

Review of HE Governance

A report for HEC with support from the British Council

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Author: John Rushforth

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Contents

1.	Introduction	4
2.	Executive Summary	4
3.	Discussion	5
3.1	Legal and Cultural Framework	5
3.2	Values	8
3.3	Good Governance	8
3.4	Governing Bodies	10
3.5	Strategic Planning and Development	15
3.6	The Executive	16
3.7	Learning Infrastructure	17
3.8	HEC - Tools and Approaches	19
4.	Table of Recommendations	21
	Appendix 1	22
	Work Carried Out:	22
	Meetings at universities, typically consisted of meetings with:	22
	Appendix 2	23
	Appendix 3	24
	Principles of Public Life and HE Governance	24
	Public Interest HE Governance Principles	24
	Appendix 4	26
	Fit and Proper Person	26
	Appendix 5	27
	Governance Maturity Index	27
	Appendix 6	29

1. Introduction

One of the priority areas of focus for the PAK-UK Gateway are as follows:

- + To improve quality of governance and management through well-trained Higher Education Leadership, which will include development of a leadership institution in Pakistan. The new model of the leadership programme will include local training programmes for strategic management and governance of world-class universities through a mentoring scheme and formal training. These will also include exposure to the UK, as well as the higher education (HE) sectors of other countries, HE.

The governance element of this work is being addressed by:

- + **Conducting an evidenced-based review** of existing governance arrangements in place across the publicly funded HE institutions in Pakistan
- + **Evaluating governance arrangements** in the context of national need, institutional form and recognised international standards
- + **Engaging with key stakeholders in Pakistan** to share review findings and shape recommendations
- + **Presenting a report with recommendations** and an **action plan** that will support the development of effective governance policy, practice and processes in support of a high performing Pakistan HE sector.

In order to provide a base line survey for this piece of work, an Advance HE (AHE) consultant, John Rushforth, visited Pakistan between 17th and 22nd November 2019. The work programme is set out at Appendix 1. Based on that visit, a questionnaire was agreed with the HEC. This was distributed to HE institutions in Pakistan in late January 2020 with a closing date of 5th February 2020. 68 responses were received from 29 institutions (see Annex 2 for participating institutions). This report sets out the findings of the review, gives a summary of survey responses, plus some specific comments (listed in italics) of survey respondents.

2. Executive Summary

- + The current legal and cultural framework for HE will have to change if Pakistan wishes to develop a system of fully autonomous institutions, effectively governed in conformance with recognised standards
- + The current infrastructure necessary to enable fully effective, independent governors does not exist
- + The development of effective governance will only be effective if there is a clear and agreed set of values that underpin governance processes across the sector

- + There is no evidence, that in respect of governance, institutions have instituted a learning culture
- + Whilst the student voice is recognised as an important asset in some institutions, students are absent from most, if not all, decision making bodies across the sector
- + The creation of the National Academy of Higher Education (NAHE) offers an opportunity to support the development and improvement of HE governance in Pakistan, since it could:
 - Develop, in collaboration with the sector, practice notes setting out the what represents good practice in Pakistan
 - Facilitate the creation of training and development programmes for members of the Governing Bodies and the Secretaries to the Boards
 - Support the creation of virtual communities of practice so that practitioners and Board members can share experiences, issues and solutions.

3. Discussion

3.1 Legal and Cultural Framework

The issue here is that in the UK, for example, members of the Board of Governors are, by law, trustees of the institution, and therefore are required to act solely in the interests of the institution. In Pakistan there are repeated examples of members of boards being appointed in order to represent the interests of a particular group. There is, of course, no reason why particular groups should not have an influence on an institution, perhaps through a University Court or Assembly model, but for the long-term sustainability of the institution, it is preferable that those that make the key strategic decisions act purely in the interest of the institution. This is a decision that must be taken at a national level and is clearly one where new legislation will be required.

Whilst changing legislation may be challenging, an even more difficult challenge to the sector is the culture that is in operation across the sector. Most responses to the survey made it clear that institutions see that governance was about compliance with rules and instructions. A surprisingly small number felt the basis of governance was not about holding the executive to account.

It is also clear that within institutions that there is not an overwhelming consensus on what constitutes effective governance.

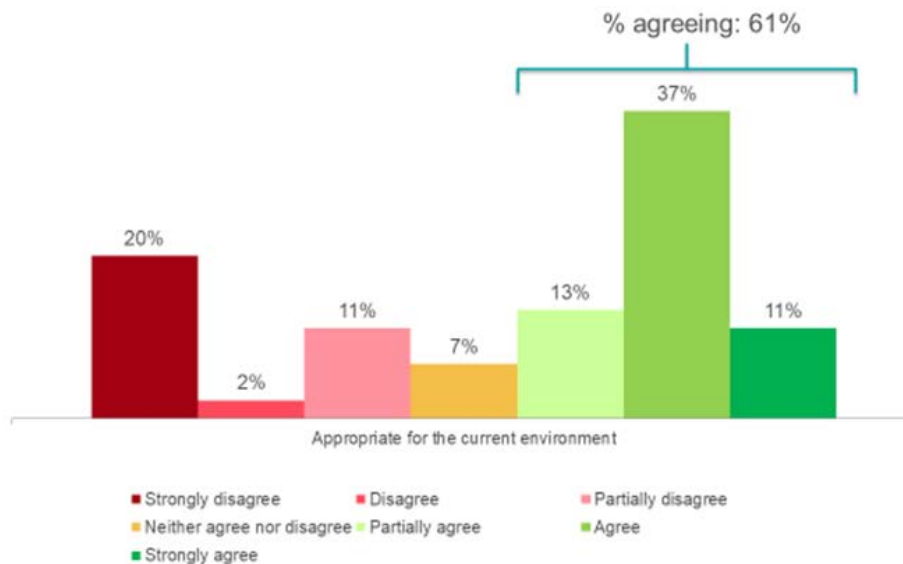
Basis for Governance



AdvanceHE

On which of the following is governance at your institution mainly based on?
Base: all (46)

Shared Understanding of Effective Governance



AdvanceHE

To what extent do you agree or disagree that there is a shared understanding of what constitutes effective governance in your institution? Base: all excl. those who said Don't know (46)

Whilst most respondents say that that they treat HEC rules as a minimum standard that they can build on, it is more worrying that nearly two thirds echo the sentiment of one of the interviewees, that compliance with HEC rules was all that was needed to ensure quality.

Of course, there is a place for some rules, but if institutions are to innovate, develop and adapt to environments, one set of rules, sometimes determined by external agencies are

unlikely to enable institutions to compete on a global scale. It would be much better to define key principles and focus on outcomes rather than processes. It is also unfortunate that most respondents do not see the current HEC rules as ones developed in collaboration with the sector. As one respondent put it:

“HEC is making policies that are either black and white and clearly no feedback is being incorporated into decision making.”

What comes through the responses is also a frustration that HEC keeps changing:

“There has been four regimes in HEC since its establishment in 2002. Every regime in HEC comes with its own mindset, with its own team/group of experts and tries to start ab-i-nitio.”

