

Public Interest Governance

Provider's name: British Institute of Technology Ltd
(trading as British Institute of Technology, England (BITE))

Provider's UKPRN: 10000920

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Version: 1.5 July 2022

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The British Institute of Technology Ltd (Institute) approach to governance is designed to integrate the statutory requirements placed on boards and committees of limited companies with regulatory guidance established by the Office for Students (OfS). To achieve this, the Institute has adopted a Code of Governance, Constitution and Governance Framework. 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 regulatory bodies then the Institute will adopt the principle of 'comply or explain' as required.

The regulatory framework within which all Higher Education Institutions (HEIs) operate, whether private or public providers is set by the Office for Students. The regulations safeguard the interests of students and ensure effective use of public funds.

As a private company, British Institute of Technology Ltd has particular legal obligations that apply to the Board (the Council) similar to the governing body of the 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 Institute, 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.

1. Governance Framework

- 1.1 The Institute has created an operating framework through which the governance of the institute is implemented. This framework is reviewed annually and laid out in detail in the Institute's 'Manual of General Regulation¹ and Quality Manual²' which contains detailed Terms of Reference and a chart showing the relationships between the Council and its committee's in the framework. Information regarding the Institutes governance framework and code are published on the institute's website, www.bite.ac.uk/registry.
- 1.2 The overall framework for corporate governance is approved by the Council chaired by an Independent member, includes the company directors and shareholders and referenced in the Articles of Association.
- 1.3 The responsibilities of the Council are laid out in its Terms of Reference. As the ultimate governing body of Institute, the Council is unambiguously and collectively accountable for institute's activities, taking all final decisions on matters of fundamental concern within its remit

¹ See https://www.bite.ac.uk/wp-content/uploads/documents/AR_ManualofGeneral_Regulations2016.pdf

² https://www.bite.ac.uk/wp-content/uploads/documents/AR_QualityAssuranceHandbook712.pdf

and providing overall leadership of the institution. The primary responsibilities of the Council are also detailed in Terms of Reference which is reviewed annually.

- 1.4 The Council 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 the institute's sustainability with delegated tasks to the Audit Committee, Remuneration & General Committee, Executive Committee and the Academic Board to set the institute's 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.
- 1.5 The Council meets 4 times a year with reports from the Principal, Chief Executive, Student President, minutes of the Audit Committee, Remunerations & General Committee, Executive Committee, Academic Board, Learning & Quality Committee, Programme Committee, and the Student Welfare Committee. The Independent Non-Executive members of the Council exercise particular responsibility of the effectiveness of corporate governance and the implementation of learning and teaching strategy. The Chairman is responsible for setting the agenda of the Annual General Meetings in consultation with the Company Director.
- 1.6 The Council delegates senior management responsibility to the Executive Committee and the Academic Board for the quality and standards implementation, to ensure that effective control and due diligence take place in relation to the institute's higher education activities. It promotes equality and diversity throughout the institute and ensures that governance structures and processes are fit for purpose by referencing them against recognised standards of good practice.
- 1.7 The Council has established sub-committee's in order to help conduct its business, this includes an Audit Committee, Remuneration & General Committee. All committees report to the Council and support the annual report covering their activities and outcomes for the attention of the Council.
- 1.8 The Institute seeks to ensure that the balance of skills and experience on the Council is appropriate to the requirements of the business with a balance in expertise. The Council embraces the principle that there should be a clear differentiation of responsibilities and no one individual should have unfettered powers of decision. To this effect, the Council of the Institute is organised as follows:
 - 1.8.1 The Council always has a minimum of 3 Independent members
 - 1.8.2 The Council meets at least 4 times per annum and has ultimate responsibility for the Institute, it considers reports from its Committees, Executive Committee and the Academic Board
 - 1.8.3 The terms for appointment and termination of Directors and their powers and responsibilities are set out in the Company's Articles of Association
 - 1.8.4 Non-Executive Directors / Independent Members are formally appointed on the basis of a 'Letter of Appointment' which clarifies their role and the company's expectations
 - 1.8.5 Executive Directors, as employees of the Company, are appointed on standard contracts of employment by the company
 - 1.8.6 The Council appoints both a Chair and a Senior Non-Executive Director from amongst its members
 - 1.8.7 The student body is articulated at the Council as a result of the Chair of the Academic Board being also a member on the Council, 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 Council's standing agenda
- 1.9 Role profiles are created for all Council members, including both the Chair and the Senior Non-Executive Director, and these are reviewed and updated as required.
- 1.10 The Council receives assurance from the Academic Board on the academic governance and its effective implementation. The role of the Academic Board is to ensure academic and

