

## THE ICMP CODE OF GOVERNANCE

*Revised April 2019*

The Institute of Contemporary Music Performance (ICMP) is an independent provider of Higher Education registered with the Office for Students (OfS). The ICMP aspires to be an exemplar of good governance in the HE sector. The OfS, sets the regulatory framework within which all HE providers, whether private or public providers operate. They do this to safeguard the interests of students and ensure effective use of public funds.

As a private company, ICMP has particular legal obligations that do not apply to the governing bodies of more traditional Higher Education providers. In consequence, and in order to safeguard the interests of a range of stakeholders including students and the taxpayer, an appropriate set of governance principles have been adopted by the institution, enshrined in a 'Code of Governance' based on the Committee of University Chairs' (CUC) Higher Education Code of Governance and informed by IOD's 'Corporate Governance Guidelines and Principles for Unlisted Companies'; the 'Operating Framework' of the previous sector funder/regulator, HEFCE; the CUCs 'Remuneration Guidance'; and additionally the OfS' guidance on governance practice.

Thus, the ICMP's approach to governance is designed to integrate the statutory requirements placed on Boards of limited companies with regulatory requirements established by the OfS and other relevant agencies. To achieve this, it has adopted a '**Governance Framework**' and a '**Governance Code**'. Importantly, where any discrepancies, actual or perceived, arise between the governance obligations and practice under company law compared to the expectations and guidance of the OfS or other related regulatory bodies then the ICMP will adopt the principle of 'comply or explain' as required

### A. THE GOVERNANCE FRAMEWORK

1. ICMP has created an operating framework through which the governance of the institution is implemented. This framework is reviewed annually and laid out in detail in the ICMP's 'Quality Handbook'<sup>1</sup> which contains detailed Terms of Reference for and a chart showing the relationships between each committee in the framework. These are reviewed and updated annually. Information regarding the ICMPs governance framework and code are published on the institution's website, [www.icmp.ac.uk](http://www.icmp.ac.uk).
2. The company is owned by the Shareholders. The overall framework for corporate governance, including the role of the Corporate Board (also referred to as the 'Governing Body'), is approved by the Shareholders and referenced in the Articles of Association and the Shareholders' Agreement. These documents specify those matters that are reserved for the Shareholders.
3. The responsibilities of the Corporate Board are laid out in its terms of reference<sup>2</sup>. As the ultimate governing body of ICMP, the Corporate Board is unambiguously and collectively accountable for institutional activities, taking all final decisions on matters of fundamental concern within its remit and providing overall leadership of the institution. The primary responsibilities of the Corporate Board are also expressed in a 'Statement of Primary Responsibilities' which is reviewed annually and communicated through the annual report and accounts,<sup>3</sup> on the ICMP's website and through the student virtual learning environment (VLE).
4. The Corporate Board protects stakeholder interests, including students, and institutional reputation by assuring itself that clear regulations, policies and procedures that adhere to legislative and regulatory requirements are in place and are ethical in nature and followed. It ensures institutional sustainability by

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<sup>1</sup> See [www.icmp.ac.uk](http://www.icmp.ac.uk) for ICMP's Quality Handbook

<sup>2</sup> All Terms of Reference for all ICMP Committees are published in the ICMP Quality Handbook, available at [www.icmp.ac.uk](http://www.icmp.ac.uk)

<sup>3</sup> The annual report and accounts are published on the Companies House website, [www.gov.uk/government/organisations/companies-house](http://www.gov.uk/government/organisations/companies-house)

working with the Executive to set the institutional mission and strategy. In addition, it assures itself that appropriate steps are being taken to deliver the strategy and mission and that there are effective systems of control and risk management in place.