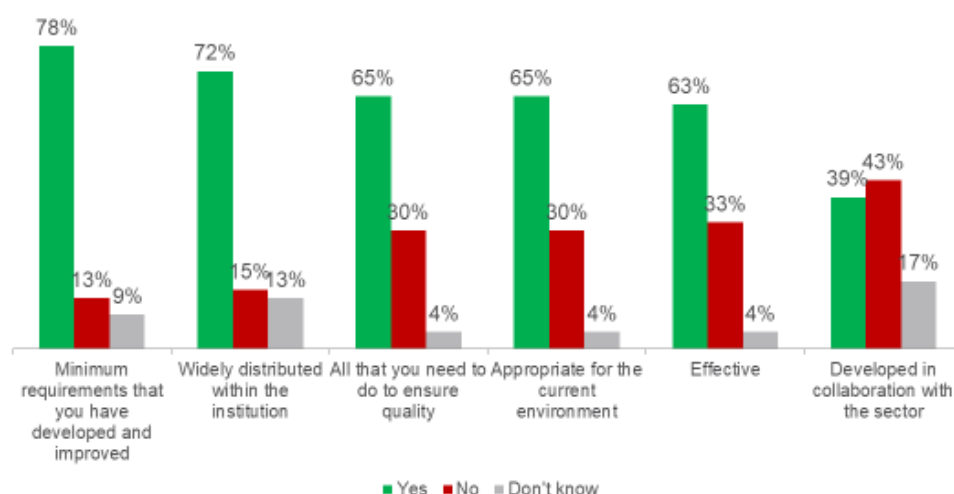
There is therefore a significant opportunity for NAHE to develop, in collaboration with the sector, a clear articulation for HE in Pakistan of:

- + What constitutes good governance practice, perhaps set out in a Code of Principles
- + What the role and expectations are of governing bodies and the executive

3.1.1 Recommendation

Recommendation 1: The NAHE should collaborate with the sector to develop and promote a shared understanding of the elements of good Governance, and the role and expectations of Governors and the Executive.

Opinions on HEC Guidance and Regulations



3.2 Values

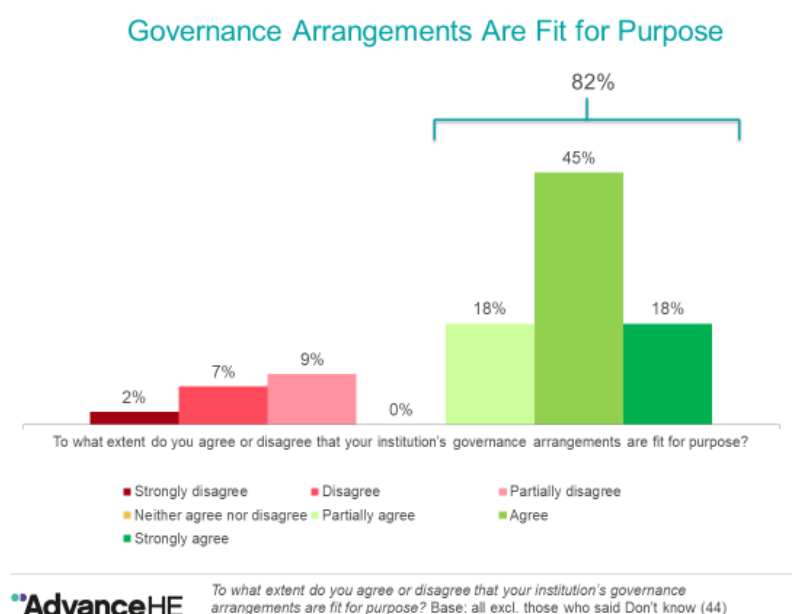
In thinking through the nature of effective governance, it will also be important to develop a shared understanding and commitment to a set of values that should underpin HE in Pakistan. Both in the corporate world and in UK HE, there is an expectation that Board members will abide by an appropriate set of principles – for example, those that apply both to public life and the governance of an HE institution (see Appendix 3 for the UK equivalent). Embedded within these values is also the notion that only ‘fit and proper persons’ are appointed as governors of an HE institution (see Appendix 4 for an example definition). This is not to suggest that any members of Pakistani governing bodies are not ‘fit and proper’ and do not have an appropriate set of values – instead it is suggested that by articulating a clear framework that has been agreed at a national level, members will find it easier to establish what is expected of them, regulators and other stakeholders can have greater assurance that governance is effective and institutions can assure themselves that they have appropriate recruitment procedures in place.

3.2.1 Recommendation

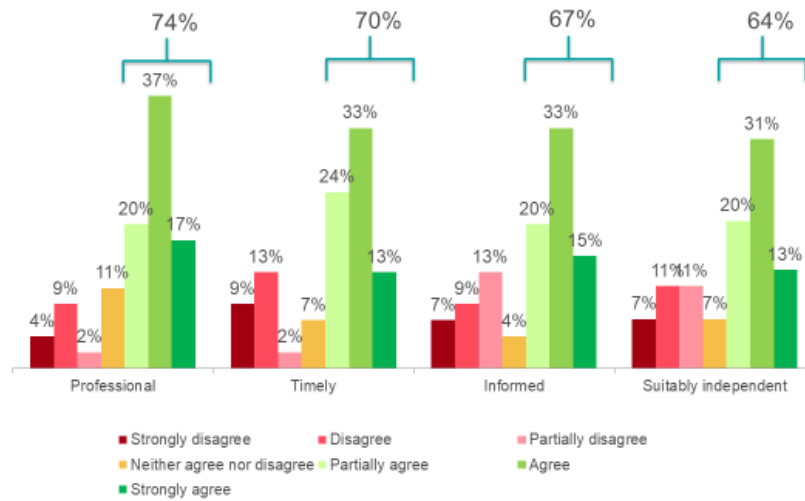
Recommendation 2: That the NAHE should initiate a debate on what constitutes an appropriate shared set of values to underpin the operation of HE in Pakistan and what the expectations are of persons that are ‘fit and proper’ to govern HE institutions.

3.3 Good Governance

Despite the lack of consensus on what constitutes effective governance, most of the respondents to the survey believe that governance at their institution is fit for purpose, although there is a sizeable group that does not share that belief. If good governance is to be developed across the sector, crucial will be the role of the secretariat that support governing bodies – here the picture is mixed, but nearly a third of respondents have a negative view of that support.



Opinions on Governing Body Secretariat



AdvanceHE

To what extent do you agree or disagree that the professional advice and support provided by the governing body secretariat is...? Base: all excl. those who said Don't know (45-46)

Given the answers to the question about the training of Board Secretaries, with only 20% saying that the Secretary had had training in good governance, the responses above are not surprising. The 20% is more disappointing given that most Secretaries have been in post for over two years. Again, there are opportunities here for NAHE to contribute to developing good governance. Specifically, they could develop a clear articulation of the role and expectations of a Board Secretary; reinforce this by developing a specific training programme for Board secretaries to enable them to carry the role out to the highest professional standards, and facilitate a virtual practitioner's network that enables the sharing of ideas, issues and solutions.