educational decisions are made properly and transparently and in the interests of key academic and educational stakeholders (e.g. students, awarding bodies and regulators).

- 1.11 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 that includes student complaints and appeals for the Council.

1.12 The principles underpinning the Institute code of governance:

In order to support the implementation of effective and appropriate governance through the institute's framework as described, the Institute 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 a qualitative approach, integrity, objectivity, transparency, and accountability, built on a foundation of intellectual honesty. The Institute commits to:

1.12.1. Academic freedom:

Students, staff and stakeholders have absolute right 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 Institute.**

The Institute was founded on the principles of independence, innovation and free-thinking since its inception. The Institute framework protects civil liberty and upholds academic freedom for students, academic staff and stakeholders from spurious disciplinary action. Its core values includes:

- Academic freedom and equality.
- It is committed to the pursuit of truth and freedom of speech within the law.
- It believes in open and fearless debates
- It provides institutional protection for equality through integrity and objectivity in governance.

- 1.12.2. **Accountability:** The Institute operates openly, honestly, accountably and with integrity and demonstrates the values appropriate to be recognised as a higher education institution.

The Council is the ultimate accountable body and approves and delegate powers to the Audit Committee, Remuneration and General Committee, Executive Committee and the Academic Board respectively to operate openly, honestly, accountably with integrity and demonstrates the values appropriate to be recognised as a higher education provider.

- 1.12.3. **Student engagement:** The Council ensures that all students have opportunities to engage with the governance of the Institute. The student president is a student body representative on the Council, Academic Board and the Programme Committee, this allows student to be involved in the governance and decision making process and have influence.

The "Student Charter" jointly developed by staff and students at the Institute makes clear the mutual expectations and responsibilities of the Institute and its students. Specifically, the Student Charter requires the Institute:

- Ensure that students have a forum in which to speak to the Institute's management team
- Regularly collect, and respond to, feedback from students concerning the quality of learning, teaching, and assessment
- Facilitate student representation on Institute committees, including training for student representatives in their role.

In keeping with these principles, the Institute's students have multiple opportunities to engage in the assurance and enhancement of the learning opportunities made available to them, whether as representatives or on their own behalf. These opportunities include participation in the Institute's governing body (The Council). The Student President is a member of the Council and Academic Board. The student body and representative are members of the Programme Committee and Student Welfare Committee which is chaired by the Student President.

1.12.4. **Academic governance:** The Council receives and tests assurance that academic governance is adequate and effective through explicit protocols with Audit Committee and the Academic Board.

The Council is empowered to:

- appoint and remove the officers and members of the Institute
- undertake the functions of governance and audit
- be responsible for the statutory, financial, legal and regulatory stewardship of the Institute
- oversee the academic and administrative management of the Institute
- oversee the management of staff and student welfare
- oversee the activities of the Student body.

The Council has empowered the Academic Board to:

- be accountable for the academic strategy and policy of the Institute
- make recommendations regarding the appointment of academic staff
- regulate the validated degree courses in line with collaborative university degree framework or taught degree powers.
- regulate all matters of academic and student experience.

1.12.5. **Risk management:** The Institute operates comprehensive corporate risk management and control arrangements (including for academic risk) to ensure the sustainability of the Institute's operations, and its ability to continue to comply with all of its conditions of registration.

