

Committees: Barbican Centre Board	Date: 19 May 2021
Subject: Board Effectiveness and Governance report	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Town Clerk	For Decision
Report author: Leanne Murphy, Town Clerk's Department	

Summary

As a result of the outcomes of the Board effectiveness survey and the subsequent discussions at an informal Member Board session held on 17 February 2021, a number of amendments to the remits of the Finance & Risk Committee and Nominations Committee of the Barbican Centre Board are being proposed along with some general Board governance considerations to ensure best practice and governance for the future.

It is noted that Lord Lisvane has undertaken a Governance Review of the City Corporation's overall arrangements, which makes significant suggestions regarding the Barbican Centre Board's future governance. However, the recommendations of relevance to the Board will take some time to be considered by City Corporation Members, with no certainty which (if any) will be implemented by the City Corporation. It is therefore considered unnecessary to delay this report, not least because the proposals in this report are considered to be consistent with and complementary to the direction of the wider Governance Review.

Recommendations

Members are asked to:

- Approve the streamlining of management reporting and full Board meeting agendas;
- Approve the proposal to delegate more financial matters for decision to the Finance & Risk Committee and the revised Terms of Reference;
- Approve the proposal to expand the Nominations Committee to form the Nominations, Effectiveness and Inclusion Committee and the revised Terms of Reference;

- Approve the guidelines to formalise the role of Working Groups alongside the regular governance bodies; and
- Approve guidelines on Deputy Chairs and Board Observers consistent with recent Board discussions.

Main Report

Background

1. In 2020, the Barbican Centre Board felt a review of its governance arrangements was timely in light of an evolving and challenging climate. This resulted in a skills audit and various proposals being adopted including changes to the number of external Members and Term Limits.
2. This was followed by a Board effectiveness survey and an informal Member Board session was held on 17 February 2021 to allow Members the opportunity to discuss the outcomes of this survey, consider potential new ways of working, and ensure best practice and governance for the future.
3. Following the introduction of an open recruitment process and panel interviews, the Nominations Committee identified three potential external Members for the Board, as well as a proposed Board observer. In parallel, the Barbican Centre Trust recruited several new Trustees using a similar process, including a Chair who is an ex officio Member of the Board.
4. A proposal for a second Deputy Chair, to be an external Member, was approved by the Board at its March meeting, along with recommendations to appoint the proposed three external Members and Board observer (these were subsequently approved by the Policy & Resources Committee and the Court of Common Council).

Current Position

5. Whilst the Board is considered to be in a better governance position in terms of its membership, skillset and the new co-Deputy Chair approach, there remain a number of opportunities identified by Members through the Board effectiveness review to strengthen the contribution made by the Board.
6. It was agreed that, whilst a number of recommendations of relevance were being considered through the Lisvane Review, these would be subject to Members' future decisions and this should not prevent the Board from self-reflecting and improving where possible. A strong Board with effective governance is considered the foundation for any further delegation of authority from the City Corporation to the Barbican Centre Board.
7. The key ambition embodied in the proposals within this report is to raise the contribution of the Board to excel in performing its duties both as a committee of the City Corporation and also when compared to the Boards of other leading arts organisations, recognising the differences that inevitably exist within the current legal structure.

Considerations

Streamlining the reporting and agendas

8. Through responses to the effectiveness review and subsequent discussions since, Members indicated that they felt that agendas and reports were too long, and the amount of information received within reports too high.
 9. Agendas for the Barbican Centre Board have historically been relatively lengthy, with often 30+ items on each agenda. Members receive a lot of information within reports and there is a clear desire to make this as relevant and digestible as possible by streamlining the reporting so that there is less background detail and more focus on key insights. Condensed reports with a reframed focus would provide clarity on why the Board is discussing a particular topic and what is expected from Members, allowing for more effective strategic oversight and input.
 10. Streamlining reporting and agendas would also ensure there was more time and a better balance in Board meetings between strategic and artistic topics, (i.e. with forward-looking debate and decisions), and the ongoing scrutiny of financial and operational matters. In addition, meetings should ultimately be more efficient, constructive and shorter.
 11. Work has already begun with Management to streamline their reports (written and oral) to include live dashboards and single “for decision” pages with back-up detail available upon request. This was discussed at the Board’s March meeting with Officers providing an update on Barbican Performance and Business Plan Reporting.
 12. A memo has been circulated to Officers and report authors from the Chair to reinforce expectations that reports need to be very focused, contain relevant information and be clear in what they are asking from the Board and its Sub Committees.
 13. In addition, the content of proposed items for the Board will be discussed at the regular agenda planning meetings with the Chair and Management, bearing in mind which items are considered of strategic importance to the Board, and which can be delegated to the two Sub-Committees. The need for the Board to approve or receive items involving other City Committees will also be noted at agenda planning meetings. For information items will be taken in an appendices pack.
- Delegate more financial matters for decision to Finance & Risk Committee***
14. Due to a significant overlap in topics and issues at meetings and the almost identical membership, the Finance and Risk Committees were merged to form the Finance & Risk Committee in July 2020. This merger has been considered a success; however, reporting and decision making for this Committee and the Board are still considered to be duplicative for both Members and Officers.
 15. There has, historically, been an approach for all reports to be scrutinised and approved by the Board as well as the Sub-Committee, despite the current Terms of Reference for the Finance & Risk Committee already providing delegated powers to act on the Board’s behalf. By reinforcing these powers and allowing the Finance & Risk Committee to make decisions relating to financial and