Training of Secretary



AdvanceHE

Has the governing body secretary received explicit training in best practice of governance? Base: all excl. those who said Don't know (46)

Another element of good governance would be regular review – on the positive side, nearly 60% of institutions say they have a self-review of the effectiveness of governance every year, 43% of institutions say they have an independent element embedded within the review of governance (17% do not and 39% don't know). Unfortunately, nearly 10% have never had one. If NAHE develops the articulation of what constitutes good governance referred to above, then that could form the basis for it to produce an evaluation framework, which could be used to assess the effectiveness of each institution. That framework could also contain guidance about the regularity of reviews and the nature of input that would be desirable from independent reviewers. Such a framework might also include some key quantitative indicators, which, if collected centrally, might be an effective aid to benchmarking.

3.3.1 Recommendation

Recommendation 3: That NAHE develop a role description for Governing Body Secretaries, a supporting professional development programme and facilitate a virtual professional community of practice for Board Secretaries.

Recommendation 4: That NAHE produce an evaluation framework that institutions can use to assess the effectiveness of their governance arrangements.

3.4 Governing Bodies

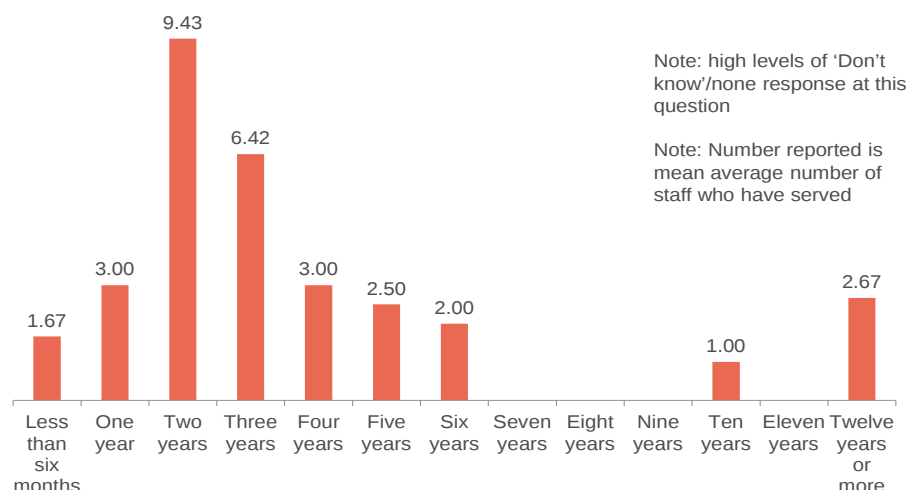
If governance is to operate effectively, it is essential that there is diversity within the Board, principally, because a Board comprising of people with different competencies, experiences and outlooks is likely to make better decisions than one comprising of people with a common experience. Clearly, there need to be some governors that have extensive experience of HE, but more effective Boards will have a majority of independent governors, recruited from outside of HE, perhaps with experience of law, accountancy, the digital world, and/or that of running major corporations, public institutions or major charities. Some institutions also recruit alumni to serve. The key to effective recruitment is that it must be geared to the likely needs of the institution, and the usual approach in the UK is to establish a Nominations Committee of the Governing Body, ask that committee to establish a skills matrix which lists the skills the governing body is likely to need over the coming years, assess the current membership against that matrix and then when recruiting new members attempt to fill any gaps in competencies. Even where recruitment is legally constrained by statutes to require representatives from organisations, there can still be benefit in developing such a matrix to inform the nominating body of the type of preferred candidate. To date, there is no evidence that such a skills-based approach is used in recruiting Board members. The size of governing bodies is like that in the UK with a mean average of responses being 17.3, but there is a much larger gender disparity with nearly 80% of members being male in Pakistan. The length of service of Board members is also consistent with UK experience (but note small sample size). However, there are instances where members have been on Boards for a long time and some respondents believe there should be limits.

“It will be rather appropriate not to allow one individual to serve more than two terms (except for ex-officio members). Similarly, those who are nominated should be

required to report their contribution during the board meetings to the nominating authority.”

One of the significant differences though in Board composition is the professional expertise of Board members. In the UK, expertise is significantly skewed towards business, finance and legal, with academic background much less prominent.

Length of Service of Board Members

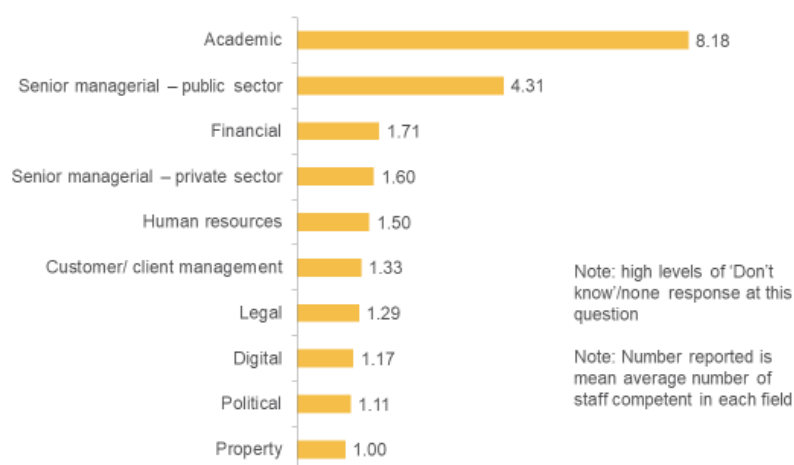


AdvanceHE

For how many years have your board members served? Base: all excl. those who said Don't know (15)

That is clearly not the case in Pakistan, where most members are competent academics, although, again, note the relatively small sample size.

Fields Board Members Professionally Competent In



AdvanceHE

How many members of the governing body are professionally competent in the following fields? Base: all excl. those who said Don't know (18)

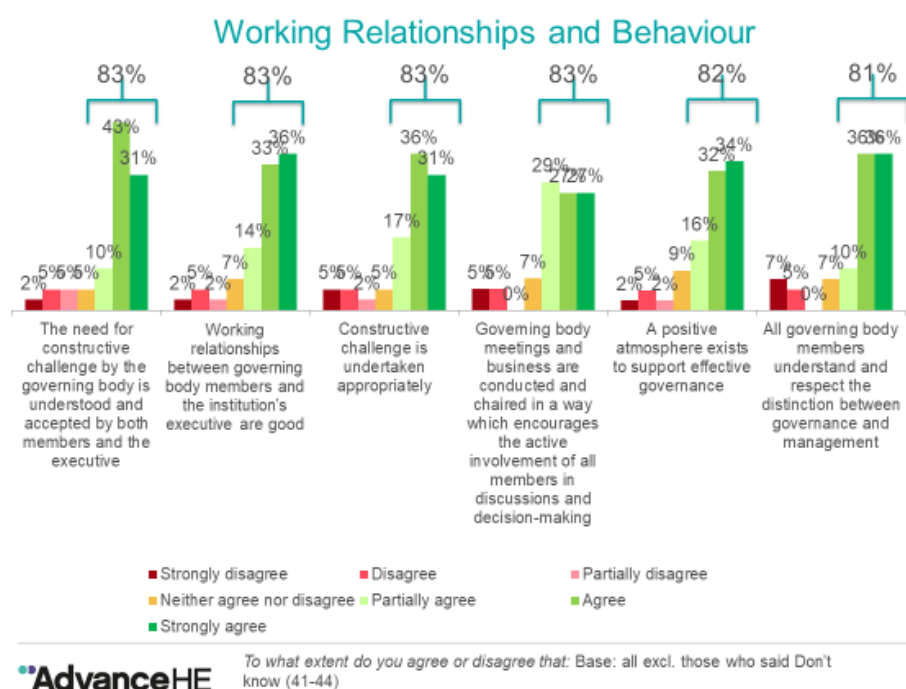
This has the benefit of providing a deep base of understanding of academic matters. The risk is that the academic mind-set may crowd out the other professional disciplines and a 'groupthink' culture prevail, rather than one of diverse experiences leading to healthy challenge and debate.