The Council shall appoint and remove an Auditor or Auditors, eligible to be statutory auditors under the current companies legislation applicable in England. No person shall be appointed Auditor who is or any one of whose partners is a member of the Council or the staff of the Institute.

- The Auditor or Auditors shall hold office for one year and shall be eligible for re-appointment annually and shall receive such remuneration as may be determined by the Council.
- The Auditor or Auditors shall have a right of access at all reasonable times to the books, records, accounts and vouchers of the Institute and shall be entitled to require from the Officers of the Institute such information and explanations as may be necessary for the performance of their duties.
- If the office of Auditor or Auditors shall become vacant by death or resignation or any other cause before the expiration of their period of office the Council shall forthwith appoint an Auditor or Auditors in their place for the remainder of such period.
- An Auditor shall resign in writing addressed to the Council.
- The Auditor or Auditors shall make a report to the Council at least once in each year.

- The Audit and Compliance Committee acts under delegated powers from the Council and is responsible to Council for the oversight of financial audit and for reviewing and assuring the effectiveness of the Institute's internal control systems and risk management (including the Risk Register). It also provides institutional oversight of the Institute's statutory and regulatory compliance and is responsible for ensuring the Institute complies with the external regulatory framework that will be overseen by the Office for Students.
- The Remuneration and General Committee acts under delegated powers from the Council and is responsible to the Council for the oversight of staff remuneration and the responsibility for determining KPI, roles, responsibilities and the salaries, benefits and other terms and conditions of service (and where appropriate - severance payments) of the members of the Chief Executive, which includes the Clerk to the Council who is also the Institute Secretary and Registrar. Remuneration and General Committee to follow best practice and the guidance as set out in the CUC Higher Education Senior Staff Remuneration Code (November 2021).
- The Executive Committee reviews the Risk Register on a quarterly basis and reports the Council.
- The Executive Committee reviews the Estate and Resources and report to the Council.
- The Academic Board reviews the Academic collaboration and regulatory risks of registration and report to the Council.

1.12.6. **Value for money:** The Council ensures that there are adequate and effective arrangements in place to provide transparency about value for money for all students and taxpayers.

The Council approves policies for the effective management and control of the financial affairs of the Institute. The Council delegate and empowers the Executive Committee for the effective control of the assets and revenues of the Institute.

The Remuneration and General Committee Terms of Reference require it to monitor, in consultation with the Principal, the performance of Officers of the Institute, members of the Executive Committee and any other staff as deemed appropriate by Council against Key Performance Indicators to receive recommendations on the salaries and terms and conditions of employment of the Officers of the Institute, members of the Executive Committee and any other staff as deemed appropriate by Council, determine annually the principles on which merit awards shall be made for all members of staff in the salary review for that year and monitor and ensure effective use of an appraisal system for all staff.

The Council delegates and empowers the Executive Committee which act as senior management, Terms of Reference is to: authorise significant alterations to priority expenditure within Council approved budgets, authorise spending beyond the approved budgets within the limits agreed by Council, approve contracts within the limits approved by Council , to consider and make recommendations to Council and the Academic Board in respect of the annual budget , the annual salary review and the annual review of fees and charges and to monitor and review the Institute's income and expenditure targets.

The Institute's Audited Accounts are made available to all stakeholders via the website and are subject to detailed scrutiny by the Student Body President, as well as by members of academic and professional services staff, at the Council.

- 1.12.7. **Freedom of speech:** The Council takes such steps as are reasonably practicable to ensure that freedom of speech within the law is secured within the Institute.

The Institute's Core Values Statement makes these principles explicit, stating that:

- The Institute shares with other Higher Education Institutions the core values of excellence, academic freedom and equality.
- It is committed to the pursuit of truth and freedom of speech within the law.
- It believes in open and fearless debate

The Institute's Student Charter also specifies that the Institute is committed to the preservation of an open minded and freethinking community in which diversity is valued and supported.

- 1.12.8. **Governing body** (The Council): The size, composition, diversity, skills mix, and terms of office of the Council is appropriate for the nature, scale and complexity of the Institute.

