

Office for Students' investigation: DMU action plan

DMU action taken/to be taken in response to: <u>Condition of registration E2: Management and Governance:</u> <ul style="list-style-type: none"> A number of concerns regarding the adequacy and effectiveness of De Montfort University's management and governance arrangements, including a concern that the University has not complied fully with all conditions of its registration; and <u>Condition of registration Z1: transition ongoing condition of registration:</u> <ul style="list-style-type: none"> Concerns regarding the extent to which the University had in place management and governance arrangements that are adequate and effective to ensure fully regularity, propriety and value for money. 		Complete/ ongoing/ timescale	Link to Public Interest Gov' Principle(s)	Senior Responsible Owner
1.	Governors immediately related to the investigation have departed the University. In addition, two other independent governors have departed the University.	Complete	II, VIII, IX	Chief Operating Officer
2.	<p>A revised and more robust recruitment process (supported by Odgers Berndtson) has been conducted to appoint new independent Governors to the Board of Governors and this process will continue for all future appointments. The new recruitment process includes shortlisting and interviews conducted by members of the University's Nominations Committee (including the Staff and Student Governor of the Board of Governors), based around an identified skills need (via a skills matrix) and the ongoing succession planning of the Board of Governors' membership. The revised process is aimed at bringing the University in line with sector best practice (as defined by CUC guidance) and increasing transparency around Governor appointments.</p> <p>In future, DMU will not exceed the convention of three terms of three years.</p>			

	<p>The Nominations Committee is explicitly focussing on succession planning and has recently appointed four new Independent Governors and co-opted a further four individuals with relevant expertise onto key Governor committees (e.g. the Audit, Finance and Human Resources, Remuneration and Ethics Committees), to provide additional independent expertise and a potential succession pipeline for full board membership. As part of this process, the size, diversity and make-up of the Board of Governors has been considered to ensure it is fit for purpose and meets the needs of the University by reference to the nature, scale and complexity of the University.</p> <p>The remaining Independent Governors (excluding any recruited from April/May 2019 onwards) will see out their tenure (i.e. the duration of their current three year term of appointment), which would not be extended beyond this period, except for the Chair of the Audit Committee and the Chair of the Finance and Human Resources Committee, whose tenure will be extended until December 2019 to enable an efficient and ordered hand over process.</p> <p><i>(As a result of the loss of Governors that followed the whistleblowing letter, the Board of Governors appointed two Independent Governors on a temporary basis, whose tenure is due to end in September 2019.)</i></p>	<p>Q3 2019, Q4 2019 and Q3 2020</p> <p>Initial tranche of new Governors to be delivered by Q3 2019</p>	II, VIII, IX	Clerk to the Board/ Nominations Committee
3.	Having established more enhanced, robust recruitment processes, the University has been able to appoint individuals of good standing, with the requisite expertise, who recognise the need for openness and accountability, and a need to operate within the OfS's Public Interest Governance Principles and the Nolan Principles of Public Life.	Complete	IX	Nominations Committee
4.	A more rigorous process is now in place for Executive Board and the Board of Governors to identify any potential conflicts of interest that new and existing Governors or senior officers may have. A formal 'fit and proper person' test has been introduced, which candidates are required to complete prior to appointment. This includes a Companies House check for directorships to ensure that there are no concerns around the fit and proper person test and other elements of the OfS's Public Interest Governance Principles.	Complete	II, VIII, IX	Clerk to the Board
5.	<p>Enhanced processes around the declaration of actual and perceived conflicts of interest, and more robust due diligence, will ensure the University is better able to make an assessment as to whether a Governor or an Executive Board member meets the requirements for a 'fit and proper person'.</p> <p>The onus remains on the individual to declare, and this is achieved via a request on an annual basis. Members of Executive Board and the Board of Governors are also required to notify the clerk should their circumstances change at any point during the year between the annual requests for interests to be placed on the University's Register of Interests, to ensure the accuracy, sufficiency and reliability of data held by the University.</p>	Ongoing	IX	Board of Governors/ Executive Board/Clerk to the Board

