

GOVERNANCE⁴FE

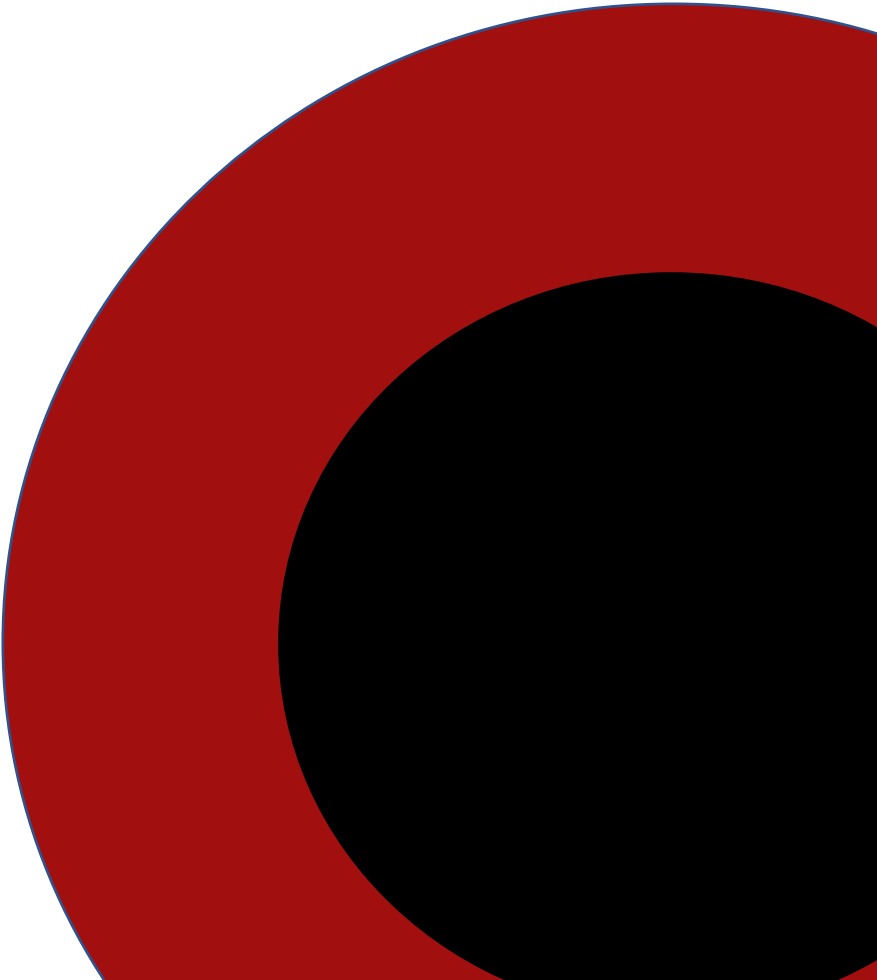
Governance for Further Education and Skills

Guidance Note

Governance KPIs

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Governance KPIs

Why set governance KPIs?

Setting Governance KPIs and measuring and reporting on the extent to which the Board has a positive impact on the institution's performance, is a difficult undertaking as such are often subjective measures that can lack objective validation. The governance KPI conundrum is that not everything that is worthwhile can be measured and not everything that can be measured is worthwhile. However, by setting governance KPIs, they can assist the Board in clarifying its perceptions of the Board's impact on the institution's performance, the extent to which they relate to other aspects of Board performance and how this information can be translated into potentially high-leverage Board development efforts, thereby potentially enhancing the overall institution performance.

The Ofsted Handbook states its expectations of board members as follows:

- know the provider and understand its strengths and weaknesses
- support and strengthen the provider's leadership and contribute to shaping its strategic direction
- provide challenge and hold senior leaders and managers to account for improving the quality of learning and the effectiveness of performance management systems.

Regarding institution group structures, Ofsted comment as follows:

- Many providers are cooperating as groups or federations, with an overarching Board and chief executive officer, or similar arrangement, that assume some or all of the responsibilities formerly shouldered by the individual provider's governing body. In the case of such extended management and governance, inspectors will seek evidence of the impact of the overarching Board and its staff as well as the provider's local Board, committee, or governing body, where there are relevant delegated responsibilities

We can conclude then, that strategy and impact should be key focuses for the Board going forward.

What should be measured?

Typically, in the FE sector, governance KPIs fall into two groups – either strategic or procedural. These are not mutually exclusive, and some boards like to have a mix of both. The Institution Code of Good Governance for English Institutions can be utilised as a tool for measuring governance performance, both strategic and procedural. Alternatively, below are some suggested general measures that may be appropriate for a institution governing body.

Strategy & Impact

Commonly identified areas of culture and work most linked to a board's impact on organisational performance:

1. KPI – The Board is involved in development of strategy, thinks strategically, and ensures meetings are more focused on strategy and policy than operational matters
2. KPI - Meetings are well run and use effective meeting practices such as clear agendas, insightful information, good facilitation, start/end on time
3. KPI – There is a clear linkage between Board priorities and the institution’s strategic objectives
4. KPI – Board members are committed to being actively engaged in overseeing and governing the institution – attendance at meetings and events is high

Public Value

Board members are confident of their oversight of the long-term sustainability of the institution by ensuring positive year-end balances and value for money.

1. KPI – The Board approves the financial strategy, receives regular financial reports (monthly management accounts) and an annual Value for Money report

Management Accountability

The Board has the right skills, and its training needs are met, in order to support and challenge management to reach the institution’s strategic goals.