"Experts should be incorporated into governing bodies such as HR, financials and legal experts that are able to challenge the status quo of our organization and their acceptance of policies."

Interestingly, despite the relatively low levels of financial expertise on board, the survey suggests that nearly a quarter of the time spent by Boards is dealing with financial-related matters.

"Approval of budget remains the primary focus of the meetings."

Nevertheless, survey respondents do think that there was effective challenge.



Another key difference of governing body operation when comparing Pakistan and UK approaches is the frequency of meetings with the survey indicating that the average number is two a year in Pakistan. UK boards will meet between four and eight times a year, with often one meeting lasting overnight to engage with major strategic issues and board development. Only meeting twice a year will mean that the role of the Board will be constrained in what it can consider, and is unlikely to be able to offer oversight, support and advice on a range of important issues. This is a matter that HEC needs to reflect on and advise or regulate on a minimum expectation of the level of engagement required from governing bodies.

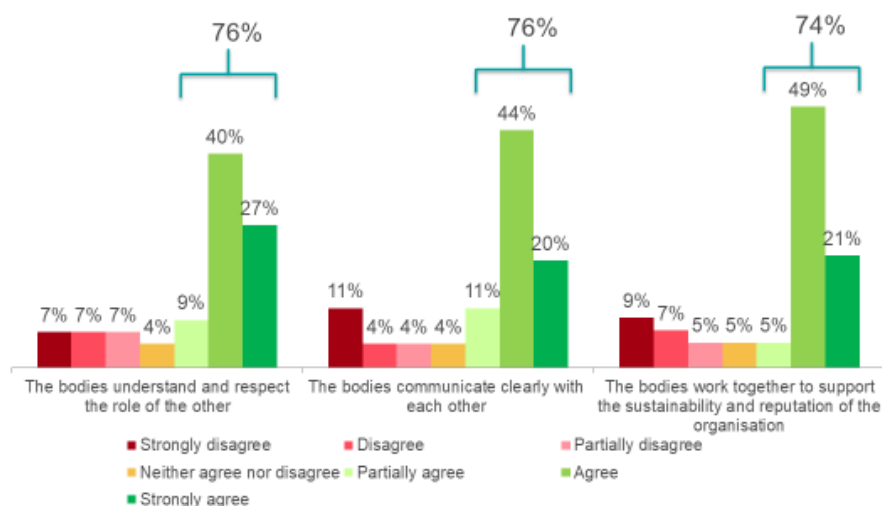
There is also a difference between the relationships of Governing bodies with outside stakeholders. In the UK, Board minutes and membership would be publicly available to anyone interested, but in Pakistan the survey suggests that 20% of institutions do not publish minutes of meetings, 25% do not publish the membership of the Board and nearly 50% do not publish the terms of reference of the Board and its Committees.

The statement of HE values referred to above should address this, with a clear steer given that one of the key values of HE is a commitment to transparency including publishing full details of governance arrangements and considerations.

Another area of significant difference is the appointment of the Chair of the Governing Body. In the UK, this is always an appointment of the Governing Body itself, often with support from external headhunters, overseen by a small panel of Board members, with final selection needing the approval of the whole Board. In Pakistan, the survey indicates that over a third of Chairs are appointed by the Vice Chancellor (VC) and over 15% by external bodies. Whilst it is important that there is a strong relationship between the VC and Chair, a VC would never be able to make such an appointment in the UK because one of the key roles of the Chair is seen as being able to hold the VC to account. Appointment by external agencies can also be problematic, since one of the key tasks of a Chair is to manage the Board effectively, and if circumstances arise where the Chair does not command the support of the Board, the Board needs a mechanism to remove the Chair and install someone that they have confidence in. If institutions in Pakistan are to be given greater autonomy, then it is important that they can hold their Executives to account. HEC needs therefore to consider the independence from the Executive of the Governing Body, before determining whether greater autonomy can be granted to any particular institution.

Given the academic expertise of Board members it is not surprising that Boards appear to have a good relationship with their Academic Boards.

Governing Body's Relationship with the Senate or Academic Board/Council

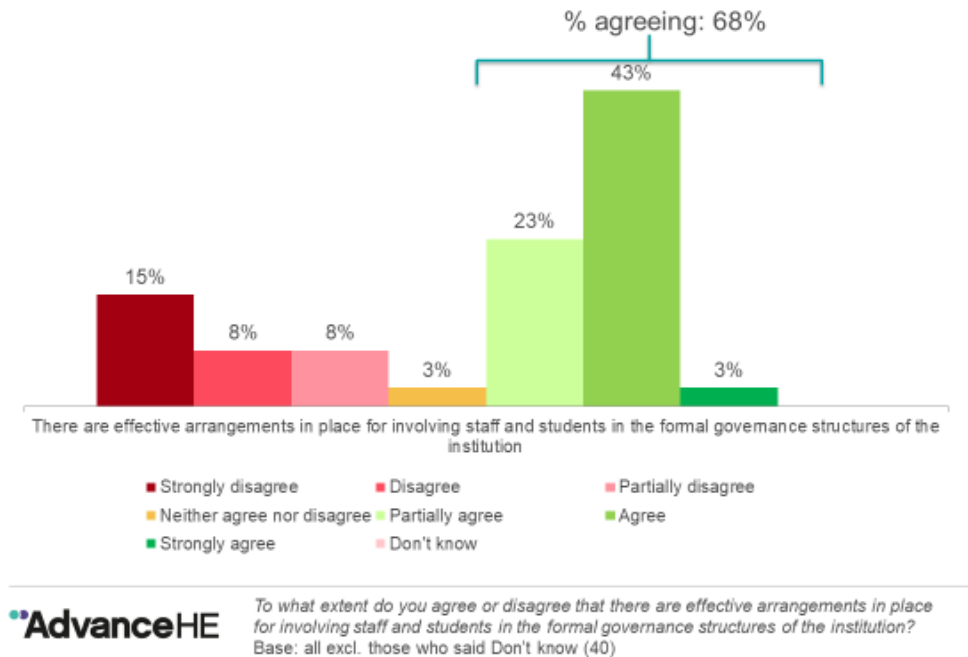


AdvanceHE

To what extent do you agree or disagree with the following statements about the governing body's relationship with the senate or academic board/council? Base: all excl. those who said Don't know (43-45)

However, it is disappointing that compared with the UK, Boards in Pakistan do not have as effective arrangements for involving students and staff. Part of having diverse opinions within the governing body and its committees is to recognise that students can make a valuable contribution – both in providing a student perspective and acting as a communication channel back to the student body to provide the student body with an insight into the operation of the governing body. Thus far, no governing body has been identified as having a student representative, partly, it is suggested because of past difficulties with student unions. There are no reasons why a student voice must be attributed to student unions, equally there are no reasons why a student (or newly qualified graduate) cannot be given a paid sabbatical (after a competitive recruitment process) to act a student governor (and perhaps support other governance activities).