5. The Corporate Board stays in touch with shareholder opinion in whatever ways are most practical and efficient. The Senior Non-Executive Director exercises particular responsibility for the effectiveness of communication between shareholders and the board and discuss corporate governance and strategy with shareholders. The Chairman is responsible for setting the agenda of the Annual (and Extraordinary) General Meetings in consultation with the Company Secretary<sup>4</sup>.
6. The Corporate Board works with the Executive to ensure that effective control and due diligence take place in relation to institutionally significant activities. It promotes equality and diversity throughout the institution, including in relation to its own operation, and ensures that governance structures and processes are fit for purpose by referencing them against recognised standards of good practice and conducting external reviews from time to time.
7. The Corporate Board has established a sub-committee structure in order to help conduct its business. These committees are an Audit Committee and a Remuneration and General Purposes Committee. All Board committees prepare annual reports covering their activities and outcomes for the attention of the Corporate Board.
8. The ICMP seeks to ensure that the balance of skills and experience on the Corporate Board is appropriate to the requirements of the business balancing the need for expertise against the need to avoid an unwieldy scale of representation. The Board embraces the principle that there should be a clear differentiation of responsibilities at the head of the company between the running of the Board and the running of the company's business and no one individual should have unfettered powers of decision. To this effect, the Board of the ICMP is organised as follows:
  - a. The Board always has a majority of Executive Directors<sup>5</sup>
  - b. The full Board meets at least 4 times per annum and, among other duties, considers reports from its Committees and the Academic Board
  - c. The terms for appointment and termination of Directors and their powers and responsibilities are set out in the Company's Articles of Association
  - d. Non-Executive Directors are formally appointed on the basis of a 'Letter of Appointment' which clarifies their role and the company's expectations
  - e. Executive Directors, as employees of the Company, are appointed on standard contracts of employment by the company
  - f. The normal term of appointment of non-executive Directors is an initial term of 3 years, which is renewable thereafter for up to two further terms if considered desirable. The Board may however decide to apply different terms where justified at its discretion
  - g. The Board appoints both a Chair and a Senior Non-Executive Director from amongst its members
  - h. The student voice is articulated at the Corporate Board as a result of the Chair of the Academic Board being also a Director on the Corporate Board, and through the various student outcomes reports and feedback mechanisms that are heard through the assigned 'Academic Quality Indicators' that form a part of the Board's standing agenda
9. Role profiles are created for all Corporate Board members, including both the Chair and the Senior Non-Executive Director, and these are reviewed and updated as required.
10. The Corporate Board receives assurance that academic governance is effective by working closely with the Academic Board. The role of the Academic Board is to ensure academic and educational decisions are made

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<sup>4</sup> The role of Company Secretary is often known as 'Clerk' in other institutions

<sup>5</sup> This is balanced with the Academic Board having a majority of independent and student voting members to assure the independence of the Academic Board in the taking of academic decisions

properly and transparently and in the interests of key academic and educational stakeholders (e.g. students, awarding bodies). Additionally, the direct responsibility for the custodianship of setting and enhancing Quality and Standards at the ICMP resides with the Academic Board.

11. The responsibilities of the Academic Board are laid out in its terms of reference. The Academic Board prepares an annual Academic Quality and Standards report and an annual report on student complaints and appeals for the Corporate board.

### **The core principles underpinning the ICMP code of governance:**

In order to support the implementation of effective and appropriate governance through the institutional framework as described, the ICMP recognises the value of a clear set of principles that reflect the culture and values of the organisation and underpin the Code of Governance. Good governance requires more than the development of processes, since it is built on strong relationships, honest dialogue and mutual respect.

The ICMP also recognises that it is necessary to focus on the provision of high-quality Higher Education (HE) which commands public confidence and protects the reputation of the UK system

In establishing these principles, ICMP has built on the 'Nolan Principles of Public Life', which provide an ethical framework for the personal behaviour of governors. These are: Selflessness; Integrity; Objectivity; Accountability; Openness; Honesty; and Leadership.

Given the nature of HE, this Code is also based on the expectation that alongside specific measures of the Code, ICMP's governing body commits to:

- a) Autonomy as the best guarantee of quality and international reputation.
- b) Academic freedom, high-quality research (where relevant), scholarship and teaching.
- c) Protecting the collective student interest through good governance.
- d) The publication of accurate and transparent information that is publicly accessible.
- e) A recognition that accountability for funding derived directly from stakeholders requires HEIs to be clear that they are in a contract with stakeholders who pay for their service and expect clarity about what is received.
- f) The achievement of equality of opportunity and diversity throughout the institution.
- g) The principle that HE should be available to all those who are able to benefit from it.
- h) Full and transparent accountability for public funding.

Additionally, and in recognition of the public interest governance principles which are applicable to all registered HE providers, ICMP's governing body commits to the following:

- a) Academic freedom: Without placing themselves in jeopardy of losing their jobs or privileges they may have at the provider, academic staff at an English HE provider have freedom within the law to question and test received wisdom; and to put forward new ideas and controversial or unpopular opinions
- b) Accountability: The provider operates openly, honestly, accountably and with integrity and demonstrates the values appropriate to be recognised as an English higher education provider.
- c) Student engagement: The governing body ensures that all students have opportunities to engage with the governance of the provider, and that this allows for a range of perspectives to have influence.
- d) Academic governance: The governing body receives and tests assurance that academic governance is adequate and effective through explicit protocols with the Academic Board.

