

Defining the effectiveness of governing bodies

The Committee of University Chairs (CUC) and the Leadership Foundation for Higher Education are supporting work on this important aspect of governance. In particular:

- A major study by Allan Schofield examines what is an effective governing body in higher education. His report sets out a comprehensive analysis of how the effectiveness of governance can be addressed
- During 2010 the CUC and LFHE began a project with 16 higher education institutions to pilot a new approach to reviewing governing body effectiveness. This has led to a Framework for Identifying Governing Body Effectiveness in Higher Education, which is now available for use by institutions
- Recent research by David Llewellyn has shown that **good working relationships** between the chair, the vice-chancellor or principal and the clerk or secretary are important components of an effective governing body. These relationships and dynamics help to analyse how boards work rather than what they do

A framework for governing body effectiveness

As a result of a major project, a Framework for Identifying Governing Body Effectiveness in Higher Education has been developed and is now available for use by institutions. Most of the research and data sources derive from the report by Allan Schofield What is an Effective and High Performing Governing Body in UK Higher Education? 16 volunteer governing bodies took part in the pilot project, which was supported by the four UK funding bodies, coordinated by Hefce through the Leadership, Governance and Management Fund. The Framework comprises 3 inter-related elements:

- The enablers of effective governance
- Working relationships and board room behaviour
- The outcomes of an effective governing body

The Framework sets out details of these elements, and how some or all of them can be used by individual governing bodies to assess their effectiveness, not just in terms of sound processes and clear documentation, but in those aspects of effectiveness which are more difficult to identify and measure. A Survey on the Effectiveness of Governing Bodies in UK HEIs has been devised for use in effectiveness reviews. This can be adapted for the needs of individual institutions. The survey monkey mentioned in the report is not available. The Leadership Foundation can support effectiveness reviews. Guidance is also available on assessing the framework criteria and on conducting governing body effectiveness reviews. Two surveys have been undertaken on existing practice in conducting effectiveness reviews of governing bodies, in a sample of British institutions and in Scotland.

Conducting governance reviews

The CUC Guide suggests that all governing bodies conduct reviews of their effectiveness not less than every five years, and this is now common practice. During 2010 the CUC and LF began a project with the governing bodies of 16 institutions to pilot a new approach to reviewing governing body effectiveness. This has led to a new Framework for Identifying Governing Body Effectiveness in Higher Education and further guidance on conducting effectiveness reviews.

Typical methods of conducting reviews include: through the use of **surveys** to governors; by individual **officers conducting a review**; by an **internal working group** of the governing body; by the **internal audit** function; or through the use of **external advisors** (usually either consultants, retired senior university administrators, or the chair of another board). In practice, the nature of the reviews undertaken appears to have varied considerably, ranging from relatively cursory activities based on board discussions at 'away-days' through to substantial consultancy assignments undertaken by recognised external experts in the field. However, overall it is clear that a significant number of institutions are working



hard at improving further the quality of corporate governance using evaluation as a springboard for action.

Some of the **lessons learned** from existing reviews are that:

- The value of effectiveness reviews appears to vary. In general, it seems that those institutions where the clerk and the board have thought deeply about it and have a commitment to enhancing governance have benefited most. Conversely some institutions that have conducted relatively superficial reviews report little resulting benefit
- In their first round of reviews most institutions concentrated on the processes of board meetings (information flows, etc), and only more recently have some started to review the performance of boards and ask fundamental questions about their role and value
- Where benefits have been reported the main ones have been: clarifying the role and responsibilities of governing bodies; changing the size and nature of board membership; improving the conduct of business; enhancing the nature and presentation of information; enhancing the strategic role of boards; and encouraging support, training and induction of board members. Given the initial focus on process issues these benefits are not surprising
- Many institutions have used surveys of board members, but the value of these has been mixed depending upon survey design, the types of questions asked, and the willingness of participants to be constructively critical. Surveys based on members' satisfaction may be useful, but satisfaction can also be a poor measure of effectiveness
- In second or subsequent reviews there appears to be more use of external advisers who may be able to probe in more depth than could be done in an internal review
- Depending upon the nature and outcome of effectiveness reviews there is a danger of 'review fatigue'. The CUC recommends a review not less than every five years, but in a time of rapid change for governance some institutions may choose to undertake them more regularly. Informal evidence suggests that review fatigue is minimised when they are undertaken in a considered and purposeful manner

Reviewing the effectiveness of committees

Some universities and colleges couple periodic external reviews of the governing body with regular - sometimes annual - checks of committees. This may take the form of annual reporting about the governing body and its committees and the extent that they have addressed designated tasks in a planned annual programme of activities. Some governing bodies ask each of their committees to conduct a self-assessment each year, including terms of reference (are they still appropriate?), membership structure, effectiveness and even whether the committee is still necessary, with a report to the governing body on completion of the process. In addition, some audit committees review their effectiveness, often using either the internal auditors or sometimes the audit committee review systems that are provided by many of the larger audit firms.

Reviewing individual board members

There is a growing trend for the performance of individual **board members** to be reviewed in some way. This often tends to be undertaken fairly informally (usually an annual conversation with the governing body chair) as the principle of voluntary participation by governors places a limit on the extent of performance measurement of individual board members. In some institutions, however, it is more structured, while in others this form of review has been rejected. Many board chairs and chief executives wonder if institutions are in any position to require independent governors who provide their time freely and out of a sense of public duty to have their performance reviewed. The CUC has produced a short guidance document on this topic.

Where individual reviews are practised, one of the main **benefits** is reported to be providing better training, briefing and support for governors. However, there is little documented evidence of significant enhancements in governor performance as yet resulting from personal effectiveness reviews. As governing bodies become smaller, it is to be expected that the nature of the effectiveness reviews for individual governors



will also change. The review of the effectiveness of individual governors is complicated by the different levels of experience (and therefore potential performance) of members. This most obviously affects internal governors (and particularly student governors) whose membership rests on different criteria from those relating to lay members.