6.	DMU has, and continues to maintain, a public Register of Interests, although there is recognition that greater clarity is required, with more information captured to ensure DMU's register meets best practice across the sector and assists in enabling any conflicts to be managed appropriately. The revised processes around the capture of this information (i.e the new Register of Interests form) are set out above and the University will manage appropriately any conflicts, actual or perceived, that may arise.	Partially complete – revised register to be published Q3 2019	II, IX	Clerk to the Board
7.	The University's revised approach to Governor and Executive Board conflicts of interest will be extended to include the University's Operational Leadership Group, and potentially further, appropriate officers, to ensure a level of due diligence is carried out at the level below Executive Board.	Q3 2019	II, VIII, IX	Clerk to the Board
8.	The Interim Vice-Chancellor and Interim Chair of the Board of Governors have instigated the building of closer working relationships and collaboration between the Executive Board and the Board of Governors, to ensure an adequate and effective working relationship and greater accountability. Executive Board members will regularly be invited to Board of Governor meetings to provide updates on their portfolio and raise any areas of concern, adopting a risk-based approach.	Ongoing	II	Executive Board and Board of Governors
9.	360 degree appraisals will be conducted for all members of the Executive Board.	Q4 2019	II, VI, IX	Executive Board
10.	The Chair of the Board will conduct formal appraisals with all Governors to include the setting of objectives in line with sector best practice.	Following board effectiveness review process	II, VIII, IX	Board of Governors
11.	<p>A summary document is being developed by the University, setting out the primary legal and regulatory issues, creating obligations on Governors individually, and the Board of Governors collectively, including:</p> <ul style="list-style-type: none"> a. The legal status of the University; b. Charitable status; c. The Principles of Public Life (the Nolan Principles); <p>Specific statutory obligations:</p> <ul style="list-style-type: none"> i. Equality; ii. Health and safety; iii. Freedom of Information; iv. Data Protection; v. Bribery; and 	Q3 2019, with an annual review	II, VI	Clerk to the Board and Head of Legal Services

	<p>vi. The Prevent duty.</p> <p>e. Personal liability; and</p> <p>f. The OfS's Regulatory Framework.</p>			
12.	<p>As part of the induction process, Governors will be given a handbook including relevant governance documents, policies/procedures, contact details of relevant executive officers and the OfS Regulatory Framework and other relevant OfS publications.</p> <p>Executive Board members will also receive a copy of the OfS's Regulatory Framework.</p>	Ongoing, with regular reporting to the board	II	Clerk to the Board and Head of Legal Services
13.	<p>An extensive review of relevant University policies and processes is in progress, aimed at ensuring a clear, standardised and consistent approach. The following is a non-exhaustive list of policies and processes within scope:</p> <ul style="list-style-type: none"> a. Grievance Procedure; b. Complaints Procedure; c. Whistleblowing Policy; d. Code of Conduct; e. Conflict of Interests Policy; f. Anti-Fraud Policy; g. Procurement Card Policy; h. Corporate Card Policy; i. Procurement processes and procedures; j. Bribery and Corruption Policy; k. Business Expenses Policy; l. Business Travel Policy; m. Financial Regulations; and n. Gifts and Hospitality Policy. <p>The University acknowledges that the whistleblowing allegations relating to former Governors were not managed appropriately. The review of the Whistleblowing Policy will ensure that it is in line with sector best practice. It is intended that training and pro-active communications will take place to ensure staff and Governors are fully cognisant of the revised approach, and the internal avenues through which any concerns can be raised. A network of whistleblowing champions in each directorate/faculty will be established.</p> <p>The Finance and Human Resources Committee is acting as a senior responsible owner for the policy and process review, with regular reporting to the committee to ensure Governor oversight.</p>	Q1 2020	II, VI, VII, IX	Chair of the Finance and Human Resources Committee