- e) 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 of its conditions of registration.
- f) Value for money: The governing body ensures that there are adequate and effective arrangements in place to provide transparency about value for money for all students and taxpayers.
- g) 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.
- h) 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.
- i) 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.
- j) Gender Pay Equality

## **B. THE CODE OF GOVERNANCE**

Building on the governance framework and the core underlying principles of governance, ICMP's Code of Governance has been crafted to ensure the adherence to a clear and comprehensive approach to good governance that protects and enhances the interests of a range of stakeholders. This code reflects the seven primary elements of higher education governance as articulated in the Higher Education Code of Governance created by the Committee of University Chairs (the 'CUC'),<sup>6</sup> as follows (where the 'governing body' is ICMP's Corporate Board):

1. The governing body is unambiguously and collectively accountable for institutional activities, taking all final decisions on matters of fundamental concern within its remit.
2. The governing body protects institutional reputation by being assured that clear regulations, policies and procedures that adhere to legislative and regulatory requirements are in place, ethical in nature, and followed.
3. The governing body ensures institutional sustainability by working with the Executive to set the institutional mission and strategy. In addition, it assures itself that appropriate steps are being taken to deliver them and that there are effective systems of control and risk management.
4. The governing body receives assurance that academic governance is effective by working closely with the Academic Board
5. The governing body works with the Executive to be assured that effective control and due diligence take place in relation to institutionally significant external activities
6. The governing body promotes equality and diversity throughout the institution, including in relation to its own operation.
7. The governing body ensures that governance structures and processes are fit for purpose by referencing them against recognised standards of good practice.

These elements are described in detail, together with the measures by which the governing body ensures it meets its obligations, in the following sections:

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<sup>6</sup> <http://www.universitychairs.ac.uk/wp-content/uploads/2015/02/Code-Final.pdf>

**1. The governing body is unambiguously and collectively accountable for institutional activities, taking all final decisions on matters of fundamental concern within its remit.**

- a. The governing body has a responsibility for all decisions that might have significant reputational or financial implications (including significant partnerships or collaborations). It therefore must seek assurance that the institution meets all legal and regulatory requirements imposed on it as a corporate body, including through instruments of governance such as statutes, ordinances and articles.
- a. ICMP is constituted as a private company limited by shares, and as such governing body members are the company’s directors and the primary legislation is the requirements of the Companies Acts.
- b. Governing body members are required to discharge their duties in line with the accepted standards of behaviour in public life, ultimately accepting individual and collective responsibility for the affairs of the institution. The main accountability requirements falling upon the governing body in respect of public funding are set out in financial memoranda issued by the funding bodies and these must be followed.

<b>In meeting these legal obligations, the governing body should:</b>	<b>Options the governing body considers:</b>
Seek assurance that decisions which might have significant reputational or financial risks undergo a rigorous process of due diligence.	<ul style="list-style-type: none"> <li>– Adopting a clear scheme of delegation.</li> <li>– Asking its Audit Committee to ensure due diligence processes are reviewed.</li> </ul>
Obtain assurances that appropriate policies and procedures are consistently applied, and that there is compliance with relevant legislation.	<ul style="list-style-type: none"> <li>– Including an opinion to this effect within the annual Audit Committee Report by the governing body.</li> </ul>
Conduct its affairs in an open and transparent manner.	<ul style="list-style-type: none"> <li>– Including in its annual report a corporate governance statement which sets out the institution’s governance arrangements (including the extent to which it has adopted this Code), policies on public disclosure and making the report widely available.</li> </ul>
Clearly define and communicate the scope of its own responsibilities in the context of legislation, governing instruments and guidance including the HE code through a Statement of Primary Responsibilities	

**2. The governing body protects institutional reputation by being assured that clear regulations, policies and procedures that adhere to legislative and regulatory requirements are in place, ethical in nature, and followed.**

- a. In protecting the reputation of the institution, the governing body ensures the highest standards of ethical behaviour among its members, who must act ethically at all times in line with the accepted standards of behaviour in public life, and in the interests of the institution.
- b. As such, members of the governing body act, and are perceived to act, impartially, and are not influenced by social or business relationships. A member who has a pecuniary, family or other personal interest in any matter under discussion must disclose the interest. A member does not necessarily have a pecuniary interest merely because he/she is a member of staff or a student.
- c. The governing body ensures that its decision-making processes are free of any undue pressures from external interest groups, including donors, alumni, corporate sponsors and political interest groups.
- d. Members whose views are not consistent with the decisions of the governing body agree to abide by the principle of collective decision making and avoid putting specific interests before those of the institution. Individually they must not make any agreement for which they do not have authority.
- e. Legislation requires that the governing body must take practical steps to ensure that any students' union or association operates in a fair, democratic, accountable and financially sustainable manner. This requirement is in addition to corporate and charity legislation that many student organisations are independently subject to.