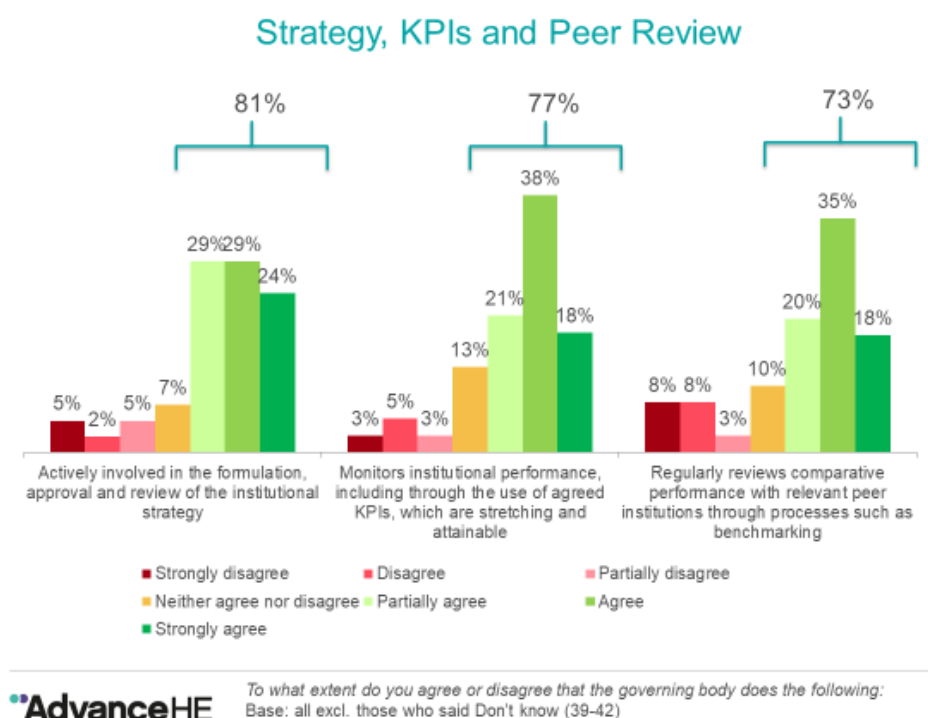
Arrangements for Involving Staff and Students in the Formal Governance Structures



3.5 Strategic Planning and Development

The approach to planning within institutions appears variable with some based on a relatively short document, developed by the Executive, with no key performance indicators (KPIs) and not linked to supporting sub strategies, such as estates, HR and IT. Others have developed a strategy that is fully integrated in the management of the institution, has clear and quantified KPIs and has been developed by a process of staff engagement. The survey indicates a belief of over 90% that institutions have a clear statement of their institution's vision, culture and ethos, however, only 43% have published a strategic plan. Of those that have a strategic plan, over 20% do not contain clearly identified quantitative performance measures.

The survey shows reasonable levels of confidence that ethics, risk, financial stability and teaching quality are effectively managed. However, there is less confidence that Board recruitment and succession planning are managed effectively or that actions are taken to ensure that governing body members' skills and experience are effectively utilised. Again, compared to the UK, there is limited engagement of Boards with strategy, performance or key processes, with nearly 20% saying they did not get reliable and up to date information from the senior team.



3.5.1 Recommendations

Recommendation 5: HEC should conduct regular surveys of the composition of governing bodies to establish the level of diversity. This could be supported by NAHE if they would carry out a study in order to suggest practical measures the institutions could take to improve the diversity of their governing bodies.

Recommendation 6: HEC should determine the extent to which it wishes to link the frequency of Board meetings with the level of autonomy to be allowed.

Recommendation 7: In preparing a statement on HE values, NAHE should give prominence to the commitment to autonomy.

Recommendation 8: HEC needs to determine whether the practice of a VC appointing the Chair of the Governing Body precludes the granting of full autonomy.

Recommendation 9: NAHE should produce guidance on the most effective ways of engaging students and staff in the governance of institutions.

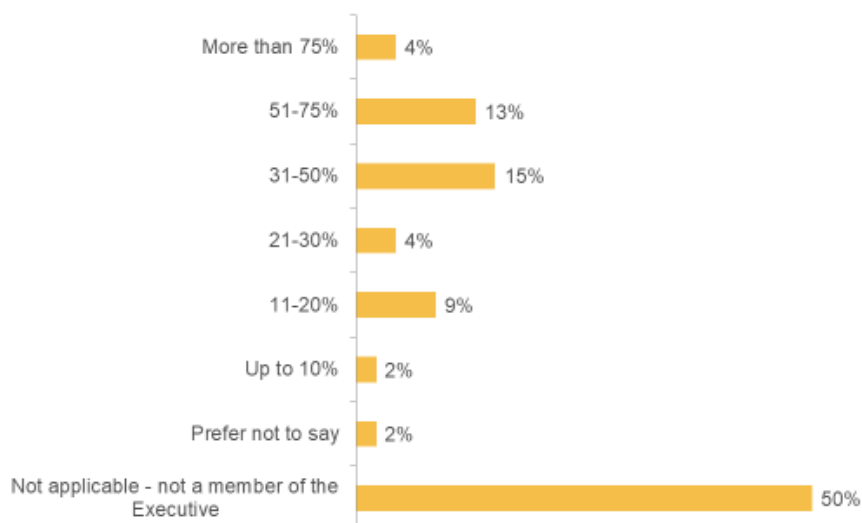
Recommendation 10: NAHE should produce guidance on what information governing bodies should expect on a regular basis, the use of KPIs and the means by which they can get assurance that the information they receive is robust and reliable.

3.6 The Executive

The survey indicates that half of the respondents were members of the Executive and that, compared to their UK counterparts, some of them spend a substantial time on academic duties, with nearly a third of Executive members spending over 30% of their time on academic duties. There are costs and benefits of time used this way – on the one hand, the

risk is there is not enough time spent on administrative and managerial functions but, on the other hand, managerial decisions are significantly influenced by a realistic understanding of current academic practice.

