



# A FRAMEWORK FOR IDENTIFYING GOVERNING BODY EFFECTIVENESS IN HIGHER EDUCATION

**Leadership  
Foundation**  
for Higher Education



## INTRODUCTION

The framework summarised in this report results from a project undertaken by the Leadership Foundation for Higher Education (LFHE) and the Committee of University Chairs (CUC) in 2010, supported by the LGM Fund. It was piloted and validated by 16 volunteer governing bodies of UK HEIs<sup>1</sup>, all of whom agreed that the framework was fit for purpose and suitable for dissemination to the higher education (HE) sector. Much of the content of the framework is based on an earlier LFHE-CUC report on effective governance produced in 2009<sup>2</sup>, which undertook an extensive review of both the research literature on governance, and the experience of HEIs in enhancing their governance.

The definition of what constitutes an effective governing body in higher education is complex and contentious<sup>3</sup>. It includes not just the corporate governance requirements covering most sectors, but also a number of issues specific to higher education. Over the past few years numerous measures to enhance HE governance have been adopted, including: clarifying roles and responsibilities through the CUC Guide and Code of Practice; a general reduction in governing body size; enhancements in governor support and development<sup>4</sup>; widespread sharing of good practice; the adoption of governing body effectiveness reviews; and so on.

As a result governance in HE is generally thought to be effective, and a 2008 survey by the Office of Public Management (for the LFHE-CUC) broadly confirmed this<sup>5</sup>. Nonetheless problems in individual HEIs have occurred, and some critics of current arrangements exist. These typically adopt two contrasting views: those that think recent arrangements are unduly influenced by current thinking on governance in other sectors and may threaten the traditional benefits of collegiality in governance, and those that - conversely - take the view that governing bodies may lack challenge despite a majority of external (or lay) members.

It follows that any attempt to assess robustly the effectiveness of individual governing bodies in HEIs may be challenging, in that widely differing views of what constitutes effectiveness may be involved. The project reported in this paper attempted to address this problem by identifying a framework or 'conceptual map' of all the key factors that influence governing body effectiveness, and that individual boards can use as part of their own effectiveness reviews. (The broader conceptual difficulties of defining governing body effectiveness in HE are not considered below, and readers are referred to the 2009 research report.)

Most existing approaches to defining board effectiveness (whether generally or within HE) have tended to emphasise the adoption of sound processes - including through codification - in part through a raft of high profile reports on basic good practice in governance, leading to the Financial Reporting Council (FRC) Combined Code<sup>6</sup>. This has subsequently led to numerous codes for specific sectors, including health, the voluntary sector, and - of course - HE with the CUC Code of Governance. Such is the current dominance of this view that we perhaps need to be reminded that it is not the only view of what constitutes effective governance, nor are some aspects of its application uncontested in HE and the not-for-profit sectors.

<sup>1</sup> More information about the project can be found at [www.lfhe.ac.uk/governance/reviewinggovernance/project.html](http://www.lfhe.ac.uk/governance/reviewinggovernance/project.html)

<sup>2</sup> Schofield A, 2009, 'What is an Effective and High Performing Governing Body in UK Higher Education?' at [www.lfhe.ac.uk/governance/reviewinggovernance/schofield-efgb.pdf](http://www.lfhe.ac.uk/governance/reviewinggovernance/schofield-efgb.pdf)

<sup>3</sup> In creating the framework the CUC summary of the responsibilities of a governing body has been used: "The governing body is unambiguously and collectively responsible for overseeing the institution's activities, determining its future direction and fostering an environment in which the institutional mission is achieved and the potential of all learners maximised. The governing body shall ensure compliance with the statutes, ordinances and provisions regulating the institution and its framework of governance, and subject to these, it shall take all final decisions on matters of fundamental concern to the institution". See CUC, 2009, Guide for Members of Higher Education Governing Bodies in the UK, at [www.bcu.ac.uk/cuc](http://www.bcu.ac.uk/cuc)

<sup>4</sup> The Leadership Foundation runs a substantial development programme for governors with the support of the CUC, see [www.lfhe.ac.uk/governance/govdev](http://www.lfhe.ac.uk/governance/govdev)

<sup>5</sup> See Appendix A of Schofield A, 2009, op cit.