The role of the chair is crucial to effective governance, and a number of universities have introduced processes to **review the effectiveness of the chair**. Some do this as a free-standing annual review; others as part of board self-evaluation exercises or performance reviews. While these arrangements are still relatively new to UK universities, examples of good practice in this area can be found in the NHS, further education and in public bodies overseas. The FRC Guidance on Board Effectiveness gives the senior independent director the responsibility for leading the process for evaluating the performance of the chair.

The effectiveness of academic governance

Reflecting the sentiments of the Dearing Review in 1997, the Governance Code of Practice in the CUC Guide recommends that 'the governing body shall keep its effectiveness under regular review' and ensure that a **'parallel review is undertaken of the senate/academic board and its committees'**. Many institutions have found effectiveness reviews of their governing bodies helpful, and are interested in obtaining the same benefits in reviewing academic governance.

Governing bodies have an unambiguous responsibility for all institutional affairs, including academic matters. In post-1992 institutions this is explicitly identified in the board's responsibility for "determining educational character and mission". However, the 2004 CUC study on 'Good Practice in Six Areas of the Governance of Higher Education Institutions' identified considerable uncertainty in the minds of many governors about their responsibilities for academic issues, and these could usefully be clarified. This is particularly important given the increasing financial and strategic issues concerning how teaching and research is funded, and the interests of external stakeholder bodies.

In practice, in many institutions the activities of senates/ academic boards have changed considerably in the past decade or more. Some institutions report that what these bodies actually do bears little relation to their duties as defined in statutes (pre-1992s) or articles (post-1992s). Where this is the case it follows that reviewing the effectiveness of these aspects of governance may be important to ensure 'fitness for purpose'.

A survey on this topic published by CUC in January 2006 (published on the CUC web site) suggested that of 93 institutions replying 43 (45%) were in some way involved in a review of the effectiveness of academic governance. Of these, approximately 31 had been completed and 12 were ongoing. Although numbers will have increased since the CUC survey, it is likely that more than half the HE sector still have to undertake a review.

The funding bodies have begun to clarify their expectations of governing bodies in this area. In Scotland, the SFC now requires governing bodies formally to approve learning and teaching strategies, and in England the revised Financial Memorandum includes the expectation by Hefce that governing bodies will assure themselves that there is an effective framework, overseen by the senate / academic board, for managing the quality of teaching and learning and for maintaining academic standards.

Assessing the Framework Criteria

Institutions using the Framework may want guidance on how to assess the various criteria it contains. The intention is to avoid a 'tick box' approach which might notionally enable HEIs to plot their 'score' against defined best practice or relevant governance codes. Whilst this might have superficial attractions for some, the problem is that many of the factors identified in the Framework have no 'right' or 'wrong' answers but are simply more or less appropriate depending on different governance contexts. In any case, it would be hard to get agreement on what best practice represented across the whole Framework.

The forms of assessment are encapsulated in two key questions for governing bodies: 'how did we do?' and 'how do we know?'



'How Did We Do?' All governing bodies will want to know the answers to this question for all the criteria in the Framework they choose to assess. In general, it can be done in either of two ways: by using a qualitative approach or by using a rating scale. In the qualitative approach, governing bodies use the criteria as a set of headings to explore in an open and reflective way, and do not attempt to get any kind of agreed 'score' or rating. This approach is, perhaps, most appropriate when an in-depth review of particular issues is taking place, and it is felt that a single rating would be over-simplistic or inappropriate. Rather, a governing body (or whoever is undertaking the review for them) seeks to balance all available data in a considered way before coming to a qualitative judgement about 'how we are doing'

However, some governing bodies might find it useful to adopt a rating system which enables them to plot their perceived 'score' against all relevant criteria. Whilst the use of a rating scale has obvious attractions (eg standardised responses that are easy to comprehend), there are also several potential problems. First, it may appear to produce an overly prescriptive approach to analysis. Second, evidence on the use of such ratings in other contexts suggests that board member satisfaction may be a poor indicator of effectiveness, and that board members are often less self-critical than they should be. Third, where the ratings suggest that a governing body is not performing adequately against a particular criterion then additional qualitative information will need to be introduced as to why; so scoring aids - but does not replace - judgement.

The optional questionnaire that accompanies the Framework provides a four point rating scale to assess each criterion statement: disagree, partly disagree, partly agree, and agree (there is also a 'cannot' comment option). The information resulting from using the rating system does not generally lend itself to inter-institutional comparisons, and should not be used for this purpose. Not only should the ratings self-evidently be confidential to the institution concerned, they are not comparable between institutions.

'How Do We Know?' This is a more complex - and perhaps more valuable - question, which allows governing bodies to review how they met the various criteria, and to assess the sources of information available to them on board performance.

In the Project 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 institutions 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.

How often should effectiveness reviews be undertaken? There is no magic number, despite the recommendation of the CUC that it should be undertaken at a minimum every five years. The answer is that HEIs should undertake them when it is useful for them to do so, and practice varies with some undertaking reviews every three years or so. In some ways a three year period makes sense in a rapidly changing external environment, in that it may take a couple of years to implement fully the recommendations of a previous effectiveness review. It is also important to remember that in addition to 'full' reviews, many institutions increasingly undertake shorter annual reviews to ensure that the governing body and its committees have implemented their annual work plans, and taken any necessary action on internal audit and other reporting mechanisms.

Find more information and resources on this topic on our website at:
www.lfhe.ac.uk/en/governance/ba/reviewing-governance

