are unmediated, strategic and purposeful. For example draw out key themes e.g. 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	Introduce twice yearly formal meetings between the Chair and the student members to reflect the unique term of office and contribution that student members can make to Council.
	20	Review process for selecting the second student member to attend Council alongside the Students' Union President.
	21	The reporting from Senate to Council should be reviewed to deliver shorter, more focused high level reports on academic quality for the attention of lay members.
Effective Strategic development	22	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.
Performance oversight, benchmarking and reporting	23	Identify a suite of key success factors which integrate the various strategic ambitions across the university, integrate the thinking about performance and strategy to support a better narrative about value. Consider value more widely, not just value for money.
	24	Ensure that the new KPIs are brought to every meeting of Council (and presented to show trend over time).
	25	Ensure that staff are engaged and mobilised and understand their role in delivery the KPI's and CSF's, with clear milestones and timelines, and provide assurances of this to council.
	26	Reporting and monitoring of performance would benefit from an approach which includes indicators related to projections,

Theme	Ref	Recommendations
		interdependencies and non-financial measures, and the provision of a wider range of internal and external comparative information (to contextualise the institution's performance relative to a wider range of benchmarks).
Strategic risk and opportunities	27	Review and improve the University's approach to strategic risk, so that what is considered by Council is at a higher, more strategic level, is holistic and with a longer-term view which includes scenario modelling.
	28	Review the QMUL articulation of risk appetite and after the review of risks implement an updated risk register.
Communication	29	Identify ways to brief Council more regularly about matters of strategic importance with either an internal or external emphasis. Persevere with trying virtual opportunities to meeting and/or communicate.
	30	Review the internal communications for all staff to engage better with the new strategy and to improve key indicators in the next staff survey. Build on examples such as the Blizzard Focus Group and take a co-creation approach to some issues.
	31	Consider producing an integrated report or strategic report to accompany the Financial Statements, to tell a more holistic story to external stakeholders about the value that QMUL creates.

Appendix Two: 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.

- + [Project report](#) - Let's Talk Value - How universities add value
- + [Video](#): Let's Talk Value - Professor Carol Adams, the report author
- + [Information and resources](#)

Appendix Three: Example tools to develop strategic risk

Example log of risks which are not material to delivery of the QMUL strategy

This includes an example in each case which may or may not fit with QMUL decisions about materiality.

STRATEGIC RISK	FINANCIAL RISK
Risk register not complete before strategy launch in May	Student Union financial sustainability under review
OPERATIONAL RISK	REPUTATION RISK
X and Y Estates projects behind schedule	Social capital not leveraged as well as we would like.

Strategic Scorecard example:

The strategic scorecard may offer QMUL 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.⁸

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 identify key milestones to have suitable oversight on implementation of the strategy. 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

⁸ Original source for further information:

http://issuu.com/cimaglobal/docs/cima_strategic_scorecard_boards_engaging_in_str/1?e=1740886/5033220

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.

Strategic Position		Strategic Options	
KEF external positioning and internal ability to deliver and demonstrate. NSS – external ranking and benchmark alongside internal capacity and capability to deliver Research Rankings/Entry Tariffs		Estate decisions buy or build.	
Strategic Implementation		Strategic Risk	
Data requirements	Dates, timelines, etc.	Fee income	Internal/external Appetite low due to financial position
Milestones		Visa policy	External – appetite high as international student impact limited.
KPI's and non-financial performance indicators		Key staff losses over XYZ decision	appetite low as ability to recruit low
People/HR indicators			

Appendix Four: Comparison of size and structure with peers

Institution	Total	Lay	Staff	Students	Executive
Birmingham	24	16	4	2	VC, DVC
Bristol (Board of Trustees)	20	11	5 (3 academic, 2 non-academic)	2 (+ 1 graduate)	VC, DVC
Cambridge					
Cardiff	27	16	5 (3 academic, 2 non-academic)	2	VC, DVC, PVC x2
Durham	25	13	7	2	VC, DVC, Dean
Edinburgh (Court)	22	12	5 (4 academic, 1 non-academic)	2	Rector, Principal
Exeter	22	13	4 (3 academic, 1 non-academic)	2	VC, DVC x2
Glasgow (Court)	25	14	8 (6 academic, 2 non-academic)	2	Principal
Imperial	23	14	5	1	President, Provost, CFO
King's	19	11	6	1	President
Leeds	23	14	6 (4 academic, 2 non-academic)	2	VC
Liverpool	21	12	4 (3 academic, 1 non-academic)	1	VC, COO, PVC x2
LSE	17	8	6	2	Director
Manchester	27	14	11 (9 academic, 2 non-academic)	1	President
Newcastle	25	16	5	2	VC, DVC
Nottingham	22	12	5	2	VC, PVC x3
Oxford	28	4	12	None	9
Queen's Belfast (Senate)	24	14	6 (4 academic, 2 non-academic)	2 (+ 1 graduate)	President

Institution	Total	Lay	Staff	Students	Executive
Queen Mary	21	12	5 (4 academic, 1 non-academic)	1	Principal + 2 Principal's nominees
Sheffield	21	12	4 (3 academic, 1 non-academic)	1	President + 3
Southampton	19	11	5 (4 academic, 1 non-academic)	1	VC, DVC
UCL	20	11	6	2	President
Warwick	26	14	5 (4 academic, 1 non-academic)	2	VC, Provost, PVC x3
York	21	12	6 (4 academic, 2 non-academic)	1 (+ 1 graduate)	VC, DVC

Contact us

Aaron Porter, Associate Director (Governance)

Kim Ansell, Managing Consultant

Tel: 020 3468 4823

Email:

Aaron.Porter@advance-he.ac.uk

Kim.Ansell@advance-he.ac.uk

(Registered Office)

Innovation Way, York Science Park,
Heslington, York YO10 5BR

–

First Floor, Westminster Tower
3 Albert Embankment, London, SE1 7SP

–

Peer House, 8–14 Verulam Street
London, WC1X 8LZ

© 2019 Advance HE. All rights reserved.

The views expressed in this publication are those of the author and not necessarily those of Advance HE. No part of this publication may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording, or any storage and retrieval system without the written permission of the copyright owner. Such permission will normally be granted for non-commercial, educational purposes provided that due acknowledgement is given

Advance HE is a company limited by guarantee registered in England and Wales no. 04931031. Registered as a charity in England and Wales no. 1101607. Registered as a charity in Scotland no. SC043946. Advance HE words and logo should not be used without our permission. VAT registered no. GB 152 1219 50.