<sup>6</sup> See [www.frc.org.uk/documents/pdf/combinedcode.pdf](http://www.frc.org.uk/documents/pdf/combinedcode.pdf)

Moreover, many of the dramatic failures of corporate governance in the private sector in the last few years have occurred in organisations where the processes of governance were well developed, and met all existing codes. It is therefore important not just to think about effectiveness in terms of 'what boards do' but also of 'how boards work' and the value that they provide. The framework reported below takes account of both factors. Defining and measuring the 'added value' of a board is a challenge for any organisation, particularly in the public and not-for-profit sectors. Indeed Cadbury<sup>7</sup> has concluded that the relationship between corporate governance and performance "is not readily susceptible to research because of the complexity of the relationship and because measurable aspects of governance are of limited relevance". Nonetheless, although identifying causality is difficult, some of the HEIs involved in this pilot project have sought to do so.

Before outlining the effectiveness framework for governance in higher education, there are several key features about what it seeks to do and (perhaps as importantly) what it does not seek to do, that need to be identified:

- Unlike a code, the factors identified in the framework are non-prescriptive and can (as confirmed in the pilot) be used by a wide diversity of HEI governing bodies irrespective of size, mission, or governance style. In using the framework, this means that individual governing bodies will need to decide for themselves which of the criteria listed apply to them and how. HEIs can both add to the framework and omit items from it as they wish.
- As a 'map' the framework is only intended to clarify the many inter-related factors involved in board effectiveness in HE and to be an aid for institutional self-review. It is not for audit or compliance purposes - indeed attempting to use it in this way would inhibit some of the potential opportunities for institutional self-study that the approach provides. In addition, despite listing a number of factors, the framework is not designed to be used as a 'box ticking' exercise, and a high degree of openness and frankness will be required by any governing body using it to consider its own effectiveness.
- If HEIs choose to do so, parts of the framework could be used to enable confidential inter-institutional comparisons to be made with like minded institutions, and the LFHE and CUC may take forward an initiative to share practice based on it.

For those HEIs wishing to use all or part of the framework to undertake future effectiveness reviews of governance, additional guidance has been provided, including information on issues such as: assessing the framework criteria; using a questionnaire to collect data on the framework criteria; choosing how to conduct effectiveness reviews; and so on<sup>8</sup>.