In meeting these key requirements, the governing body should:	Options the governing body could consider:
Approve a policy framework on ethics which includes appropriate measures of assurance <sup>7</sup>	<ul style="list-style-type: none"> <li>– Receiving an annual report on the work of appropriate institution committees, possibly supplemented by the work of the Audit Committee.</li> <li>– Developing specific policies of compliance and reporting in relation to aspects of research governance which raise particular sensitivities and which have well-established codes of practice.</li> </ul>
Approve a whistleblowing policy.	<ul style="list-style-type: none"> <li>– Seek assurance that whistleblowing is effectively managed, for example by getting an annual report on numbers and outcomes of any whistleblowing; it might also ask about the extent to which the associated protocols are widely known within the institution.</li> <li>– Asking its Audit Committee to get assurance on 'whistleblowing'</li> </ul>
Receive assurance that its publications provide accurate and honest information about its activities.	<ul style="list-style-type: none"> <li>– Asking for audit review of quality management systems within publications process.</li> </ul>
Benchmark institutional policies and practice against sector practice and external requirements.	<ul style="list-style-type: none"> <li>– Requesting its Audit Committee discuss with internal auditors how the institution compares with other organisations in areas undergoing audit</li> </ul>

<sup>7</sup> ICMP has a limited research capability and activity, but has constituted a 'Research and Ethics' committee to begin developing this kind of framework

**3. The governing body ensures institutional sustainability by working with the Executive to set the institutional mission and strategy. In addition, it needs to be assured that appropriate steps are being taken to deliver them and that there are effective systems of control and risk management.**

- a. The governing body is responsible for the mission, character and reputation of the institution at a strategic level, and members will need to be adequately informed in order to carry out this key responsibility. They can expect the head of the institution to help them by providing strategic advice and guidance on the mission and strategic development of the institution.
- b. The strategic plan plays a crucial role in ensuring the successful performance of the institution, and the governing body demonstrates its commitment to and support for the plan by formally approving or endorsing it in accordance with its constitution. Aligned to this, it must ensure there is an appropriate financial strategy and be responsible, without delegation, for the approval of the annual budget.
- c. It must rigorously assess all aspects of the institution's sustainability, in the broadest sense, using an appropriate range of mechanisms which include relevant key performance indicators (KPIs) not just for the financial sustainability of the institution but also for its impact on the environment.
- d. In ensuring sustainability, the governing body must be in a position to explain the processes and the types of evidence used and provide any assurances required by funders. Where such assessments indicate serious issues, which could affect future sustainability, the governing body must undertake appropriate remedial action.

**Regulatory requirements:**

- a. The governing body must receive assurance that the institution is meeting the conditions of funding as set by regulatory and funding bodies and other major institutional funders which include the requirements of the financial memoranda. These include the need to: use public funds for proper purposes and achieve good value for money; have a sound system of risk management, financial control and governance; ensure the use of regular, reliable, timely and adequate information to monitor performance and track the use of public funds; and safeguard institutional sustainability.
- b. The governing body must periodically review the delegated authority of the accountable officer (the Chief Executive) and inform its funding body of any 'material adverse' change in its circumstances and any serious incident which, in the judgement of the accountable officer and the governing body, could have a substantial impact on the interests of the institution.
- c. Requirements of governing bodies as stipulated by the funding bodies relating to audit include: appointing the Audit Committee; considering and, where necessary, acting on the annual report from the Audit Committee; appointing the external auditors; considering the annual report of the internal audit service; and receiving and approving the audited annual financial statements (this responsibility to be reserved to the governing body for its collective decision, without delegation).
- d. Data submitted for funding purposes on behalf of the governing body must comply with directions published by the respective funding body and includes: annual accountability returns; any data requested by the Higher Education Statistics Agency (HESA); and other information the funding body may reasonably request to understand the institution's risk status.

**Day-to-day operations:**

- a. Operational financial control will be exercised by officers of the institution under delegation from the governing body, and responsibility for financial management and advising on financial matters is generally delegated to the Director of Finance (or equivalent). That individual must have access to the head of the institution whenever he/she deems it appropriate.

- b. The governing body must get assurance that there are effective arrangements in place for the management and quality assurance of data. To do so the governing body could seek assurance from the Audit Committee about data quality.

