



HEPI discussion papers

Outcome requested:	<p>Governance Committee is asked to discuss, and consider in relation to Council, the main points raised in the two HEPI papers:</p> <p><i>Payment for university governors? A discussion paper.</i></p> <p><i>University governance in a new age of regulation: A conversation between Professor Steven Jones and Nick Hillman, with a forward by Professor Mike Shattock.</i></p>
Executive Summary:	<p>Recent changes in the regulatory environment have placed a greater responsibility on university governors to provide assurances to government regarding student engagement, risk management, value for money and academic quality. The increased responsibilities and time commitment have led to renewed discussions about the efficacy of current university governance structures, and remuneration for university governors.</p> <p>The discussion paper, <i>Payment for university governors?</i>, published by the Higher Education Policy Institute (HEPI), provides an overview of the remuneration practices in similar sectors in the UK (charities, NHS and Housing Associations), and in higher education sectors in other countries. The report finds that practices vary widely, even within a single sector, and that it is difficult to draw any concrete conclusions or lessons learned.</p> <p>The paper <i>University governance in a new age of regulation</i> comprises correspondence between an academic and a lay university governor. The correspondents consider:</p> <ul style="list-style-type: none"> • the relationship between governing bodies and senates / academic boards; • the increasing regulatory and accountability expectations placed on governing bodies by the government and the ability of the current governance structure to respond effectively; • diversity in the membership of governing bodies.
QMUL Strategy: strategic aim reference and sub-strategies [e.g., SA1.1]	<p>Good governance underpins all aspects of the university strategy.</p>
Internal/External regulatory/statutory reference points:	<p>Office for Students Regulatory Framework Committee of University Chairs Higher Education Code of Governance</p>
Strategic Risks:	<p>N/A</p>

Equality Impact Assessment:	Remuneration of Council members may have an impact on the recruitment of candidates from diverse backgrounds. This would need to be considered on a case by case basis. The diversity of Council is routinely taken into consideration during the recruitment of external members.
Subject to prior and onward consideration by:	N/A
Confidential paper under FOIA/DPA	No
Timing:	N/A
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Date:	03 October 2019
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Payment for university governors? A discussion paper.

1. Recent changes in the regulatory environment have placed greater onus on university governors to provide assurances to government regarding student engagement, risk management, value for money and academic quality. The increased responsibilities and time commitment have led to renewed discussion about remuneration for university governors.
2. The discussion paper, *Payment for university governors?*, published by the Higher Education Policy Institute (HEPI), offers an overview of practice in similar sectors in the UK (charities, NHS and Housing Associations), and in the higher education sectors in other countries. The report finds that practices vary widely, even within a single sector, and that it is difficult to draw any concrete conclusions or lessons learned.
3. The paper summarizes the potential benefits and disadvantages of remuneration for university governors, including:
 - Monetary cost – larger universities may be better able to afford to pay non-executive directors than smaller institutions, thereby leading to difficulties in recruiting external members;
 - Reputational damage – if the move to paying governors is not handled effectively;
 - Charitable values – the erosion of charitable values may result from a move away from the volunteer model;
 - Diversity and skills – while payment may increase the pool of candidates from diverse backgrounds, it may have the inverse effect of increasing universities' expectations of securing candidates with previous experience;
 - Accountability – remuneration may lead to broader improvements in university governance, including better recruitment, induction and training and performance management.
4. The paper then sets out recommendations for the higher education's approach to considering university governor pay:
 - The sector should proactively and pre-emptively take the lead in owning the development of good leadership and governance at institutional and sector levels, including issues of equality and diversity.
 - University leadership teams need to decide whether and how to contribute to sector-wide efforts to enhance governance.
 - The Office for Students should re-consider its role in encouraging enhancements to sector-wide governance.
 - The Committee of University Chairs, Universities UK and GuildHE should establish a joint working group to review sector-wide institutional governance arrangements, particularly with regard to governing body diversity and the potential impact of pay on diversity. The working group should consider re-opening with the Cabinet Office the question of whether English institutions could advertise governing body vacancies through the Public Appointments website.

- The current review of the CUC Higher Education Code of Governance should include a section on the reporting of governing body member pay.
- Data requirements necessary to support these efforts and means to fill the gaps should be identified and resourced as appropriate.

University governance in a new age of regulation: A conversation between Professor Steven Jones and Nick Hillman, with a forward by Professor Mike Shattock.

5. This paper comprises the correspondence between an academic and a lay university governor. The governors discuss the following topics:
6. The increasing expectations placed by the government on governing bodies and their lay members to provide assurance for a wider range of financial, value for money and student experience returns. There is the perception that university governance has not kept up with the speed of change in the regulatory environment. The correspondents suggest that the 'business model' whereby university governing bodies function akin to a company board of directors is not fit for purpose, and that the unique nature of universities in modern society should be reflected in the governance structure.
7. The relationship between university governing bodies and senates / academic boards, and the need for a greater understanding by governing bodies of academic quality, prompted by the regulatory demands of the Office for Students. The correspondents suggest that the partnership between governing bodies and senates / academic boards needs to be reconstituted, which will help to ensure that institutional strategies are embedded within institutions and have buy in from academic staff. Senates / academic boards in many pre 1992 institutions, some of which are overlarge, may need to reform their methods for conducting academic business. Lay members of governing bodies would benefit from more exposure to routine academic business.
8. The correspondents agree that greater diversity of board membership and the input of a greater number of voices from within the staff and student body would enable governing bodies to respond more effectively to the increasing expectations. Payment of university governors may go some way to addressing this. Input from staff and student members of the governing body is welcomed, although greater consultation and transparency of decision-making may help with increasing understanding of, and engagement with university governance by the wider staff population.