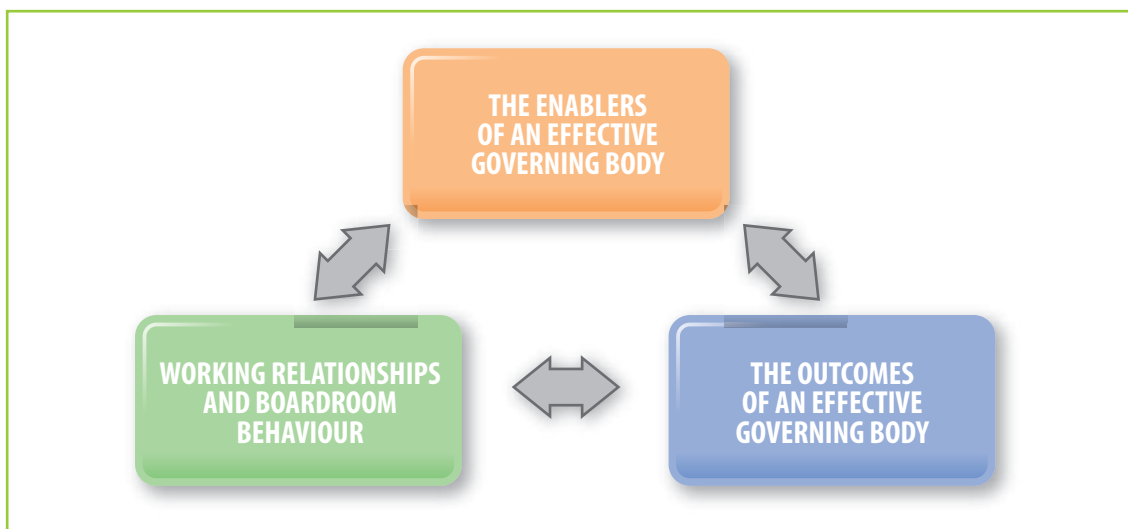
---

<sup>7</sup> Cadbury A, 1997, Board Focus - The Governance Debate, Egon Zehnder International, London.

<sup>8</sup> For full information see [www.lfhe.ac.uk/governance/reviewinggovernance/project.html](http://www.lfhe.ac.uk/governance/reviewinggovernance/project.html)

## THE FRAMEWORK

The framework has three main elements all inter-related as follows:



These three categories are summarised in more detail below. Readers of the February 2009 research report referred to above may remember an earlier version of this diagram, which contained just two elements (enablers and outcomes). During the pilot the third category of boardroom behaviour was added to provide more emphasis (it had previously been included less prominently elsewhere), and the relationship between the factors was made less linear than previously. The diagram is intended to reflect that an HEI wishing to use the framework to consider board effectiveness can start with any of the three elements, and explore inter-relationships in any order. Indeed, they may wish only to consider one element in order to reflect institutional needs.

How much detail to provide for each of the three elements in presenting the framework is a matter of debate: if it is to be used by HEIs to assess board effectiveness then simplicity in presentation is desirable. On the other hand, complex issues are involved, and over-simplification would make the framework less helpful than it might be. Testing the amount of detail within the framework has been an important part of the pilot, and there was a general view amongst the 16 HEIs taking part that the amount of information (as presented below) was appropriate, and avoided the dangers of both over-simplification and over-complexity.

## THE ENABLERS OF EFFECTIVE GOVERNANCE

The enablers of an effective governing body are the processes providing the foundations for effective governance: that is they are the building blocks on which governance rests (for example, a governance structure that is fit for purpose). Without the enablers in place it is highly unlikely that a governing body could be effective in practice. However, the enablers, by themselves, do not ensure effectiveness, but rather create the circumstances for it to be achieved. Many of these enablers are well understood in HEIs, and most previous guidance on governing body effectiveness has tended to concentrate on them. Based on a review of research and institutional practice, the framework breaks down these enablers into seven different types of factors (listed below), and in turn each one is sub-divided into specific issues for governing bodies to consider.

## The enablers of an effective governing body:

- 1 Commitment to effective governance.
- 2 Effective governance structures and processes.
- 3 Effective governing body membership.
- 4 Commitment to organisational vision, culture and values.
- 5 Effective strategic development and performance measurement.
- 6 Effective information and communication.
- 7 Future governance.

### 1 Commitment to effective governance

Irrespective of the governance structures that are in place, governing bodies only work well when the key players involved want them to work well. The converse is well recognised: a governing body which acts as a passive 'rubber stamp', or over-formalised boards which seldom discuss important issues of strategy or performance. Clearly an important starting point is the need to identify the formal responsibilities falling upon governing bodies (for example through a statement of primary responsibilities) and this has been incorporated into this section. There is a potentially long list of issues which might fall under this heading, but the following have been given priority. The category of 'other' at the end enables individual HEIs to add further factors to this category if relevant to local circumstances:

- 1.1 There is a genuine and shared commitment by both the governing body and the executive to ensure effective governance.
- 1.2 The quality of interaction between the governing body chair, the head of institution, and the governing body clerk/secretary enables effective governance to occur.
- 1.3 The existing roles, responsibilities and accountabilities of the governing body and its committees are clearly defined and are known by both members and the executive.
- 1.4 The governing body secretariat provides timely, informed and suitably independent professional advice and support to the governing body.
- 1.5 The governing body regularly reviews its own performance and demonstrates a commitment to continuous improvement in its own affairs.
- 1.6 Other - to be added by an HEI if required.