Time Spent on Academic Duties

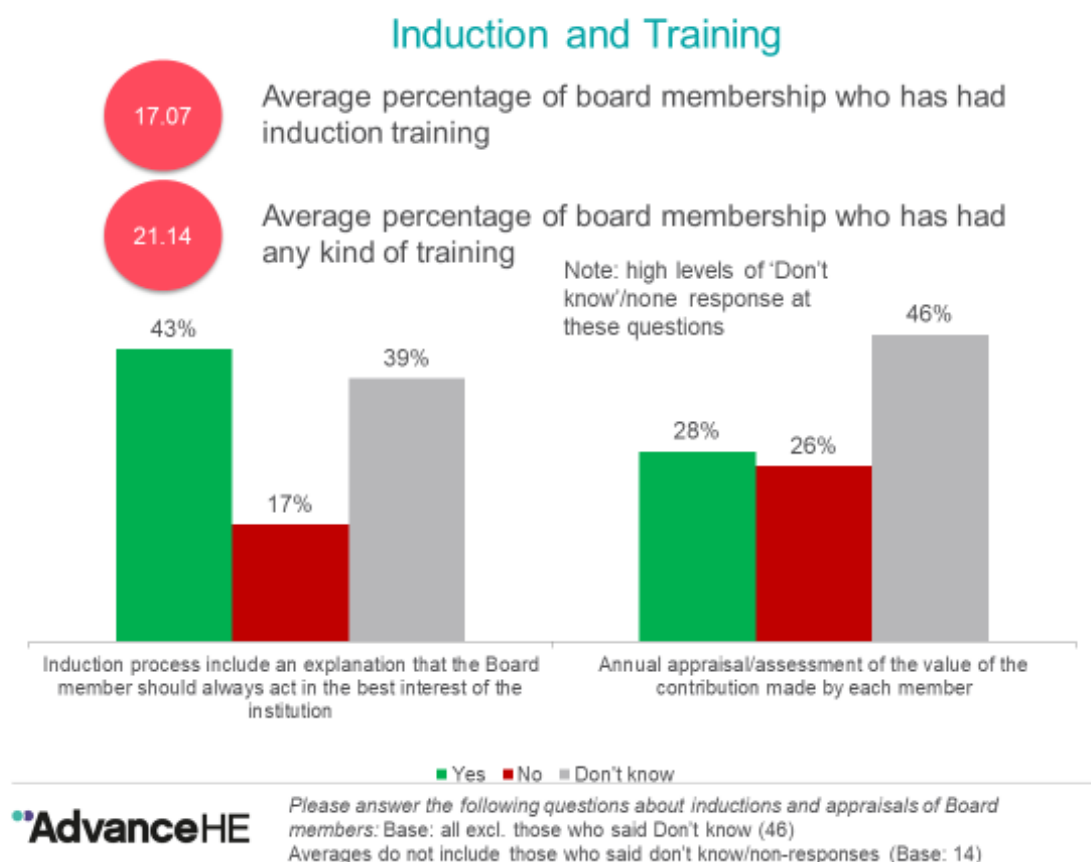


AdvanceHE

If you are a member of the Executive, what proportion of your time is spent on academic duties as opposed to purely executive activity? Base: all (46)

3.7 Learning Infrastructure

The survey suggests that one of the most significant areas for development relates to induction and training. In the UK, it would be expected that all members had some form of induction and the numbers of board members that had some form of training would be significantly higher.



Higher education institutions are some of the most complex organisations that exist and operate in a constantly evolving and competitive global environment. If independent members are recruited with little or no experience of HE, then it is essential that they receive appropriate support to enable them to make an effective contribution. At present, in Pakistan, there are not the tools available to assess any knowledge gaps that might exist, there are no dedicated development programmes available for newly-appointed governors to enrol on, and there are no specific on-line development tools or dedicated forums available. Whilst knowledge and training programmes are desirable, there is also benefit in learning from others, but, unfortunately, unlike the US, Australia and the UK there are no membership organisations that Chairs of governing bodies can join to facilitate the exchange of experience and the commissioning of research into common problems.

3.7.1 Recommendation

Recommendation 11: NAHE should develop a comprehensive governor development programme, with specific sessions for

- + new governors
- + new holders of key roles (Chair, Chair of Finance, etc.)
- + managing the relationship between the Board and the Executive

Recommendation 12: NAHE should facilitate and support a community of practice for governors and holders of key roles.

3.8 HEC - Tools and Approaches

If HEC is to meet some of the challenges listed above, it may need to look for additional tools and new approaches. It should start by setting out clearly what it believes represents the key elements of good governance. Given the diversity of institutions in Pakistan, it would be preferable if this recognised a spectrum of capability and perhaps described governance as a three-stage model: immature, evolving, good practice. A possible outline of such a model is set out at Appendix 4.

If institutions are to be encouraged to change, then there will need to be a mix of incentives to help drive autonomous institutions. This might mean different approaches to funding based on the stage of governance reached – so a rule-based system for those with ‘immature’ governance, a funding system based on negotiations on a strategy for those with ‘evolving’ governance, and funding system based on outcomes for those with ‘good practice’ governance. Depending on the funding environment at any one time, it would be essential that those assessed as ‘good practice’ received either a higher allocation of funding or a reduced level of reductions than those in the other categories.

It follows that there would have to be an assessment of the current level of governance of each institution, but if the model of what represents good governance is clear enough, the HEC observers who sit on the boards of governors should be able to carry out such an assessment quite readily. Thereafter, institutions could be expected to carry out effectiveness reviews every 4 or 5 years and publish the results of those reviews.

If it was found that the funding incentives were insufficient, then HEC needs some ability to influence change – this would mean the ability to attach conditions of funding – e.g. a requirement perhaps that an institution carry out a review and produce an action plan before a proportion of funding was released and/or the possibility of financial penalties for those that did not have a clear improvement trajectory.

The role of HEC board observers in all this will be crucial and it probably means there needs to be some form of bespoke training delivered to them, supported by a clear communication strategy so that they can track all improvements and good practice across the sector.

HEC also needs to continue with its work on national data sets, particularly in respect of indicators that can form the basis of measurement of some elements of quality. In that context, it might be worth considering whether some form of national student satisfaction survey is needed.

Lastly, if HEC is to promote a different approach to governance, it needs to ensure its governance arrangements fit the good practices it believes should be in place in institutions e.g. student members, governor development programmes, self-assessment etc.

“HEC needs to become more transparent by placing agenda and the minutes of the meetings of the Commission. Similarly, HEC convenes Vice Chancellors' meeting every year. Minutes of such meeting are never prepared or shared. HEC needs

to make such meeting more fruitful by convening meetings on regional basis rather than inviting VCs of all the universities.”