14.	As part of the above review, University Standing Orders are being developed to clearly define the Board of Governors' role and remit in these matters, including its role in dealing with internal grievances and disciplinary matters. The full suite of standing orders will be included in a Governor handbook to assist Governors in carrying out their duties and will be published on the University's website.	Q1 2020	II	Clerk to the Board/Head of Legal Services
15.	<p>Work has commenced to revise and amend the University's Instrument and Articles of Government to ensure they provide the Board of Governors with a fit for purpose framework to carry out its role and take decisions.</p> <p>The revised Instrument and Articles of Government will set the parameters for its Standing Orders, providing a robust framework for the board's decision-making, making clearer its role and remit in a number of University matters.</p>	Q1 2020	II, III, IV	Clerk to the Board/Head of Legal Services
16.	<p>In addition to a comprehensive internal induction programme, a mandatory requirement will be placed upon Governors to attend external training (provided by Advance-HE) around the role and remit of HE boards, including the principles of the CUC's Higher Education Code of Governance and the Nolan Principles of Public Life.</p> <p>This is geared toward inculcating good governance principles and ensuring adherence to the Code's core values and principles.</p>	Ongoing	II	Clerk to the Board
17.	The University is due imminently to embark on an independently led, detailed review of the effectiveness of the Board of Governors and the University's wider governance and policy processes. It is intended that the resultant report will contribute to a roadmap of continuous improvement for the Board of Governors and the University.	Q3/Q4 2019	II	Clerk to the Board
18.	It is intended that a further independently led detailed review of the effectiveness of the Board of Governors and the University's wider governance and policy processes will take place within a shorter timescale than that suggested within the CUC's Higher Education Code of Governance (most likely to be conducted in autumn 2021) to enable a timely and independent, full evaluation of progress made to that date.	Q3/Q4 2021	II	Clerk to the Board
19.	The Board of Governors recognises that the issue of Governor remuneration requires revisiting in light of the prevailing circumstances. It is intended that the independent review of the Board of Governors' effectiveness will inform this issue and, in particular, whether the retention of remuneration for specified Governor roles remains in the best interests of the University, taking	Q3/Q4 2019	VI	Board of Governors

	into account its charitable aims and Charity Commission guidance.			
20.	The Board of Governors has agreed that Governors will not at this stage be permitted to undertake paid consultancy for the University, pending further consideration of this matter via a review of the board's effectiveness.	Complete – pending outcome of effectiveness review	VI	Board of Governors
21.	The Board of Governors' decision-making will be enhanced and informed by a greater level of staff representation, specifically the addition of an elected academic staff representative and an elected professional services staff representative.	Q3 2019	I, II, IV, VIII	Clerk to the Board
22.	The development of University Standing Orders will make clearer the Board of Governors' role in disciplinary matters (including a full disciplinary process) relating to the Vice-Chancellor and other senior staff, with suitable routes for escalation.	Q3 2019	II	Clerk to the Board
23.	The membership of the University's Executive Board is being refreshed as a result of a number of imminent departures from the University, with circa a third of its membership anticipated to change during the remainder of 2019.	Q4 2019	II, IX	Interim Vice-Chancellor
24.	The Executive Board now meets more regularly (every two weeks, rather than every three weeks) in order to ensure better engagement and responsiveness, and improved effectiveness.	Complete	II	Executive Board
25.	The minutes of Executive Board meetings are being published internally to enhance internal transparency.	Complete	II	Interim Vice-Chancellor
26.	The Interim Vice-Chancellor has instigated a systematic review of budgets arising from a zero-based budgeting exercise to identify where greater value for money might be achieved.	Q3 2019	VI	Interim Vice-Chancellor
27.	The University's internal and external auditors will continue to attend all meetings of the Audit Committee and have regular scheduled meetings with relevant Governors in the absence of the University officers, enabling them to raise any risks and concerns. The auditors will now also have regular access to the University's Accountable Officer.	Complete	II, V	Audit Committee
28.	The contact details of the Interim Chair of the Board of Governors will be shared with the internal auditors to enable a dialogue, as required, and any issues concerning the functioning/conduct of the Audit Committee to be raised directly.	Complete	II, V	Clerk to the Board and Interim Chair of the board

29.	Arising from the confidential 'listening sessions' held at the instigation of the Executive Board, the University intends to adopt a broad set of ethical principles (an 'Ethics Code') which all students, staff, Governors and those acting on the University's behalf will be expected to adhere to.	Q3 2019	I, II, III, V, VI, VII	Clerk to the Board
30.	The University's senior committees (i.e. Audit Committee and the Finance and Human Resources committees, respectively) will be informed of the numbers, and details, of whistleblowing enquiries, and grievance and disciplinary cases every six months, rather than the existing practice of annually.	Complete – incorporated within business planning	II, VII	Audit Committee and Finance and Human Resources Committee
31.	It was recognised that the line management arrangements for the Clerk to the Board required review. In line with some other universities, the line management of the clerk will be moved to Legal Services (which is line managed by the Chief Operating Officer). It is intended that this arrangement will increase the clerk's independence in the role and provide additional available support for the clerk, the Chair of the Board of Governors and other Governors.	Q3 2019	II, VIII	Chief Operating Officer
32.	The University will be pursuing a transparent and open external recruitment exercise to advertise for, and appoint, a new Chair of the Board of Governors. It is intended that this approach (alongside the previously mentioned Independent Governor recruitment exercises and proposals for elected staff representation on the Board of Governors) will support the required cultural change, and enhanced governance and scrutiny.	Q4 2019	II, VIII, IX	Board of Governors
33.	Upon appointment of a new Chair of the Board of Governors, the University will proceed with a transparent and open external recruitment exercise to advertise for, and appoint to, the substantive Vice-Chancellor role.	2020	II, VIII, IX	Board of Governors
34.	<p>A number of processes are in train to address the rebuilding of trust with staff and students and creating a working culture where staff feel safe to express freely their views. These include:</p> <ul style="list-style-type: none"> a. A confidential online feedback portal for staff to anonymously submit their views on any matters relating to DMU; b. Confidential 'listening sessions' for Executive Board members to gather face-to-face feedback from staff; c. A 'Student Voice' forum held by the Interim Vice-Chancellor and the Pro Vice-Chancellor (Academic) in the Students' Union to gain direct student feedback and answer any questions; 	Ongoing	II, III, VI, VII	Interim Vice-Chancellor and Executive Board