### 2 Effective governance structures and processes

The importance of effective governance structures and operating processes scarcely needs identifying as a pre-condition for effective governance, and the whole rationale for publishing the CUC Guide for Governors is largely based on this premise. Although core governance arrangements in most UK HEIs are similar, there is increasing diversity with substantial innovation starting to occur. Outside the regulatory and statutory requirements for audit, nominations and remunerations committees, HEIs have freedom to adopt any structure they see fit, with fitness for purpose being a key criterion. Numerous factors could be listed in this category, but the five identified most often from a range of data sources are as follows:

- 2.1 The governing body decision making structure (including any sub-committees) is fit for purpose.
- 2.2 There is a clear system of delegation from the governing body with appropriate reporting mechanisms.
- 2.3 The arrangements for governing body and sub-committee meetings (number, timing, location, length, administration etc) are fit for purpose.
- 2.4 Effective arrangements are in place for involving staff and students in the governing body and sub-committees.
- 2.5 The governing body has effective processes for meeting its responsibilities for determining educational character, including an effective relationship with the senate/academic board.
- 2.6 Other - to be added by an HEI if required.

### 3 Effective governing body membership

The research data is clear that board membership is another fundamental factor in establishing governing body effectiveness, and this is widely recognised in UK HEIs as much more effort than previously is now spent in recruiting board members, for example through the use of skill sets and other approaches. In the research by the Office for Public Management cited above, a number of specific membership factors were identified and they have been incorporated in the framework. It should be noted that the framework is entirely neutral in relation to issues such as board size, and from where governors should be drawn. Rather it encourages reflection on whether governing body practices on membership have the benefits intended, and whether they are broadly fit for purpose. The five key membership issues in the framework are:

- 3.1 The size, nature, experience, skills and diversity of governing body membership are appropriate to meet its roles and responsibilities.
- 3.2 The recruitment, succession planning (and, where appropriate, reward) of governing body members is effectively undertaken.
- 3.2 Effective support, induction and ongoing professional development exists for members, and is valued by them.
- 3.4 Governing body members are motivated, attend regularly, participate actively, and their skills and experience are used effectively.
- 3.5 The contribution of all members (including the chair) is regularly reviewed using processes agreed by the governing body.
- 3.6 Other - to be added by an HEI if required.

### 4 Commitment to vision, organisational culture and values

All available data sources suggest that there is a related set of issues concerning vision, culture and values that is important in underpinning effective governance. These all suggest that governance in the not-for-profit sector is generally best done both in cooperation with management, using a shared approach to governance, and with a strong commitment to the institution concerned. This is not to argue that a governing body should not challenge existing culture where necessary, but rather that this should be done from the perspective of supporting the HEI concerned. Hence, the framework is explicitly only about supporting institutional governance. The key factors in this category are:

- 4.1 The governing body demonstrates an understanding of, and commitment to, organisational vision, mission and culture.
- 4.2 The governing body is active in supporting, and where necessary defending, core institutional values.
- 4.3 The governing body demonstrates an active implementation of the principles of good conduct in public life.
- 4.4 The governing body is effective in encouraging corporate social responsibility and the achievement of public benefit.
- 4.5 There is trust and confidence in the governing body amongst those staff and students who come into contact with it.
- 4.6 Other - to be added by an HEI if required.

