

FACILITY MANAGEMENT MANUAL

10 Governance



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The Facility Management Manual has been developed for managers of any recreation, sport or leisure facility. It provides detailed information covering the management and operation of a recreation, sport or leisure facility.

This document is a companion document to the Aquatic Facility Guideline, which can be found on the Sport NZ website and the NZRA website:

<http://nzrecreation.co.nz/index.php/facilities-home/facilities-guidelines>

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1 Introduction

This chapter provides an overview of the processes of governance and management and explains the difference between them. Covered in the chapter are the major roles of the governing board, including strategic planning, board and management relationships, developing policies, and monitoring processes.

This section links with the following Facility Management Manual chapters:

Chapter 1 – Community Engagement

Chapter 3 – Human Resources

Chapter 4 – Strategy and Planning

Chapter 7 – Financial Management

Chapter 8 – Risk Management

Chapter 9 – Monitoring

This chapter will be of most relevance to those facilities owned or governed by a board rather than those directly managed by a local authority. There are extensive governance resources available on the Sport NZ website that provide detailed advice to those responsible for governance.

This chapter draws heavily on material developed by Creative New Zealand and Sport NZ by Boardworks International.

Further information

www.sportnz.org.nz

1.1 Legal and statutory requirements

The following laws and standards are relevant to the responsibilities and accountabilities of governance in facility management.

- Companies Act 1993
- Goods and Services Act 1985
- Health and Safety in Employment Act 2002
- Incorporated Societies Act 1902
- Income Tax Act 1994

Further information

<http://legislation.govt.nz/>

2 Reviewing Performance

2.1 Self-review

Prior to using this chapter, do a quick check on how the facility is performing in governance using the following table.

Governance self-review

Description	Assessment
<i>Role of the board</i> <ul style="list-style-type: none">The facility board understands their governance (rather than management) role.	
<i>Governance policies</i> <ul style="list-style-type: none">Governance policies have been developed.	
<i>Board composition</i> <ul style="list-style-type: none">The board is comprised of a range of people who have the governance and technical skills the facility needs.	
<i>Board training</i> <ul style="list-style-type: none">Board members are appropriately inducted and trained.	
<i>Strategic planning</i> <ul style="list-style-type: none">The board provides clear and strategic direction in collaboration with the manager and stakeholders.	
<i>Board evaluation</i> <ul style="list-style-type: none">The board and their work is reviewed annually and findings acted on.	
<i>CEO recruitment</i> <ul style="list-style-type: none">The board undertakes the recruitment and management of the facility CEO.	

2.2 Key performance indicators

Area	KPIs and measures	✓
Roles and responsibilities	The facility board understands their role. The facility manager is accountable to the board for managing the facility.	
Policies	There is a comprehensive policy framework for accountabilities (ends policies) and delegation.	
Board strategy and policy	The board focuses on strategic governance of the facility. There are job descriptions for all board members.	
Relationships	There are clear boundaries and expectations of the manager by the Board. The board is a good employer. Board meetings are productive and effective.	
Risk management	Facility risks are identified and mitigated. Conflicts are well managed.	
Monitoring and evaluation	The quality of CEO reporting supports sound decision making. Facility achievements (financial and operational) are monitored and evaluated. Board performance is evaluated.	

3 The Governing Board and their Role

The responsibility of the facility manager is to successfully manage the operations of the facility, assisted by the board, who have the responsibility for organisational governance.

Governance is about the ends rather than the means of facility operation.¹ It is concerned with the overall purpose of the facility and looks after the 'big picture', rather than the details. The board measures outcomes or results against facility policy and priorities, with the facility's purpose as the ultimate yardstick for effectiveness.

Management on the other hand, is responsible for the ways or the means by which objectives are achieved. Management is concerned with the day to day operation of the facility, co-ordinating events and resources, motivating and supervising staff, and managing information systems to ensure effective operation. Management is 'hands-on' operation, and governance is 'hands-off'.

The board has a key role in making the facility successful. An effective working board should:

- Provide a legal and constitutional framework for the facility which includes establishing purpose, direction and priorities
- Scan the environment to be aware of the 'big picture' and ensure that the facility's goals are relevant and achievable in that context
- Communicate with stakeholders and owners
- Develop a governance policy umbrella which governs or restrains all operational activities
- Appoint and support the manager and evaluate the manager's performance against outcomes
- Specify key outcomes and results (through the strategic planning process), approve resourcing to achieve those results and monitor and evaluate the results
- Control and mitigate risk (at strategic not management level)
- Ensure that the board itself complies with statutory and contractual requirements and its own policies
- Establish standards for evaluating its own performance
- Undertake succession planning to ensure a balance between replenishment and continuity.