**Audit:**

- a. The Audit Committee needs to be a small, well-informed authoritative body which has the expertise and the time to examine risk management control and governance under delegation from the governing body. It cannot confine itself to financial matters, and its role extends to all areas of institutional activity. While responsibility for devising, developing and maintaining control systems lies with the Executive, internal audit provides independent assurance to the governing body which should have an approved annual audit plan (it can delegate to its Audit Committee the power to agree the plan on its behalf).
- b. The Audit Committee is composed of a relevant mix of independent and executive members<sup>8</sup> (who may also be drawn from outside the governing body) and produces an annual report for the governing body, including: its opinion on the adequacy and effectiveness of the institution's risk management, control and governance arrangements; processes for promoting value for money (VFM) through economy, efficiency and effectiveness; and (in institutions receiving funding body support) the management and quality assurance of data.

**Remuneration:**

- a. The proper remuneration of all staff, especially the Chief Executive and his/her immediate team, is an important part of ensuring institutional sustainability and protecting the reputation of the institution. Accordingly, the governing body has established a Remuneration and General Purposes Committee to consider and determine, as a minimum, the emoluments of the Chief Executive and other senior staff as prescribed in constitutional documents or by the governing body.
- b. The Remuneration and General Purposes Committee composition is composed of a majority of independent members (who, as with audit, may also be drawn from outside the governing body) and have appropriate experience available to it. The Chief Executive is not a member of this committee but does attend for relevant discussions and is not present for discussions that directly affect them.
- c. The Remuneration Committee considers comparative information on the emoluments of employees within its remit when determining salaries, benefits and terms and conditions and ensures that all arrangements are unambiguous and diligently recorded. It reports on its decisions and operation at least annually to the governing body; this report is not normally withheld from any members of the governing body.
- d. Remuneration Committee members must consider the public interest and the safeguarding of public funds alongside the interests of the institution when considering all forms of payment, reward and severance to the staff within its remit.

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<sup>8</sup> This is an area of divergence with the CUC code, which prescribes a majority of independent members on the Audit Committee, and is addressed through the 'comply or explain' principle

In meeting these key requirements, the governing body should:	Options the governing body could consider:
Be assured that the strategy is realistic, supported by, and aligned to other institutional strategies	<ul style="list-style-type: none"> <li>– Considering, approving and reviewing a number of sub-strategies. This will vary according to type of institution, but might, for example, include the widening participation strategy, financial and other resource strategies and internationalisation strategy.</li> <li>– Looking to the head of the institution to provide reports and updates on those aspects of the strategic plan being implemented in the year in question, and the resulting actions and results (such a report might explicitly demonstrate how the different sub-strategies are aligned and support the delivery of the overarching strategy).</li> <li>– Requiring an annual report including appropriate benchmarks to be produced and published</li> </ul>
Be clear how institutional performance is measured and identify what institutional-level KPIs and other performance measures are to be adopted within a risk-based framework and monitor these on a regular basis.	<ul style="list-style-type: none"> <li>– Taking advice from the head of institution and other relevant sources (such as the ASSUR (annual sustainability assurance report) guidance), while being clear that the adoption of agreed KPIs is a governing body responsibility</li> </ul>
Be confident that the needs and interests of all stakeholders are adequately reflected in the strategic plan	<ul style="list-style-type: none"> <li>– Look for specific references to some or all indicators of student satisfaction, research quality, business engagement, student experience and supporting graduate employment</li> </ul>
Have oversight of its approach to corporate and social responsibility.	<ul style="list-style-type: none"> <li>– Receive reports from an appropriate committee, or agree a policy and ask for monitoring reports on implementation</li> </ul>
Have clear policies on a range of institutional-level processes that it deems significant.	<ul style="list-style-type: none"> <li>– Periodically reviewing policies, for example, on access, alumni and development, treasury management, investment management, debt management and grants and contracts.</li> <li>– Requesting that these processes are properly examined by the institution’s auditors</li> </ul>
Have confidence in the arrangements for the provision of accurate and timely financial information, and in the financial systems used to generate such information	<ul style="list-style-type: none"> <li>– Relying on assurances from its auditors.</li> </ul>
Understand the financial implications of its institution’s pension arrangements and any potential deficits <sup>9</sup>	<ul style="list-style-type: none"> <li>– Asking for a briefing from its Director of Finance.</li> <li>– Commissioning an independent review by appropriate external firms if required.</li> </ul>
Obtain assurance that potential deficits on pension funds are properly reported in the annual accounts.	<ul style="list-style-type: none"> <li>– Receiving assurance from its auditors.</li> </ul>
Ensure that the Audit Committee undertakes regular reviews of its effectiveness, including benchmarking against good practice for audit committees in HE and more widely as appropriate	<ul style="list-style-type: none"> <li>– Incorporating an assessment of compliance within any assessment of governance effectiveness.</li> </ul>

<sup>9</sup> ICMP does not have a separate pension fund but participates in the ‘Workplace Pension Scheme’ as required by legislation