## 5 Effective performance monitoring and measurement

This enabler of effective governance has already been set out in some detail by the CUC in reports on the use of key performance indicators (KPIs)<sup>9</sup> and little further explanation is required. Key factors in the framework are:

- 5.1 The governing body fully understands institutional strategy and is actively involved in its formulation, approval and review.
- 5.2 The governing body actively measures and monitors institutional performance, including through the use of agreed KPIs which are both realistic and challenging.
- 5.3 The governing body regularly reviews comparative institutional performance with relevant peer institutions through processes such as benchmarking.
- 5.4 The governing body receives assurance that regular performance reviews of all main departments and services are undertaken, and where necessary reviews issues arising.
- 5.5 The governing body ensures that regular performance reviews of the head of institution are undertaken by the Remuneration Committee, and where necessary receives information.
- 5.6 Other - to be added by an HEI if required.

## 6 Effective information and communication

The quality of information that governors receive and how it is communicated to them is crucial in influencing how they make decisions. However, effective communication is broader than just information flows to the board, and there are wider aspects of communication: within the board itself, within the institution, and externally. From this and the research literature, the framework identifies the key factors as:

- 6.1 The governing body receives timely and accurate information for all areas for which it is responsible, and has confidence in the robustness of this data.
- 6.2 Information is presented to the governing body in as effective a way as possible, taking account of the information needs expressed by the board.
- 6.3 Reliable and up-to-date information is provided to the governing body to ensure that it is fully informed about its legal and regulatory responsibilities.
- 6.4 The governing body ensures that an effective institution-wide risk management process is in place, and receives appropriate risk information and reports.
- 6.5 There is effective communication to and from the governing body both within the institution and also with key stakeholder bodies and the public at large.
- 6.6 Other - to be added by an HEI if required.

---

<sup>9</sup> CUC, 2006, Monitoring Institutional Performance and the Use of Key Performance Indicators, at [www.bcu.ac.uk/cuc/publications](http://www.bcu.ac.uk/cuc/publications)

## 7 Future governance

Inevitably there is a tendency for reviews of effectiveness to be based on past or current practice, but in a highly volatile external environment many HEIs will want to ensure that appropriate governance is in place to meet future needs, however defined. Accordingly, a seventh category of enabling factor has been added (one of the major outcomes of the pilot), to assist HEIs in thinking about future governance needs, with the key issues being:

- 7.1 The governing body conducts its affairs in a way that is responsive to changing circumstances and the need for responsive decision making and governance.
- 7.2 The governing body is well informed about likely changes in the external environment and any major implications for governance that may result.
- 7.3 The governing body actively monitors effective governance in other sectors and adopts relevant practice.
- 7.4 The governing body is actively reviewing the extent to which its existing corporate governance arrangements will be appropriate to meet long term strategic plans.
- 7.5 The governing body is actively reviewing the extent to which existing arrangements for academic governance will be appropriate to meet long term strategic plans.
- 7.6 Other - to be added by an HEI if required.

## WORKING RELATIONSHIPS AND BOARDROOM BEHAVIOUR

This category of factors is about the interactions amongst governors within the boardroom that enable effective governance to take place. Although issues such as the importance of the relationship between the governing body chair and the head of institution are well recognised, many other aspects of what happens inside the boardroom are important in determining effectiveness. There are obvious potential sensitivities here, but when things 'go wrong' in governance they often do so because of the people and interpersonal issues involved, and the associated lack of mutual credibility between all parties. Based on research (and confirmed by the pilot) the framework breaks these issues into the following seven factors, and unlike the enablers there are no sub-categories:

### Working relationships and boardroom behaviour:

- 1 Governing body meetings and business are effectively conducted and chaired in a way which encourages an appropriate degree of transparency, openness and engagement, and which has the general confidence of members.
- 2 The approach, style, and contribution of the head of institution supports effective governing body meetings.
- 3 The approach, style, and contribution of the governing body secretariat supports effective governing body meetings.
- 4 All governors are actively involved in discussion and demonstrate a shared purpose and commitment, whilst maintaining the distinction between governance and management.
- 5 In practice, working relationships between governing body members and the executive are good, and a positive atmosphere exists to support effective governance.
- 6 The need for constructive challenge by the governing body is understood and accepted by both members and the executive, and is undertaken both appropriately and effectively.
- 7 Other - to be added by an HEI if required.