The Council shall consist of no more than 15 members with a minimum of 5.

- (a) Ex-officio Members: The Chair of the Council, Principal, Academic Registrar, Head of Finance and the President of the Students' Body;
- (b) Appointed Members: No fewer than one, and no more than five, independent members of the Council who are not employees of the Institute, as may be nominated and appointed by the Council in accordance with its procedures.
- (c) Elected Members of Academic Board and General Staff Team.

- 1.12.9. **Fit and proper:** Members of the governing body (The Council), those with senior management responsibilities, and individuals exercising control or significant influence over the Institute, are fit and proper persons.

Members of the governing body complete a Declaration of Interests form on joining the Council. Members of the senior management team are also required to complete the Declaration of Interests form.

1.12.10 Independent members of the governing body (The Council):

The Council is required to include independent members. Currently it has three external members, who are independent of the Institute, and whose term of office is normally limited to 2 Terms (x 5 Years) with an option to extend for a final term upon review of the current period.

The minimum size of the Council will be 7 members growing to no more than 11 members with a minimum of three external members.

- 1.12.11 **Regularity, propriety and value for Money:** The Council 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.

The Institute is externally audited by the University Partner, the QAA, Chartered Statutory Auditors. All reports are received by the Council.

The Council exercise sufficient controls to ensure that the Institute's objects can be carried out:

- (1) To demand and receive fees and other payments;
- (2) To take such steps as may from time to time be deemed expedient for the purpose of procuring contributions to the funds of the Institute, and to raise money in such other manner as the Institute may deem fit;
- (3) To maintain, manage, deal with, dispose of and invest all the property, money, assets and rights of the Institute and to enter into engagements and to accept obligations and liabilities in all respects without restriction whatsoever and in the same manner as an individual may manage his or her own affairs;
- (4) To act as trustees or managers for any property, legacy, endowment, bequest or gift for purposes in furtherance of the work and welfare of the Institute, and to invest any funds representing the same, if not immediately required on such security as the Institute may deem fit;
- (5) To provide for reward or otherwise such goods and services for Members of the University and their families, guests and servants as may be deemed expedient and consistent with the objects of the Institute as a place of education and learning;
- (6) To enter into any agreement for the incorporation in the Institute of any other institution and for taking over its rights, property and liabilities and for any other purpose not repugnant to this Constitution.
- (7) To do all such other acts and things whether incidental to the powers aforesaid or not as may be requisite in order to further the objects of the Institute as a place of education and of learning and of research.

2 The Code of Governance

Building on the governance framework and the core principles of governance, the Institute's Code of Governance has been developed to ensure compliance and comprehensive approach to good governance that protects and enhances the interests of our 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'),³ as follows (where the 'governing body' is the Institute's Council):

1. The governing body is unambiguously and collectively accountable for institutional activities, taking all final decisions.
2. The governing body protects institute's 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 institute's sustainability by working with the senior management to set the institute's 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.
4. The governing body receives assurance that academic governance is effective by working with the Academic Board and the Executive Committee.
5. The governing body works with the senior management to be assured that effective control and due diligence take place in relation to institute's significant external activities.
6. The governing body promotes equality and diversity throughout the institute, including in relation to its own operation.
7. The governing body must ensure 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:

2.1. The governing body is unambiguously and collectively accountable for institute's activities, taking all final decisions.

2.1.1. 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 institute meets all legal and regulatory requirements imposed on it as a corporate body, including through instruments of governance such as constitution, ordinances and articles.

2.1.2. The Institute is constituted as a private company limited by shares with the governing body having overall responsibility in decision making.

2.1.3. 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 institute. The main accountability requirements falling upon the governing body in respect of public funding are set out in financial regulation issued by the funding bodies, OfS, student finance England and these must be followed.