premises matters on behalf of the Board as it was designed to do, this would ease up the Board's time at meetings for more strategic considerations.

16. The Finance & Risk Committee would become the place for detailed discussion and sign-off for financial reports, with only the key reports of the Business Plan, Annual Budget and P12 out-turn report being required to be considered by the Board. The Committee would have the option to escalate any matter to the full Board for discussion if considered necessary plus a trigger mechanism would see reports escalated to the Board if certain material budget variances arise or were forecasted to arise.
17. Members of the Board will also continue to receive full minutes and reports from this Committee for information via its appendices pack.
18. In addition to the Chair of the Board, Statutory Deputy Chair of the Board, City of London Finance Committee Representative, a representative of the Barbican Centre Trust, and up to four other Board Members, it is proposed that the Committee be expanded by one Member to include one place for the Policy & Resources Committee representative. This change would not affect the requirement for City of London Members (including the ex-officio positions) to have a majority on the Sub-Committee.
19. It is also recommended that this Committee be chaired by Statutory Deputy Chair. The Risk Committee was customarily chaired by the Deputy Chair of the Board prior to its merger with the Finance Committee and it is recommended that this arrangement be resumed.
20. It is noted that following the merger of the two Sub Committees, there were two positions allocated in the current composition for the Barbican Centre Trust. It is now felt that one representative from the BCT is sufficient representation.
21. The current and proposed terms of reference for the Finance & Risk Committee are set out in Appendix 1.

Expand the remit of the Nominations Committee

22. The Nominations Committee currently leads the process for Board appointments. It has also periodically undertaken Skills Audits of the Board to inform the appointment of external Members to the Board and Board effectiveness.
23. In keeping with good practice and ensuring the Board is as effective as possible, Members agreed at the informal session that there was a need to be more self-critical. To help the Committee evaluate the right balance of skills, experience and knowledge of Members (elected and external) and proactively review and propose talent, it is recommended that the remit of this Committee be expanded to empower it to review the performance and development of Members, especially if reappointing for another term.
24. Introduction of an annual informal feedback process on Board effectiveness and potentially individual Board Member contributions (including the Chair) is proposed, plus providing formalised feedback for any external Members seeking reappointment or elected Members seeking re-election where the Committee has

significant performance concerns. The Committee may also wish to consider suitable training programmes.

25. As part of the revised remit, EDI (Equality, Diversity and Inclusion) within the Barbican Centre is considered to be highly important to Board Members, as evidenced by the informal EDI Working Group which has been working on these issues. Members also identified succession planning and leadership appointments to be a key area for focus in line with the role of other arts centre boards.
26. The expanded Nominations Committee would be the place where strategic HR issues are discussed, and strategic oversight and guidance is given to the Managing Director and Directors in this area.
27. It is proposed that the Committee be comprised of seven Members, including the Chair, non-Statutory Deputy Chair and at least two elected Members.
28. It is also recommended that this Committee be chaired by Chair of the Board with support provided by the non-Statutory Deputy Chair.
29. The current and proposed terms of reference for the Nominations, Effectiveness and Inclusion Committee are set out in Appendix 2.

Formalised Working Group guidelines

30. A number of informal sounding boards on specific areas of interest to Members have been set up throughout the last year to address and move key issues forward such as diversity and inclusion, the Centre's emerging Civic Strategy and developing the Barbican's new Business Plan with greater commercial income generation.
31. These Working Groups have played an important role and been a useful forum for Management and Members to discuss complex issues and develop options for Board consideration. However, they would benefit from a more formalised structure in order to maintain them as an effective instrument for future topics.
32. The proposed guidelines for these Working Groups are as follows:-
 - Management led, chaired by a Director, and Board supported;
 - Each working group will have representation from both City and external members, with Barbican Centre Trust representation also possible where appropriate;
 - The remit to be specified at the point of recruiting the Members who are appointed by Chair and Deputy Chairmen in consultation with the Managing Director;
 - The topics should only be of high strategic relevance which sit outside of the normal reporting cycle of the Board and meetings conducted in a 'task and finish' style;
 - A standard duration of six months with the possibility to extend up to a maximum of 12 months if a majority of Working Group Members vote in favour of that extension;
 - The Working Group would finish with a written report to the Board from the lead Director.