## THE OUTCOMES OF AN EFFECTIVE GOVERNING BODY

Finally, the outcomes of an effective governing body are those factors that will determine ultimate effectiveness, including the extent to which a governing body 'adds value'. In this sense the real value of governing bodies lies in what they deliver in practice, measuring delivery in terms of outcomes. HEIs have started to do more work in this area, for example through adopting KPIs to assist in determining institutional performance. In assessing such outcomes it is self-evidently important that they are directly relevant to the governing body concerned, for example, the achievement of an agreed strategic plan can only be an outcome measure of governance effectiveness if the governing body was involved in determining it in the first place.

The framework lists eight factors plus the opportunity to add others specific to an HEI (for example, the successful implementation of a major capital project)<sup>10</sup>. Some of these outcomes are relatively non-contentious (for example, the need for financial sustainability - but note the requirement for agreed standards to be achieved), whereas others may be a matter of significant debate (for example, enhancing institutional leadership through governance, where it is increasingly recognised that an effective board has an important leadership role<sup>11</sup>). Few HEIs will select all these possible outcomes as indicators of effectiveness at any one time; rather it is likely that specific outcomes will be identified over time in relation to institutional priorities. Should an HEI wish to do so, all eight possible outcomes could be measured - in some cases qualitatively - to provide agreed success indicators.

One important issue to note is that the following list of outcomes reflect the autonomous and legally independent nature of UK HEIs, and takes no explicit account of possible outcomes that relate to the achievement of policy or other requirements of government or the HE funding bodies, other than through the institutional achievement of an agreed strategic plan.

### The outcomes of an effective governing body:

- 1 That the agreed institutional strategic plan is being achieved.
- 2 That agreed standards of institutional financial health and sustainability are being achieved.
- 3 That the required standards of accountability and legal/regulatory compliance are being achieved.
- 4 That defined quality levels in academic and service provision and the student experience are being achieved.
- 5 That both the effective management of risk and optimal support for innovation are being achieved.
- 6 That enhanced institutional reputation and competitiveness are being achieved.
- 7 That enhanced institutional leadership through effective governance is being achieved.
- 8 That confidence in governance is being achieved both within the institution and by key external stakeholders.
- 9 Other outcomes - to be added by an HEI if required.

<sup>10</sup> The rationale for selecting these eight can be found in the 2009 research report.

<sup>11</sup> In an authoritative book on governance in US universities, Chait et al propose that there is much to be gained from seeing those who govern as contributors to leadership rather than simply as monitors of institutional health. See Chait R P, Ryan W P, and Taylor B E, (2005), *Governance as Leadership: Reframing the Work of Nonprofit Boards*, Hoboken: John Wiley & Sons Inc.

## ASSESSING THE FRAMEWORK CRITERIA

Part of the pilot project concerned the issue of how HEIs might best assess their governing bodies against the framework criteria they choose to use. There are several possibilities concerning assessment. The first is not to make any proposals at all, and simply encourage individual HEIs to adopt whatever practice they wish. In addition to the pragmatic advantages of this approach, there are those who believe that almost any attempt to systematically measure such factors - however sympathetic - may be used for compliance and accountability purposes by one or more of the various funding bodies. However, it is clear that if it is to be useful the information resulting from institutional self-study must remain confidential to the governing body and HEI concerned.

A second possibility would be to try to develop a prescriptive rating or scoring scale which enables governing bodies to plot their 'score' against defined best practice. Whilst this might have obvious attractions for some HEIs, the problem is that not only is the intention of the framework to produce a non-prescriptive approach to analysis, but also that many of the factors identified have no 'right' or 'wrong' answers but are simply more or less appropriate depending upon different governance contexts. In any case, it would be hard to get agreement on what best practice represented across the whole framework.