Have an agreed annual audit plan	– Delegating to its Audit Committee the power to agree the plan.
Approve financial regulations	
The annual corporate governance statement should describe the work of the Remuneration Committee	

**4. The governing body receives assurance that academic governance is effective by working with the Academic Board as specified in its governing instruments in order to maintain quality.**

- a. A high-quality student experience and, where appropriate, research portfolio are determinants of institutional sustainability and are therefore core governing body responsibilities which it shares with the wider institutional community. This, taken with the governing body's responsibility for the long-term reputation of the institution, means that it must satisfy itself that academic governance is operating effectively.
- b. The underlying principles of sound academic governance are based upon collegiality, and it follows that the governing body must therefore respect the role, as defined within charters, statutes or articles, of the Senate/Academic Board and other bodies involved in academic governance. However governing bodies will still wish to receive assurance that academic risks (such as those involving partnerships and collaboration, recruitment and retention, data provision, quality assurance and research integrity) are being effectively managed.
- c. The governing body must understand and respect the principle of academic freedom, the ability 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, and its responsibility to maintain and protect it as enshrined in freedom of speech legislation.

<b>In meeting these key requirements, the governing body should:</b>	<b>Options the governing body could consider:</b>
Oversee an effective academic strategy that it has approved. This strategy need not be a separate document but may be embedded in an overall institutional strategy or be articulated in separate teaching, research and other strategies.	<ul style="list-style-type: none"> <li>– Receiving reports from Academic Board/Senate and monitoring with relevant performance measures that are credible to the academic community.</li> <li>– Examining the outcomes of academic governance effectiveness reviews and requesting that they be regularly conducted (nominally every four years).</li> <li>– Adopting and reviewing an internationalisation strategy (if active internationally).</li> </ul>
Have oversight of all major academic partnerships involving significant institutional-level risks.	<ul style="list-style-type: none"> <li>– Agreeing a scheme of delegation and a process of due diligence that defines major risk and allocates responsibility for decisions.</li> <li>– Receiving annual reports from relevant committees on the current status of high-risk partnerships.</li> </ul>
Actively encourage student engagement in academic governance.	<ul style="list-style-type: none"> <li>– Receiving regular reports from students' union or association officers and/or institution/student representation committees</li> <li>– Receiving assurance that honest, accurate and timely information is provided to students, stakeholders and the public about all aspects of academic provision.</li> </ul>
Seek assurance that student complaints are effectively addressed and that the welfare and wellbeing of students are secured.	<ul style="list-style-type: none"> <li>– Requiring that summary reports are produced and considered (at least annually) on student complaints and appeals, taking into account – where appropriate – the requirements of the Office of the Independent Adjudicator.</li> </ul>

**5. The governing body works with the Executive to be assured that effective control and due diligence takes place in relation to institutionally significant external activities.**

- a. As already noted, the governing body has a responsibility to ensure the long-term sustainability of the institution and maintaining its reputation. It will therefore want assurance on external activities with significant potential financial or reputational risks. Where such activities involve commercial transactions, care must be taken to ensure that arrangements conform to the requirements of relevant law and regulation. This is particularly the case where institutions have established subsidiary entities, for example separate operating companies or charitable trusts.
- b. The governing body will also want to ensure that fund-raising, donations, corporate sponsored research and partnerships and similar activities do not inappropriately influence institutional independence, mission or academic integrity.

<b>In meeting these key requirements, the governing body should:</b>	<b>Options the governing body could consider:</b>
Get assurance on external activities with significant, institutional-level financial or reputational risks.	– Agreeing a scheme of delegation to make clear the authorisation requirements for approving such arrangements, including the circumstance where governing body approval is required.
Get assurance that the board of any subsidiary entity possesses the attributes necessary to provide proper stewardship and control.	– Appointing suitably qualified directors or trustees to its board. – Requiring the entity’s board to conduct its business in accordance with a recognised and appropriate code of governance.
Be clear about its responsibilities in relation to any other corporate governance arrangements and associated reporting.	– Incorporating into its standing orders (or equivalent) its responsibilities regarding any group structures.