3.1 Board-manager relationships

Only one staff member should report to the board, and that is the manager or CEO of the facility. The manager is responsible for employing all the staff and their responsibility extends to the work of volunteers. Where volunteers are also board members, as is sometimes the case, this delegation of authority must be extremely clear.

For the relationship between governance and management to work, the board has to avoid interfering in decisions that are rightfully the domain of the manager and allow the manager to do their job.

¹ Adapted from Kilmister T. 1989. *Brilliant Boards: The Art of Governance*. Wellington: NFP Press.

A productive, positive relationship is built around:

- The board's expectations of the manager's performance made explicit in writing
- Mutual respect and understanding of each other's roles
- Clear definitions of the results to be achieved
- Clearly defined delegation of authority
- Mutual agreement about the boundaries of freedom granted to the manager (as per limitations policies)
- A fair and transparent performance evaluation process
- A willingness to engage in robust debate.

3.2 Composition of the board

The board should have an explicit sense of the experience and skills it needs to understand the business and provide effective strategic guidance. These include:

- Strategic thinking skills
- An understanding of facility structures and systems
- Financial management
- Knowledge of the business or facility
- Commitment to the facility's mission and values
- Interpersonal skills
- Teamwork skills.

3.3 Training and development for board members

Policies and procedures relating to board members should include an induction process, a skills analysis process and the development of training to meet identified needs. This not only improves the overall performance of the board but is also likely to increase the interest and motivation levels of the members, and is especially important where board members are volunteers.

Template: Board of Directors' handbook

3.4 Role of the board in strategic planning

Strategic planning is an intrinsic part of the overall planning process, and provides the focus and direction of the entire facility.

Board members, the facility manager, and key stakeholders should all be involved in the process and ideally facility staff will also be involved in some stages of the planning process. This ensures everyone has a sense of involvement and 'ownership' of the outcomes.

3.5 Management of facility stakeholder relationships

“Good governance demands that key stakeholder interests are clearly identified and positive relationships established. It is important for the board to take these relationships into account in determining organisational direction and priorities” .²

Facility stakeholders include:

- Customers including members of local community, current users, potential users
- Funding providers both private or public e.g. a local authority or other organisation
- Owners, if the facility is private
- Strategic partners e.g. the local DHB through the delivering of local programmes to their clients.

² Getting on Board, Creative NZ (2003)

4 Developing Governance Policies

Policies are the formal statements that reflect the board's values and perspectives, underpinning and providing an agreed basis for organisational action.³

The concept of policy governance was developed by John Carver⁴ and has been widely adopted by not-for-profit organisations as a working model.

4.1 Key governance policies

Developing governance policies

Policy	Function
Ends policies	<ul style="list-style-type: none">• Addresses the facility's purpose• Sets the outcomes or strategic results to be achieved• Identifies the 'beneficiaries' of the outcomes (the customer and key stakeholders)• Addresses the cost, value or relative worth of the outcomes.
Board – manager linkage policies	<ul style="list-style-type: none">• Defines the nature of the board-manager inter-relationship• Specifies the details and extent of the delegation to the manager• Specifies the performance review methods to be used for the manager.
Executive limitations policies	<ul style="list-style-type: none">• Defines the constraints or limits that the board wants to put on the manager's freedom to use whatever means he or she wishes to achieve the board's strategic ends.
Governance process policies	<ul style="list-style-type: none">• Defines the board's own job• Describes its processes and practice.

The board will need to develop a policy relating to conflicts of interest in order to protect itself. This topic should be broached with board members as part of their induction process.

³ *Getting on Board*, Creative NZ (2003)

⁴ *Boards That Last*, (1990)

5 Monitoring and Evaluating Performance

Monitoring and evaluating the performance of the board is a necessary part of good governance, and the board should establish procedures to ensure this takes place at regular intervals.

The board as a whole, and individual members, should have a job description outlining their performance objectives and they will need clear and effective reporting and assessment systems to regularly report against. An annual review of the whole board should also be undertaken. Sport NZ has developed on-line reporting systems⁵ and on-line evaluation⁶ systems for boards.

5.1 Risk management

Executive limitation policies clearly outline what is outside the jurisdiction of the board or the manager. As it is almost impossible to predict every single event, process or decision that will need to be made by a manager or a board, limitation policies clearly define the boundaries. Limitation policies should include:

- Budgeting and financial planning
- Financial condition
- Investments
- Remuneration and benefits
- Protection of assets
- Management of plant and equipment
- Ends focus of contracts or grants
- Business continuation
- Treatment of staff
- Equal employment opportunities
- Communication and support to the board
- Treatment of customers
- Programmes and services
- Public awareness
- Health and safety issues
- Other potential risk areas as identified by the board.