The third possibility - which emerged from the pilot project - is to provide non-prescriptive options for assessment to enable governing bodies to take an informed view about how to assess the framework factors they choose to review. During the pilot this was encapsulated in two key questions for participating governing bodies: 'How did we do?' and 'How do we know?'

In answering the 'How did we do?' question, participating governing bodies adopted two main approaches: questionnaires and/or individual one-to-one interviews undertaken by external advisers. Of those using questionnaires, three used an optional questionnaire developed as part of the project and which incorporated a rating scale, and nine adapted the questionnaire or used their own.

Although widely used in conducting effectiveness reviews, questionnaires raise some difficult issues: they can appear mechanistic; have a tendency to simplify complex issues; achieve variable response rates; and tend to mask issues of marginal board under-performance. Accordingly there was interest in how pilot HEIs used the questionnaire and the subsequent benefits. Amongst the resulting issues were that HEIs creatively used a questionnaire in different ways: some on its own; others to provide data for subsequent one-to-one interviews; others to compare responses with other data sources (eg existing internal audit reports); and some to prepare for subsequent workshops or awaydays. Amongst participating HEIs there was a view that one-to-one interviews collect 'richer' and more in-depth information, but that appropriately used questionnaires have a role to play especially in collecting data on 'enabling' issues.

The 'How do we know?' question was felt to be particularly important by pilot HEIs, although difficult to answer, and it raises major issues about the evidence base for assessing effectiveness. Approaches used by pilot HEIs included: documentary analysis; through the judgement of an experienced external reviewer; reviewing case studies of challenging decisions that a governing body had previously made to highlight effectiveness in practice; and - where possible - through comparing institutional practice with that elsewhere.

Fuller guidance on the use of the framework including the resulting questionnaire is available at [www.lfhe.ac.uk/governance/reviewinggovernance/project.html](http://www.lfhe.ac.uk/governance/reviewinggovernance/project.html)

## CONSULTANCY

The Leadership Foundation is now able to offer consultancy support to governing bodies both in terms of supporting the review of governing body effectiveness and in respect of facilitating governing body events. We have drawn together a highly experienced team of associate consultants who between them have supported many governing bodies over the years. If you would like to discuss the ways in which we could we can support your governing body please contact Tom Irvine at the Leadership Foundation for an informal discussion:

**Tom Irvine**

**Director of Consultancy**

The Leadership Foundation for Higher Education  
First Floor, Holborn Gate  
330 High Holborn  
London WC1V 7QT

**T: 07590 80 80 31**

**F: 020 7681 6219**

**E: [tom.irvine@lfhe.ac.uk](mailto:tom.irvine@lfhe.ac.uk)**

To book on our programmes, courses or events:

Visit the website [www.lfhe.ac.uk](http://www.lfhe.ac.uk) and go to the relevant programme or event page and download the booking forms. Completed booking forms can be posted, emailed or faxed back to us.



Cyngor Cyllido Addysg  
Uwch Cymru  
Higher Education Funding  
Council for Wales

hefcw

To find out more:

If you would prefer to talk to a member of the Leadership Foundation staff, they will be happy to help with your enquiry. Please call 020 7849 6900 and ask for Marketing.

Connect with us:



Follow us on Twitter

[www.twitter.com/LFHMarketing](http://www.twitter.com/LFHMarketing)



Join us on Facebook

<http://on.fb.me/LFFacebook>



Visit our Website

[www.lfhe.ac.uk](http://www.lfhe.ac.uk)

**Leadership  
Foundation**  
for Higher Education

First Floor  
Holborn Gate  
330 High Holborn  
London WC1V 7QT

T 020 7849 6900  
F 020 7849 6901  
E [info@lfhe.ac.uk](mailto:info@lfhe.ac.uk)  
[www.lfhe.ac.uk](http://www.lfhe.ac.uk)