4. Table of Recommendations

No.	Recommendation
1.	The NAHE should collaborate with the sector to develop and promote a shared understanding of the elements of good Governance, and the role and expectations of Governors and the Executive.
2.	That the NAHE should initiate a debate on what constitutes an appropriate shared set of values to underpin the operation of HE in Pakistan and what the expectations are of persons that are 'fit and proper' to govern HE institutions.
3.	That NAHE develop a role description for Governing Body Secretaries, a supporting professional development programme and facilitate a virtual professional community of practice for Board Secretaries.
4.	That NAHE produce an evaluation framework that institutions can use to assess the effectiveness of their governance arrangements.
5.	HEC should conduct regular surveys of the composition of governing bodies to establish the level of diversity. This could be supported by NAHE if they would carry out a study in order to suggest practical measures the Institutions could take to improve the diversity of their governing bodies.
6.	HEC should determine the extent to which it wishes to link the frequency of Board meetings with the level of autonomy to be allowed.
7.	In preparing a statement on HE values NAHE should give prominence to the commitment to autonomy.
8.	HEC needs to determine whether the practice of a VC appointing the Chair of the Governing Body precludes the granting of full autonomy.
9.	NAHE should produce guidance on the most effective ways of engaging students and staff in the governance of institutions.
10.	NAHE should produce guidance on what information governing bodies should expect on a regular basis, the use of key performance indicators and the means by which they can get assurance that the information they receive is robust and reliable.
11.	NAHE should develop a comprehensive governor development programme, with specific sessions for new governors, new holders of key roles (Chair, Chair of Finance, etc.) and managing the relationship between the Board and the Executive.
12.	NAHE should facilitate and support a community of practice for governors and holders of key roles.

Appendix 1

Work Carried Out:

- + DAY 1: 18th November 2019 - Meetings with various HEC Senior Officials
- + DAY 2: 19th November 2019 - Visit to International Islamic University
- + DAY 3: 20th November 2019 - Focused Group discussion with 16 VCs/Rectors/ PVCs
- + DAY 4: 21st November 2019 - Visit to National University of Science and Technology, Debrief Session with Chairman HEC

Meetings at universities, typically consisted of meetings with:

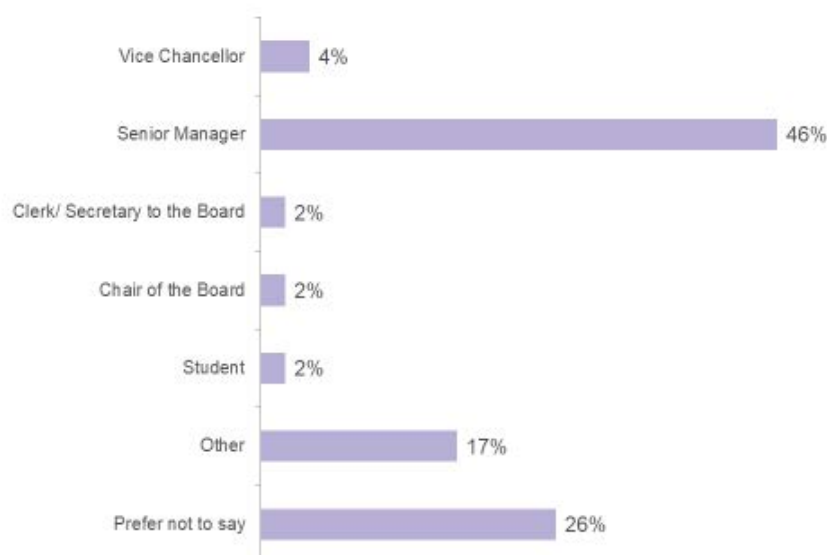
- + Executive Team
- + Heads of Administration
- + Heads of Departments

Discussions typically consisted of exploring:

- + Participants' roles
- + Governance structures
- + Governance processes
- + Reporting
- + Student Engagement
- + Values
- + Assurance Mechanisms

Appendix 2

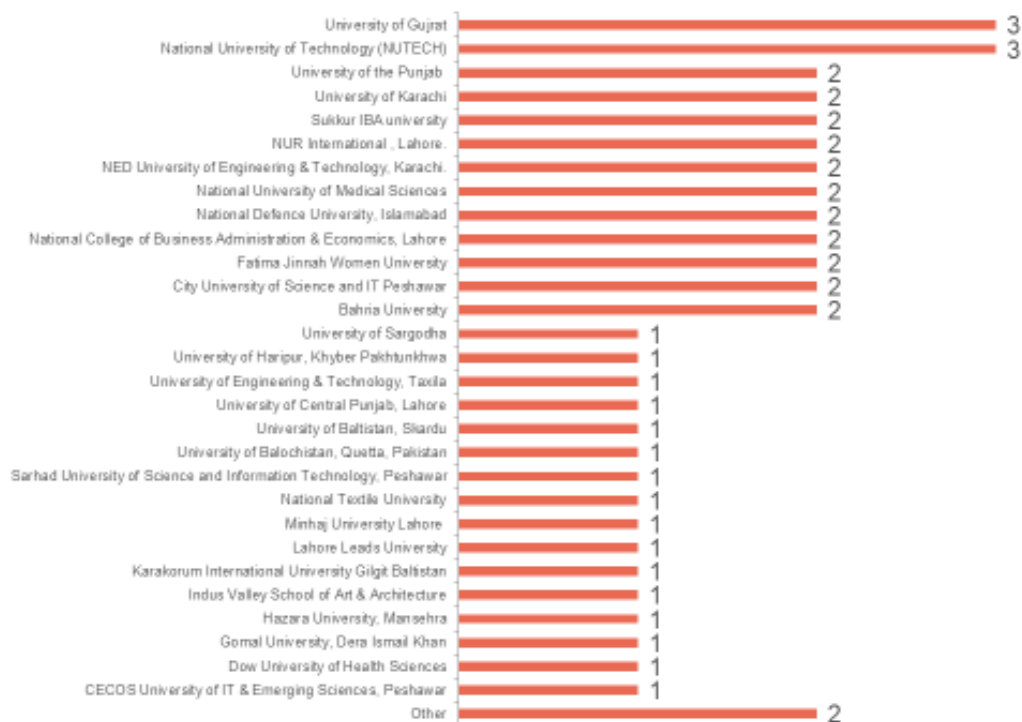
Participants' Roles



AdvanceHE

What is your role? Base: all (46)

Number of responses from partaking institutions



AdvanceHE

Finally, please select which institution you are from: Base: all (46)

Appendix 3

Principles of Public Life and HE Governance

The principles are used in the UK as the basis of the ethical standards expected of public office holders.

Selflessness:	Holders of public office should act solely in terms of the public interest.
Integrity:	Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
Objectivity:	Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
Accountability:	Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
Openness:	Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
Honesty	Holders of public office should be truthful.
Leadership:	Holders of public office should exhibit these principles in their own behaviours. They should actively promote and robustly support the principles and be willing to challenge poor behaviours wherever it occurs.