33. It is also proposed that three Working Groups be continued/set up post-May:-
- Barbican Renewal Working Group which would be focused on ideas and vision, setting the priorities for the Centre as the client of the Renewal work (i.e. not matters such as procurement and operations) with recommendations to be endorsed by the Board;
 - Civic Working Group which would advise on the developing civic strategy in line with the strategic plan, plus making links where appropriate to the Renewal Group;
 - Digital Working Group which is the extension of an existing Working Group but with a revised remit to be more focused on audiences and digital business models and limited to six months.
34. It is intended that all other Working Groups set up in the last year conclude their business (where this has not already occurred) with their work transitioning into the regular business of the Board. In the case of the EDI Working Group, this work would be elevated to permanent oversight by the new Nominations, Effectiveness and Inclusion Committee.

Role of Deputy Chairs

35. On 24 March 2021, the Board approved a proposal to elect a second Deputy Chair from amongst its external membership to help support the Board's leadership at an exceptionally busy time. Both Deputy Chairmen were elected at the Board's special meeting on 6 May 2021.
36. As non-Court Members (i.e. Members that are not elected) are unable to address the Court of Common Council or become the Chair of the Board, the expectation is that the statutory Deputy Chair will stand in for the Chair as needed. The statutory Deputy Chair will also chair the Finance & Risk Committee.
37. The Chair of the Barbican Centre Board will chair the Nominations, Effectiveness and Inclusion Committee and the non-statutory Deputy Chair would also have a place on this Committee to support the Chair.

Board Observer status

38. At its March meeting, the Board approved the recommendation to appoint its first Board observer, in line with the Board's desire to increase its diversity and decrease its average age.
39. Board Observers will be allowed to attend meetings and comment on reports as deemed appropriate by the Chair, plus join Working Groups to leverage their expertise. However, Observers will have no voting rights.
40. It is recommended that there be no more than two Board Observer positions at any time. Proposed appointments would be made to the Board by the Nominations, Effectiveness and Inclusion Committee for special purposes, for example, someone to be considered as a future candidate for full Board Member.

Conclusion

41. Members of the Barbican Centre Board are asked to consider a number of proposals to improve the effectiveness and governance of the Board.

Appendices

- Appendix 1 – Revised Terms of Reference for Barbican Centre Board's Finance & Risk Committee
- Appendix 2 - Revised Terms of Reference for Barbican Centre Board's Nominations Committee

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Appendix 1

Revised Terms of Reference for Barbican Centre Board's Finance & Risk Committee

Current wording

- To review all financial matters with delegated power to act;
- To consider the business plan and budget prior to submission to the Board;
- To review all capital cap and premises matters with delegated power to act;
- To review risk management and an assessment of the adequacy of internal controls;
- To review any matters that may affect the finances of the Barbican Centre, reporting to the Board;
- To make recommendations to the Barbican Board in respect of improving risk management at the Barbican Centre; and
- To review the Barbican Centre's Risk Register every six months, and make recommendations to the Barbican Board.

Revised wording

- To review all financial matters with delegated power to act;
- To consider the business plan and budget prior to submission to the Board;
- To review all premises matters with delegated power to act;
- To review any matters that may affect the finances of the Barbican Centre, reporting to the Board if the annual revenue is expected to vary by +/- 10% or the agreed annual funding in-year from the Corporation is expected to vary by +/- £1 million;
- To consider corrective measures proposed by Barbican Centre management to address significant budget or forecast variances;
- To review risk management and periodically reassess the adequacy of internal controls and financial best practices;
- To review the Barbican Centre's Risk Register every six months, and make recommendations to the Barbican Board.

Revised Terms of Reference for Barbican Centre Board's Nominations Committee

Current wording for the Nominations Committee

- To make recommendations to the Board on the appointment of all external Members to the Board;
- To undertake Skills Audits of the Board periodically, to inform the appointment of external Members to the Board and Board effectiveness; and
- To consider the most appropriate way to recruit external Members to the Board, including the placing of advertisements or the use of personal contacts.

Revised wording for the expanded Nominations, Effectiveness and Inclusion Committee

- To make recommendations to the Board on the appointment of all external Members to the Board and on the most appropriate way to recruit new external Members with the required skills, diverse perspectives and personal characteristics;
- To undertake periodic evaluations of the performance of the Board collectively and of individual Members as appropriate, to inform the ongoing work of the Board and guide Members' decisions on whether to seek reappointment or re-election;
- To advise and comment on the performance and development of the senior Directors of the Barbican Centre, by providing structured input into the formal appraisal processes, and offer advice and comment in respect of arrangements for succession planning of senior Directors including acting on behalf of the Board in relation to its functions concerning the appointment of a Managing Director;
- To review and monitor Barbican Centre strategic HR matters, including diversity & inclusion, workforce mix, and organisational culture, to make representations to the relevant committees on any material implementation challenges.