1. KPI – Boardroom briefings take place at the start of each Corporation meeting. Board members **must** attend/undertake induction training and internal/external training to meet statutory requirements, and are expected to attend any other suitable training activities to keep their knowledge up to date
2. KPI – The Board sets and regularly monitors key strategic risks. Board members set risk appetite and monitor strategic risks in all areas of work.

Statutory Compliance

All board members understand the institution strategy, governance framework, and their legal responsibilities

1. KPI – All board members attend strategic planning events. Board members receive regular governance updates and reports on all statutory matters

Stakeholder Engagement

Board members act as ambassadors for the institution and interact with stakeholders, both internally and externally, to facilitate stakeholder engagement.

1. KPI – Board members attend an external/internal stakeholder event at least twice a year, and share their knowledge of appropriate communities with the Executive to support the work of the institution.

Technology

The Board uses technology to facilitate secure and timely information sharing and communication to give the Board the requisite knowledge to fulfil its responsibilities, and to build trust between the Board and Management.

1. KPI – All board members access the Board information system on a regular basis and the Director of Governance ensures the content is always relevant and up to date

Governance Improvement

A Board Effectiveness review takes place, is analysed and all actions applicable to governance are addressed, to enable the Board to improve.

1. KPI – A governance self-assessment takes place annually and a resultant action plan is drawn up, agreed upon, and monitored by all board members
2. KPI – The Chair and Director of Governance have regular dialogue with board members to understand their development needs and proactively keep them informed on governance matters, so they can report at year-end, that they have been well supported.

Further procedural KPIs are listed below:

- Agendas and papers for Corporation and committee meetings to be issued at least seven days in advance of meetings
- All new Board members to be allocated a mentor
- All Board members to attend at least 1 Institution event each year
- All meetings to be not greater than two hours in duration
- Code of Conduct to be signed annually by Board members
- Register of Interests & Eligibility to be updated annually by each Board member and senior leadership team member (as appropriate)
- Minutes of meetings to be produced within 10 working days
- Board members to visit their link area(s) at least once each year
- The Chair to hold a one-to-one meeting with each Board member annually
- Views of staff and students on the educational character and mission to be obtained on a regular basis
- Corporation and committee minutes to be made available to the public once approved by the Corporation/relevant committee
- Corporation and committee papers to be treated as confidential only when absolutely necessary
- Corporation and committees to agree an annual cycle of business
- Internal Audit reviews to grade governance arrangements as 'good' or better

- Any interests disclosed at Corporation or Committee meetings to be recorded in minutes
- All board member vacancies to be filled within 6 months
- New board members to receive induction pack on appointment

Introducing and Oversight of KPIs

It is usual practice that board members will discuss, prioritise, and agree what governance KPIs they require going forward, as relevant to their individual institution. This can be done through a working party of Governance committee, with a recommendation made to the Board. The agreed KPIs should then be reported on at a Corporation meeting each term to ensure they remain relevant and the KPIs can form a key part of the annual governance self-assessment process. Measuring the impact of KPIs is a crucial part of the governance performance improvement cycle.

The use of a rag-rated reporting table or matrix can be helpful in monitoring the Board's progression against its KPIs. A template for such is shown below – the contents are examples, and the list is not exhaustive.

Sample Governance Key Performance Indicators [YEAR]

NO	AGREED MEASURE	ACTIONS	WHEN	IMPACT/OUTCOMES AT YEAR-END	MET/NOT /PARTLY
	The Board is involved in development of strategy, thinks strategically and ensures meetings are more focused on strategy and policy than operational matters	An Annual Strategy event is held to form/review/challenge institution strategy. Agendas are planned with a strategic focus	Throughout the year		
	Meetings are well run and use effective meeting practices such as clear agendas, good facilitation, start/end on time	There is a planned schedule of business agreed between the Chair/CEO/Director of Governance. Good meeting practices are observed	Schedule by end August. Throughout the year		
	There is a clear linkage between board priorities and the institution's goals	Agendas are influenced by the Strategic Plan and Risk Register	Throughout the year		
	Board members are actively engaged in overseeing and governing the institution – attendance at meetings and events is high	Attendance is over 80%	Throughout the year		
	The Board approves the financial strategy, receives regular financial reports (monthly management accounts) and an annual Value for Money report	Monthly accounts are posted to the Board members portal on a monthly basis. An annual Value for Money report is presented to the Board	Every month Annually		

	Board members attend an external/internal stakeholder event at least twice a year	Board members attend at least two institution events and/or a institution board member visit, according to the visit programme	Throughout the year		
	A governance self-assessment takes place annually and a resultant action plan is drawn up, agreed upon, and monitored by all board members	Corporation & Committee Self-Assessment to be undertaken at year-end and improvement plan agreed	Annually at year end.		

GOVERNANCE4FE

Governance for Further Education and Skills

We are a unique organisation that focuses on corporate governance in the Further Education & Skills sector, making us the 'go to' place to find and be directed to trusted information, expert advice and consultancy, sophisticated software tools, inspirational training, and a library of support documents. Our desire is to see governing bodies positively influence their institutions through effective governance, enabling them to improve outcomes for all students and their communities. We are the ultimate one-stop shop for all your requirements in Further Education governance.

Our purpose is to come along side all those operating in the Further Education governance space to support them to deliver effective governance by providing an outstanding service which delivers resources that are:

- **Practical** – something you can adapt, adopt and utilise immediately
- **Instructive** – you learn in the act of doing – change happened best, is more sustained, and has greater rewards when it takes place from within the organisation
- **Inspirational** – by providing a new perspective, stimulating curiosity, and bringing hope of an improved future

Guidance notes are prepared by the Governance4FE team and peer reviewed by our associates, who are highly experienced and qualified governance experts.

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