

Guidance note: Policy Governance

This guidance note is aimed at governing bodies who are considering a change to their model of governance, or as a tool for boards currently reviewing the effectiveness of their current arrangements.

- **What is Policy Governance?**
- **What are the advantages and disadvantages of Policy Governance?**
- **If my governing body decides to adopt Policy Governance what steps are required?**
- **Where can I find further advice on Policy Governance?**

Introduction

Policy Governance (PG) is a board management system created by John Carver in the 1970's. It is often referred to as the 'Carver model' and has been adopted by many USA and Canadian Community Colleges. Although registered in order to protect its accuracy, the model attracts no royalties or licence fee and any organisation is free to use it. It has been adopted by commercial, non-profit and public sector organisations. John Carver was invited to speak at the national Governors' Conference in March 2003 following which a number of FE Colleges decided to work towards a Carver approach to governance. PG begins with a definition of governance as 'seeing to it that the organisation achieves what it should and avoids unacceptable situations'.

What are the principles of PG and what are its main objectives?

There are ten principles. The first three define an organisation's ownership, the board's responsibility to it, and the board's authority. The next four specify that the board defines in writing, policies which identify the benefits that should come about from the organisation, how the board should conduct itself and how staff behaviour is proscribed. The final three deal with the board's delegation and monitoring. If followed strictly, these principles result in a comprehensive model of governance. One GFE college has interpreted these principles as follows: The Board

- governs on behalf of its ownership
- speaks with one voice or not at all
- makes policy decisions which embody the Board's beliefs, commitments and values
- formulates policy by determining the broadest values before progressing to more narrow ones
- defines and delegates rather than reacts and ratifies
- fulfils its prime governance duty – to determine its strategic objectives (Ends)

- can best control staff means by limiting not prescribing
- must explicitly design its policies and processes
- forms an empowering and safe linkage with management
- monitors performance rigorously but only against policy criteria

The model was developed to address the need for distinction between governance and management, the failure of other systems to maintain proper accountability and the tensions and dilemmas in board members' role as a trustee. These are issues that frequently arise when governors discuss their role.

The system is therefore designed to:

- distinguish between the role of the board and that of the principal, thereby enabling a clear chain of accountability back to the college's owners
- empower the principal for maximum success within clear bounds of safety or limitation
- keep the board focused primarily on creating the college's future rather than reviewing the past
- translate the board's over-riding accountability for the college's success and safety into a manageable job.

How does PG work in practice?

The first requirement is that governors must work as a group or team, thus avoiding problems that can arise when one or two governors try to exert their influence on a particular topic. Because governors are accountable to their owners, it requires the board to be clear about who the owners are and to have ways in which they can communicate with them. The board must then create policies, which when combined with the legal responsibilities contained in the instrument and articles, form the basis for all board decisions. The principal is free to develop her or his own policies to manage the college in such a way as to implement the board's policies. This distinction between management and governance is often referred to as the difference between Ends (the domain of governance) and Means (the domain of management).

PG requires the board to create policies which fit into four categories:

- Strategic outcome/ends policies. These define what the mission of the college is, for which groups of people and the level of priority given the need for cost effectiveness
- Principal limitations. These stipulate what the principal cannot do in order to safeguard the college's operational and ethical health
- Governance processes. These prescribe how the board will operate
- Board-principal delegation. These delineate the way in which the board delegates its authority to the principal and monitors its use.

Once the board is satisfied that it has developed its policies to a sufficient level of specificity, the principal is empowered to act on ‘any reasonable interpretation’ of the board’s Ends and Principal Limitations policies and the Chair is empowered to act on any ‘reasonable interpretation’ of the board’s Governance Process and Board-Principal Delegation policies.

Put together, the principles allow a board to organise all its thoughts, activities, structures and relationships in one concise policy document or governance manual which incorporates its standing orders.

How are the policies monitored?

The board’s policies are monitored regularly in one or more ways, including reports from the principal, external or internal audits and Ofsted inspection. The regularity of monitoring may be monthly, quarterly or annually as decided by the board. The board will expect monitoring reports to show how the principal is interpreting the board’s policies, thereby forming a compliance standard which includes verifiable data. The principal is also required to notify the board in a timely manner of any actual or anticipated non-compliance with any board policy.

How does the board operate?

Board committees are used for board work only. The audit committee is clearly doing board work but other committees may be established to advise the board on specific issues e.g. a property development proposal or board self-appraisal. There are generally fewer committees with PG which means the board is likely to meet more often – say nine times a year. In this way board members are all aware of board business. The Chair is seen as the servant-leader of the board, with authority delegated from the board to keep the board in compliance with its policies. Size is also a factor; generally PG works best for boards with no more than twelve members. The role of the clerk is critical in maintaining the annual business calendar and ensuring that the planning of meetings and monitoring activities are both carried out as efficiently and effectively as possible.

In practice, most colleges that have moved towards PG have done so using parts of the process rather than the whole. In this way its adoption has generally been incremental.

What are the advantages of PG to FE?

The main advantages experienced by FE colleges have been:

- to refocus the board on its key purpose
- to define accurately the board’s accountability to its owners (but see disadvantages below)
- to act more strategically by looking forward
- to be more proactive than reactive

- to encourage better communications with external stakeholders thereby improving accountability
- to reduce the repetition of papers being presented to committees and then again to the board
- to make a clear distinction between governance and management
- to encourage a diversity of opinion on the board
- to confirm the board as a collective decision making body rather than a number of individuals

What are the disadvantages of PG?

- the level of detail and precision required to operate the model can be hard to achieve with a board whose membership is constantly being renewed
- whilst not specific to PG, identifying who the 'owners' are is no easy task for governors. Is it learners, local communities or other stakeholders?
- the danger that governors might neglect the need to monitor operational matters effectively (a confusion of the responsibilities attached to 'ends' and 'means')
- the detail and complexity required in drawing up a comprehensive set of policies by which to govern and the potential cost involved
- the danger that the board may not follow its own policies, promoting a veil of legitimacy behind which it acts capriciously
- the possible dangers inherent in delegating wide-scale authority to the principal
- the robustness of the model in crisis situations

Further information

The authoritative website for PG is www.carvergovernance.com

The website of the International Policy Governance Association is <http://www.policygovernanceassociation.org/>

John and Miriam Carver have written several books on the subject all of which are available through the main website.

'Getting started with Policy Governance: Bringing Purpose, Integrity and Efficiency to your Board' Caroline Oliver (Jossey-Bass 2009).

An example of one college's approach to PG:
<http://www.excellencegateway.org.uk/node/13849>

March 2014