**6. The governing body must promote equality and diversity throughout the institution, including in relation to its own operation**

- a. HEIs are required by law to comply with extensive equality and diversity legislation, and governing bodies are legally responsible for ensuring the compliance of their institution. The legislation covers the individual rights of staff and students not to suffer discrimination on the grounds of a number of protected characteristics. Legislation in this area does not distinguish between domestic and international students and staff.
- b. Beyond this there is evidence that board diversity promotes more constructive and challenging dialogue, which in turn can improve governance outcomes by helping to avoid ‘groupthink’ and that as a result there is a strong business case for diversity alongside legal and moral expectation
- c. The governing body must ensure that there are arrangements in place to:
  - eliminate unlawful discrimination, harassment and victimisation;
  - advance equality of opportunity between people who do and do not share a protected characteristic; and
  - foster good relations between people who share and those who do not share a protected characteristic.
- d. This means going further than simply avoiding discrimination, and it requires the active promotion of equality in a number of defined areas. The governing body must therefore satisfy itself that agreed action plans to implement the equality and diversity strategy are progressed throughout the institution
- e. The governing body must also routinely reflect on its own composition and consider taking steps to ensure that it reflects societal norms and values

<b>In meeting these key requirements, the governing body should:</b>	<b>Options the governing body could consider:</b>
At a minimum, receive an annual equality monitoring report detailing work done by the institution during the year, identifying the achievement of agreed objectives, and summarising data on equality and diversity that institutions are required to produce (e.g. on staff recruitment and promotion).	<ul style="list-style-type: none"> <li>– Discussing reports based on HESA data on staff and student profiles, the National Student Survey and material from the Equality Challenge Unit.</li> </ul>
Demonstrate through its own actions and behaviour its commitment to equality and diversity in all aspects of its affairs, particularly by agreeing its policy on recruiting new members.	<ul style="list-style-type: none"> <li>– Requiring its committees to explain within their annual reports how decisions have been taken account of the institution’s equality and diversity policy.</li> <li>– Setting itself targets in terms of its own membership.</li> <li>– Advertising vacancies locally and nationally, including in local ethnic-minority publications, and via social media.</li> <li>– Using alumni, particularly as they may give access to a more diverse and younger pool of potential applicants.</li> <li>– Drawing on search consultancies who can sometimes access a broader pool.</li> <li>– Building a diverse pool for the future by providing training for potential governors, appointing them to sub-committees to gain experience, and providing other opportunities for their participation in board-related events.</li> </ul>

<p>Approve, review and report on the institution's approach to equality and diversity and its agreed indicators that measure performance.</p>	<ul style="list-style-type: none"><li>- Ensuring that the human resource management strategy takes equality and diversity into account and is monitored.</li><li>- Approving and monitoring the delivery of a stand-alone equality and diversity strategy.</li><li>- Including in its annual report a description of its policy on diversity, including any measurable objectives that it has set, and outlining progress on implementation.</li><li>- Producing a separate equality and diversity report with a simple cross reference to the annual report.</li></ul>
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**7. The governing body must ensure that governance structures and processes are fit for purpose by referencing them against recognised standards of good practice.**

**Composition and appointments:**

- a. The governing body has a majority of executive members<sup>10</sup> with a significant number of non-executive members who are independent of the institution. All members should question intelligently, debate constructively, challenge rigorously, decide dispassionately and be sensitive to the views of others both inside and outside governing body meetings.
- b. The governing body must have the power to remove any of its members from office and must do so if a member breaches the terms of his/her appointment.
- c. The governing body has established a Remuneration and General Purposes Committee to advise it on the appointment of new members and the terms of existing members as well as the perceived skills balance required on the governing body. However final decisions on appointment are taken by the governing body.
- d. The governing body ensures suitable arrangements exist for the continuation of business in the absence of the Chair and has designated the role of Senior Non-Executive Director who can deputise for the Chair if required.
- e. The Chair and Secretary ensure all members receive an appropriate induction to their role and the institution as necessary.
- f. The ICMP governing body does not contain student members<sup>11</sup> because under the Companies Act the student would be liable for the fiduciary and associated duties and responsibilities which we consider inappropriate. However, it ensures the student voice is effectively heard through the position of the Chair of the Academic Board, who is a member of the Corporate Board, and through the receipt of a wide range of information regarding the student information. The Corporate Board has designated one executive Director to be responsible for articulating the staff voice effectively to the governing body.
- g. External members of the governing body are remunerated with due consideration given to:
  - provisions of employment law;
  - implications for the division of responsibilities between the governing body and the executive;
  - public service ethos which applies generally among HE governors;
  - need to be explicit about time commitments;
  - need to apply a formal process of appraisal to the remunerated governor.

Payments are both commensurate with the duties carried out and reported in the audited financial statements.

**Operation:**

- a. The Secretary is responsible to the governing body for the provision of operational and legal advice in relation to compliance with governing instruments, including standing orders. He/she is also responsible for ensuring information provided to the governing body is timely, appropriate and enables an informed discussion so that it may effectively discharge its responsibilities.
- b. All members of the governing body must have access to the services of the Secretary. Arrangements for the appointment or removal of the Secretary are a decision for the governing body as a whole.