	<p>and</p> <p>d. Surgery sessions for any member of staff to raise any issue directly with the Interim Vice-Chancellor.</p> <p>e. The monitoring of the impact of these changes through the undertaking of a baseline cultural audit in Autumn 2019 and a subsequent cultural audit 2 years from that point.</p>			
35.	The Board of Governors will continue to receive the enhanced reporting from the Audit Committee, Executive Board and Operational Leadership Group that was introduced in June 2018, around procurement exceptions.	Ongoing	II, V, VI	Audit Committee
36.	<p>In adopting the CUC's Senior Staff Remuneration Code, the University publishes its approach to senior staff remuneration. The University also complies with the requirements of the OfS 'Regulatory Advice 9: Accounts Direction'.</p> <p>In its annual accounts, the University publishes:</p> <ul style="list-style-type: none"> a. The total remuneration package for the Vice-Chancellor; b. a justification for the Vice-Chancellor's remuneration package; c. the relationship between Vice-Chancellor remuneration and other employees; d. Anonymised information in respect of staff with a basic salary of £100k or more broken down into bands of £5,000. <p>The Remuneration Committee's terms of reference are published on the University's website.</p> <p>The University's main policies for senior staff remuneration are also published on the website e.g. the guidelines that explain how pay increases are determined including any performance-related bonus, in addition to the University's policy for consideration of any additional elements to pay for senior staff e.g. retention payments and market rate supplementation.</p> <p>The University has published the following details as part of its financial statement in accordance with the requirements of the CUC code:</p> <ul style="list-style-type: none"> a. the University's policy on the remuneration for post holders within the remit of the Remuneration Committee; b. a list of post holders within the remit of the Remuneration Committee; c. the choice of comparator institutions/organisations; 	Partly complete and Q1 2020	VI	Executive Director of People and Organisational Development

	d. the policy on income derived from external activities; e. the pay multiple of the Vice-Chancellor and the median earnings of the University's whole workforce, illustrating how that multiple has changed over time and, if it is significantly above average, an explanation of why; f. an explanation of any significant changes; and g. severance payments to senior staff.			
37.	Full minutes of Board of Governors' decisions will continue to be kept and published, with redactions where appropriate (largely for reasons of commercial sensitivity) but kept to a minimum.	Complete	II	Clerk to the Board
38.	The University recently reconstituted its Ethics Committee to take a lead role in University-wide ethics issues. It is intended that the committee will be a key point of contact enabling staff with any concerns to raise issues to ensure they are escalated appropriately, including to the Board of Governors.	Ongoing	I, II, III, V, VI, VII	Clerk to the Board
<p>DMU action taken/to be taken in response to:</p> <p><u>Condition of registration E3: Accountability:</u></p> <ul style="list-style-type: none"> Concerns that the University's governing body did not accept fully responsibility for interaction with the OfS and its designated bodies; and <p><u>Condition of registration F3: Provision of information to the OfS:</u></p> <ul style="list-style-type: none"> Concerns that the University did not supply fully the information required by the OfS in its F3 Notice it issued to the University as part of its regulatory investigation into the University. 		Complete/ ongoing/ timescale	Link to Public Interest Gov' Principle(s)	Senior Responsible Owner
39.	The Board of Governors will put in place a system to enable it to have oversight of any future submissions made in response to an OfS requirement for information (formal or informal), insofar as possible within the prescribed timescales or any other conditions.	Q4 2019	II, IX	Chief Operating Officer and Clerk to the Board