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Committee of University Chairs

University Governance: Issues facing
governors in the increasingly demanding
environment of 21st century universities.

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Chair, Committee of University Chairs
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What is the CUC?

- Member organisation for all lay Chairs of governing bodies of UK HEIs.
- Represent Chairs of our member institutions regardless of their form or origin.
- The body that sets the Governance Code for UK HEIs.

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What is our purpose?

- Support Chairs to enable them to fulfil their governance responsibilities to the highest level.
- Act as a peer-to-peer resource for Chairs
- Help collaboration between Chairs where possible and desirable.
- Ensure that Chairs are kept abreast of developments affecting HE.
- Research aspects of good governance relevant to HE.
- Liaise with other bodies on issues arising from the core concerns of governing bodies.

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The Higher Education Code of Governance

- Based on principles rather than strict criteria.
- Organised around *must*, *should* or *could* statements.
- Emphasis on the individual character of institutions, to reflect the diversity of UK HEIs.
- Expectation that HEIs will *apply* or *explain*.

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7 Primary Elements

- The governing body is unambiguously and collectively accountable for all final decisions on matters of fundamental concern.
- The governing body protects institutional reputation by being assured that clear regulations, policies and procedures are in place, ethical in nature, and followed.
- **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.**
- The governing body receives assurance that academic governance is effective by working with the Senate/Academic Board.
- The governing body works with the Executive to be assured that effective control and due diligence take place in relation to institutionally significant external activities.
- The governing body must promote equality and diversity throughout the institution, including in relation to its own operation.
- The governing body must ensure that governance structures and processes are fit for purpose by referencing them against recognised standards of good practice.

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Primary Element 3: Sustainability and Risk Management

- The code provides a great deal of information relating to sustainability and risk management, focusing on regulatory requirements, day to day operations and remuneration.
- Governing body must ensure there is an appropriate financial strategy and approve the annual budget.
- Governing bodies must rigorously assess the institution's sustainability, not just financial but also environmental.
- The governing body must be able to explain the processes and evidence used to provide assurances to funding bodies. Where assessments indicate issues affecting sustainability, they must take appropriate remedial action.

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Why is this important for governors

- Governors' key responsibilities include long term sustainability and reputation of the institution.
- Institutions receiving public funding have a duty to ensure that they are operating sustainably.
- If there are any sustainability issues, the responsibility ultimately lies with the Governors to remedy the situation.
- As Governors of what are sometimes multi-billion pound institutions, adequate forecasting and risk assessment is crucial to maintain viability in an increasingly challenging sector.

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An evolving landscape

UK HE is a success – high levels of student satisfaction, world class research and a significant contribution to the economy and society.

But there are increasing demands being placed on institutions.

- Higher Education and Research Bill.
- Office for Students.
- Brexit.
- Increased competition – alternative providers.
- Changing technologies and rising expectations.

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Higher Education and Research Bill

- Aims to ensure our world class education sector remains amongst our greatest national assets and delivers for everyone.
- Creation of new independent regulator, Office for Students.
- Creates UK Research and Innovation, merging current research councils under one umbrella body.

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Office for Students

- Will represent and promote the interests of students.
- Probably more of a market regulator than HEFCE, so concerns about the impact on institutional autonomy.
- Potentially will be granted the power to validate degrees, yet will regulate validation, so potential conflict of interest.

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Brexit

The key issue is uncertainty – but three specific worries:

- Student recruitment – EU students represent 5% of total, but devaluation makes UK more attractive. A recent HEPI report suggests that a 10% depreciation of sterling could increase enrolments from all other countries by around 20,000 students. Conversely, harmonising the rules for EU and non-EU students could reduce enrolments from other EU countries by over 31,000 students'
- Staff recruitment and retention – not just existing staff who feel threatened , but risk that this will reduce ability to recruit international best talent
- Access to EU research funding and community – some reassuring statements from government but no clarity yet

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Alternative Providers

- Already 700 APs in the UK.
- Concerns that increasing the ease of entering sector might affect quality of provision.
- CUC accepts there can be benefits from increased competition, but see a potential risk to UK HE reputation if institutional failure
- Could also motivate public providers to deliver a higher quality service.

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Changing technologies and rising expectations.

- New technologies open up new teaching and research opportunities, but require capital investment.
- Rising tuition fees result in higher student/customer expectations.
- Demands for better quality of service and value for money.

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What are the results of these changes?

- A more difficult operating environment overall, with rising costs and reductions in traditional funding sources i.e. funding councils.
- An uncertain operating environment resulting from yet to be finalised legislation, OfS and Brexit.
- Increasing expectations on Governors to provide assurances for a wider range of concerns.
- Greater competition possibly resulting in loss of market share to Alternative Providers, but more importantly risking UK HE reputation.
- Alternative Providers have different governance structures, meaning there is no longer a common system of HE governance across England.
- With the constant development of learning technologies, HEI's are expected to keep up with developments and implement them to meet student expectations.
- There is increasing pressure to pay governors for their work as they have to offer more of their time to fulfil the demands of their role.

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Specific difficulties

- HEFCE's sustainability report presents serious concerns regarding funding in the future – decreasing surpluses, limiting of capital investment.
- Implementation of the Prevent framework has proven challenging. The CUC has provided a set of illustrative practice notes (IPN) to aid governors in getting the assurances required by this framework.
- Providing Quality Assurances has become an increasing demand. The CUC has published an IPN.

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Brexit Revisited

- Brexit has thrown up several difficulties, very few of which can be immediately addressed.
- Sustainability is deeply affected – the fluctuating value of Sterling has increased operational costs, especially in regards to technology, however this could be offset by international students coming to UK seeking better value for money.
- Research funding – withdrawing from the EU might limit access to research funding. The government has offered the UKRI scheme and increased funding to help plug the gap. Currently the UK invests below average GDP into research, investing 1.7% compared to 2.4% elsewhere, but this will rise incrementally over the next few years.
- Immigration and Visas – uncertainty regarding immigration and visa status is affecting both staff and future students. It might also limit the number of world class academics that the UK attracts.

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Future areas of interest

The CUC feels that in the future HEI's should focus on:

- The development of a diverse board – Recruiting a diverse board will help reflect the diversity of institutional staff and the students it recruits, a reflection of the diverse society that HE hopes to continue to improve.
- Transparency – It is important that governance is undertaken with an air of transparency. This helps instil confidence from stakeholders, whether sector bodies or students.
- Recruitment and retention of leadership – Recruiting executive staff with the right aptitudes and experience is critical, to help HEI's achieve strategic targets and to help them weather tough, uncertain times.
- Developing and overseeing effective strategy – strategy is crucial for the ongoing success of an HEI. This level of target setting can shape the development of the institution for years to come and can heavily impact sustainability and help mitigate risk to some extent. At the same time important to retain sufficient agility to respond to a changing environment .

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Conclusion

- The HE sector is in for some interesting, but challenging years.
- It will be critical to focus on quality and reputation to ensure long term sustainability.
- Long term strategic planning can help mitigate the worst of the upcoming risks in the sector.
- An effective and engaged Board of Governors will substantially contribute to the institutions success.

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Questions ?

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For HE Code of Governance:

www.universitychairs.ac.uk/publications

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