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<sup>10</sup> This is an area of divergence with the CUC code and is addressed through the 'comply or explain' principle. It is counterbalanced by the Academic Board which has a majority of voting members drawn from independent members and the student body to ensure integrity of academic decision making

<sup>11</sup> This is an area of divergence with the CUC code and is addressed through the 'comply or explain' principle

**Review:**

- a. The governing body adopts an approach of continuous improvement to governance, in order to enhance their own effectiveness and provide an example to institutions about the importance of review and evaluation.
- b. Accordingly, the governing body conduct a regular, full and robust review of their effectiveness and that of their committees, the starting point for which should be an assessment against this Code and the statutory responsibilities alongside those which it has assumed and articulated independently (e.g. through a statement of primary responsibilities). Where possible, the governing body utilises an external perspective in this process useful, whether provided by specialist consultants or peer support from other governing bodies.
- c. Codes of governance in other sectors adopt a period of two or three years. Recognising the need to balance the cyclical nature of HE and the impact this can have on the implementation and embedding of new practices, and the swiftly evolving HE and broader legislative environment, reviews must be conducted at least every four years with, as a minimum, an annual summary of progress towards achieving any outstanding actions arising from the last effectiveness reviews.

Acting on the outcomes of effectiveness reviews is as important as undertaking them, and it is desirable that outcomes and associated actions are reported widely, including in the corporate governance statements.

In meeting these key requirements, the governing body should:	Options the governing body could consider:
<p>Ensure that the governing body has sufficient skills, knowledge and independence, including through the appointment of an independent Chair, to enable it to discharge its responsibilities.</p>	<ul style="list-style-type: none"> <li>– Regularly refreshing members’ skills and knowledge through development activities funded by the institution, including annual appraisal with the Chair.</li> <li>– Appointing members for a given term, renewable subject to satisfactory performance. Renewals therefore are at the recommendation of the Nominations Committee and not an automatic process. External members not normally serving for more than two terms of four years, or three terms of three years, except where subsequently undertaking a new and more senior role (for example as Chair).</li> <li>– Satisfying itself that members are able to allocate sufficient time to undertake their duties effectively.</li> <li>– Giving an indication of the time expected of its members.</li> <li>– The formalisation of the role of a ‘Deputy Chair’, a role which – in addition to acting for the Chair in his/her absence – can provide a sounding board for the Chair, can act as an intermediary with other members as may be required, and potentially can be helpful if there are significant differences of view within a governing body or with the Executive. As a Deputy Chair may assume the responsibilities of the Chair, the expectation is they would be similarly independent of the institution.</li> <li>– Satisfying itself that plans are in place for an orderly succession of its membership, so as to maintain an appropriate balance of skills and experience with the progressive refreshing of key roles.</li> </ul>

<p>Be of sufficient size that its responsibilities can be undertaken effectively and speedily, without being so large that it becomes neither unwieldy nor too small.</p>	<ul style="list-style-type: none"> <li>– Establishing an appropriate size with total membership dependent on numerous factors including the nature and history of the HEI, the range of skills and experience required, and the number of internal members deemed necessary.</li> </ul>
<p>Ensure it has rigorous and systematic processes agreed by the governing body for recruiting and retaining governors (including the Chair), on the basis of personal merit and the contribution they can bring to a governing body.</p>	<ul style="list-style-type: none"> <li>– Including written role descriptions and an analysis of the skills, experience and attributes required for membership.</li> <li>– Widely advertising vacancies in order to increase the pool of talent available.</li> <li>– Communicating and funding development opportunities within members’ networks.</li> <li>– Appointing external members with direct senior experience of HE could also be considered to provide such understanding.</li> </ul>
<p>Issue an annual corporate governance statement describing the work of the key committees.</p>	<ul style="list-style-type: none"> <li>– Including the governing body’s recruitment policy and practices, and a description of its policy on equality and diversity and any measurable objectives that it has set together with progress in their implementation within the corporate governance statement.</li> </ul>
<p>Annually reflect on the performance of the institution as a whole in meeting strategic objectives and associated measures of performance, and the contribution of the governing body to that success.</p>	<ul style="list-style-type: none"> <li>– Reflecting on the extent to which it and its committees have met their terms of reference and – where they exist – their annual work plans.</li> <li>– Benchmarking its performance and processes against other comparable HEIs, and relevant institutions outside the HE sector.</li> <li>– Annual review meetings of members with the Secretary compiling a report on the feedback provided.</li> <li>– Asking the Clerk to do an annual self-assessment (which could simply be an update from previous year) to assure the governing body that it properly and appropriately adheres to the principles of the Code.</li> <li>– Taking account of the views of the Executive, and relevant bodies such as the Senate/Academic Board, and staff and student communities.</li> </ul>