⁵ Accessed from: <http://www.sportnz.org.nz/managing-sport/news/board-reporting-tool-2>

⁶ Accessed from: <http://www.sportnz.org.nz/managing-sport/tools-and-resources/board-assessment-online-governance-evaluation-system->

6 FAQs

Q: The board and I (CEO) seem to be in constant conflict, which is affecting our ability to work together. How could I improve things?

A: There are many potential sources of conflict in relationships and board - manager relationships are not immune to this. Some common reasons for conflict in boards include:

- *Role confusion*
- *Diversity amongst members (and their communication styles)*
- *Inadequate training or preparation*
- *Different agendas and expectations*
- *Inadequate structures and resources.*

Together, you urgently need to find a way to identify the source of the conflict and take appropriate action.

Q: Working with and reporting to the board takes up so much of my time that it is affecting my ability to do my own job. What can I do about this?

A: Managing and reporting to the board is part of your job. Review the following areas to help control the amount of time reporting to the board is taking.

- *Are you and the board clear about the difference between governance and management?*
- *Is this reflected in the systems and processes you have in place e.g.*
 - *Reporting systems*
 - *Lines of communication*
 - *Meeting processes.*

7 Templates

7.1 Board of Directors handbook

A board of directors' handbook should include the following:⁷

Area	Contents
<i>History</i>	A brief history of the facility; how it started, how it has changed, and who have been key players over that time.
<i>Statement of corporate intent</i>	From strategic plan
<i>Mission statement</i>	From strategic plan
<i>Role of the board</i>	Outline of the goals and objectives of the board
<i>Liability</i>	Outline of the facility's position regarding public liability and an explanation of what that means
<i>Laws that may place requirements on the board</i>	Outline the statutory and legal obligations of the board. This could include a summary of the more important statutes or website references that board members can access.
<i>Organisational structure</i>	A flowchart to show the organisation's structure and key relationships.
<i>Marketing and communication</i>	An outline of how and what marketing and communications are in operation, software that the facility uses and contact details. A copy of communications policies and procedures could also be included.
<i>Facility funders</i>	A list of funders and some information about the relationship e.g. if it has been long-term, what it involves, etc.
<i>Sponsors of (facility's name)</i>	A list of sponsors and some information about relationship e.g. if it has been long-term, what it involves, etc. Outline of what the facility provides to sponsors and how the sponsoring relationship operates.
<i>Facilities, programmes and services</i>	Overview of what the facility offers, including the programmes and services including an up-to-date programme schedule and copies of any recent newsletters, etc. Summaries of recent customer surveys could also be provided.

⁷Based on Stadium Southland's Board members' handbook.

8 Questions for Educational Context

Difference between management and governance

The tasks of governance and the tasks of management are often confused, leading to difficulties within organisations. Describe in one or two sentences:

- The role of those in charge of governance
- The role of those in charge of management.

Role of the governing board

The role of the governing board is discussed in this chapter. List some of the areas the governing board needs to consider in order to ensure good functioning, and describe in one sentence what would be required.

Developing governance policies

Describe some of the issues that should be identified in the development of policies relating to governance.

Monitoring and evaluating performance

The facility manager has a key role in relation to the board. Identify the general mechanism the manager has as part of accountability reporting and risk management.

9 References and Further Information

9.1 Further information

BoardSource at <http://www.boardsource.org/>

BoardWorks International at <http://www.boardworksinternational.com>

Compass Point at <http://www.compasspoint.org/>

Free Toolkit for Boards <http://managementhelp.org/boards/>

NZ Institute of Directors <https://www.iod.org.nz/>

New Zealand Legislation <http://legislation.govt.nz/>

Policy Governance www.carvergovernance.com

Springboard <http://www.springboardnz.org/>

Sport New Zealand, *Nine Steps to Effective Governance*,
<http://www.sportnz.org.nz/managing-sport/guides/nine-steps-to-effective-governance-building-high-performing-organisations>

9.2 References

Kilmister, T. (1989). *Brilliant Boards: The Art of Governance*. Wellington: NFP Press.

Getting on Board, Creative NZ (2003)

Boards That Last, (1990)

<http://www.sportnz.org.nz/managing-sport/news/board-reporting-tool-2>

<http://www.sportnz.org.nz/managing-sport/tools-and-resources/board-assessment-online-governance-evaluation-system->

Stadium Southland's Board members' handbook.