Public Interest HE Governance Principles

Governing body members are expected on appointment to confirm that they recognise and will uphold the following principles

Academic freedom:	Academic staff at a higher education provider have freedom within the law: + to question and test received wisdom; and + to put forward new ideas and controversial or unpopular opinions; without placing themselves in jeopardy of losing their jobs or privileges they may have at the provider.
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Accountability:	A higher education institution will operate openly, honestly, accountably and with integrity and demonstrates the values appropriate to be recognised as a higher education provider.
Student engagement:	The governing body of an HE provider will ensure that all students have opportunities to engage with the governance of the institution, and that this allows for a range of perspectives to have influence.
Academic governance:	The governing body receives and tests assurance that academic governance is adequate and effective through explicit protocols with the senate/academic board (or equivalent).
Risk management:	The provider operates comprehensive corporate risk management and control arrangements (including for academic risk) to ensure the sustainability of the provider's operations, and its ability to continue to comply with all its conditions of registration.
Value for money:	The governing body ensures that there are adequate and effective arrangements in place to provide transparency about value for money for students and (where a provider has access to the student support system or to grant funding) for taxpayers.
Freedom of speech:	The governing body takes such steps as are reasonably practicable to ensure that freedom of speech within the law is secured within the provider.
Governing body:	The size, composition, diversity, skills mix, and terms of office of the governing body is appropriate for the nature, scale and complexity of the provider.
Fit and proper:	Members of the governing body, those with senior management responsibilities, and individuals exercising control or significant influence over the provider, are fit and proper persons.
Independent members of the governing body:	There should be most external members of the governing body who is independent, and whose term of office is normally limited to a maximum of three terms of three years or two terms of four years.
Regularity, propriety and value for money:	The governing body ensures that there are adequate and effective arrangements in place to ensure public funds are managed appropriately, in line with the conditions of grant and the principles of regularity, propriety and value for money, and to protect the interests of taxpayers and other stakeholders. This also applies to any funds passed to another entity for the provision of facilities or learning and teaching, or for research to be undertaken.

Appendix 4

Fit and Proper Person

One model of what represents a 'fit and proper person' is set out below.

The person must:

- + be able by reason of, after reasonable adjustments are made, to properly perform the tasks of the office or position for which they are appointed.
- + not have been responsible for, been privy to, contributed to, or facilitated, any serious misconduct or mismanagement (whether unlawful or not) in their employment or in the conduct of any entity with which they are or have been associated.
- + not have been disqualified from acting as a company director, or from acting as a charity trustee, as set out in the Company Directors Disqualification Act 1986 or the Charities Act 2011.
- + not have been convicted of a criminal offence anywhere in the world.
- + not have been subject of any adverse finding in civil proceedings, where relevant, including but not limited to bankruptcy or equivalent proceedings (in the last three years).
- + not have been subject of any adverse findings in any disciplinary proceedings by any regulatory authorities or professional bodies.
- + not have had any involvement in any abuse of the tax systems.
- + have not been involved with any entity that has been refused registration to carry out a trade or has had that registration terminated.
- + not have had any involvement in a business that has gone into insolvency, liquidation or administration while the person has related to that organisation or within one year of that connection.
- + not have been dismissed from a position of trust or similar.

Appendix 5

Governance Maturity Index

This is an illustration of what a Governance Maturity Index could look like. It is not intended to be the matrix used but rather an example of what it might look like. Key to its success would be that it was worked on, consulted with and ideally agreed by the sector.

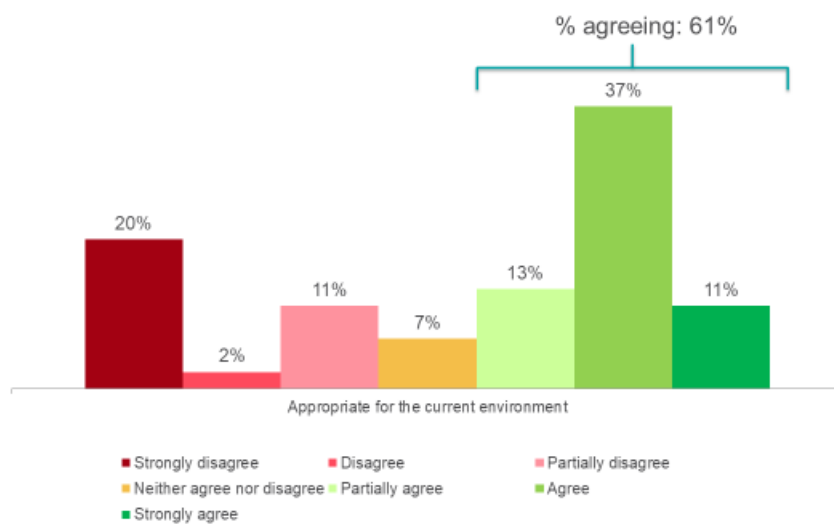
Element	Immature	Evolving	Good Practice
Board selection	Mainly representatives nominated by outside bodies	A mix of representative and independent members	Most independent members appointed by the Board
Board tenure	Open ended	A mixture of open ended and fixed term	All members appointed for a maximum of either 2 terms of 4 years or 3 terms of 3 years. Each extension based on appraisal of contribution
Board composition	All male	Some female members	Board composition reflects demography of the region by an agreed set of characteristics – gender, age, disability, etc.
Board Support	None	Clear induction pack provided on appointment	Induction process on appointment, annual appraisal by Chair of contribution, producing a development plan for the next year
Governance Model	Nothing agreed	A discussion every 4 or so years on approach to governance and role of governors	A published governor handbook that sets out values, expectations, role, support for and approach to governance
Values	Nothing agreed	A clear and published statement on values to be promoted by governors	A published statement on values, a process of due diligence and written confirmation of acceptance of values, an annual appraisal with Chair that assesses whether those values have been adopted in practice

Self-Assessment	None	A regular discussion on how effective the Board thinks it is	A formal effectiveness review carried out every 4 or so years, involving an independent external expert
Relationship with Senate/Academic Council	None	Minutes and briefing on activity received	Formal annual report setting out work carried out and opinion as to maintenance of quality, standards and financial sustainability
Meetings	1 or 2 a year	4 or more	4 or more underpinned by effective published scheme of delegation, effective committee structures
Transparency	Limited	Minutes published	Minutes and key policy papers published, annual general meeting open to anyone who wishes to attend, with annual report presented and questions encouraged
Committee structures	None	Audit, Nominations, Resources	Consideration of whether the following is needed: Audit, Nominations, Resources, Strategic Planning, Ethics, Student Experience, International Development, Business and Community Engagement
Strategic oversight	None	Strategy published, with targets and progress monitored every 3 months	Strategic plan, with balanced scorecard of key performance targets set, which are benchmarked against peer group institutions, and monitored on a regular basis at Council, with detailed scrutiny by Committee
Stakeholder Assurance	None	Annual report published	Annual report published, with balanced scorecard of performance indicators, comprehensive audit review of all processes over 5-year period, occasional peer review of processes and

			results of 4 yearly self-assessment
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Appendix 6

Shared Understanding of Effective Governance



AdvanceHE

To what extent do you agree or disagree that there is a shared understanding of what constitutes effective governance in your institution? Base: all excl. those who said Don't know (46)

Contact us

General enquiries

+44 (0) 3300 416201
enquiries@advance-he.ac.uk
www.advance-he.ac.uk

Media enquiries

+44 (0) 1904 717500
communications@advance-he.ac.uk
www.advance-he.ac.uk/contact-us

   @AdvanceHE

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+44 (0) 3300 416201 or publications@advance-he.ac.uk