³ <https://www.york.ac.uk/media/abouttheuniversity/governanceandmanagement/governance/HE-Code-of-Governance%20Dec-2014.pdf>

In meeting these obligations, the governing body should:	Actions of the governing body:
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"> • Adopting a clear scheme of delegation. • Asking its Audit Committee to ensure due diligence processes are reviewed.
Obtain assurances that appropriate policies and procedures are consistently applied, and that there is compliance with relevant legislation.	<ul style="list-style-type: none"> • Including an opinion to this effect within the annual Audit Committee Report by the governing body.
Conduct its affairs in an open and transparent manner.	<ul style="list-style-type: none"> • 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.
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	

2.2. The governing body protects institute's 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.

2.2.1. 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.

2.2.2. 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.

2.2.3. 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.

2.2.4. 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.

2.2.5. Legislation requires that the governing body must take practical steps to ensure that any students' body 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:	Actions of the governing body:
Approve a policy framework on ethics which includes appropriate measures of assurance ⁴	<ul style="list-style-type: none"> • Receiving an annual report on the work of appropriate institution committees, possibly supplemented by the work of the Audit Committee. • 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.
Approve a whistleblowing policy.	<ul style="list-style-type: none"> • 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. • Asking its Audit Committee to get assurance on 'whistleblowing'
Receive assurance that its publications provide accurate and honest information about its activities.	<ul style="list-style-type: none"> • Asking for audit review of quality management systems within publications process.
Benchmark institutional policies and practice against sector practice and external requirements.	<ul style="list-style-type: none"> • Requesting its Audit Committee discuss with internal auditors how the institution compares with other organisations in areas undergoing audit

2.3. The governing body ensures institutional sustainability by working with the senior management to set the institute's 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.

2.3.1. The governing body is the ultimate decision making body and is responsible for the mission, character and reputation of the institute, and members are adequately informed in order to carry out this key responsibility.

2.3.2. The strategic plan ensures the successful performance of the institute, and the governing body demonstrates its commitment to and support for the plan by formally approving it in accordance with its constitution. Aligned to this, it ensures there is an appropriate financial strategy and be responsible, without delegation, for the approval of the annual budget.

2.3.3. The governing body rigorously assess all aspects of the institute's sustainability, in the broadest sense, using an appropriate range of stress mechanisms not just for the financial sustainability of the institute but also for its impact on the environment.

2.3.4. In ensuring sustainability, the governing body is in a position to explain the processes and the types of evidence used and provide assurances required by funders. Where such assessments indicate serious issues, which could affect future sustainability, the governing body must undertake appropriate remedial action.

⁴ The Institute has research capability, that it has developed with UK University partners and established a 'Research and Ethics' committee to support this kind of framework

Regulatory requirements:

2.3.5. The governing body receives assurance that the institute is meeting the conditions of funding as set by regulatory and funding bodies and other major institute's funders which include the requirements of the financial memorandum. 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.

2.3.6.. The governing body periodically reviews the delegated authority of the accountable officers (the Chief Executive and the Principal) and inform its funding body of any 'material adverse' change in its circumstances and any serious incident which, in the judgement of the accountable officers and the governing body, could have a substantial impact on the interests of the institute.

2.3.7. 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).

2.3.8. 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.

Operations:

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

2.3.10. 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 would seek assurance from the Audit Committee about data quality.

Audit:

2.3.11. 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 institutes 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).

2.3.12. The Audit Committee is composed of a relevant mix of independent and executive members⁵ (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 through economy, efficiency and effectiveness.

Remuneration:

2.3.13. 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 institute. Accordingly, the governing body has established a Remuneration and General Purposes Committee to consider and determine, as a minimum, the emoluments

⁵ 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

of the Chief Executive, the Principal and other senior staff as prescribed in constitutional documents or by the governing body.

2.3.14. 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 and the Principal are not a member of this committee but does attend for relevant discussions and is not present for discussions that directly affect them.

2.3.15. 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.

2.3.16. 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.

In meeting these key requirements, the governing body should:	Actions of the governing body:
Be assured that the strategy is realistic, supported by, and aligned to other institute strategies.	<ul style="list-style-type: none"> • Considering, approving and reviewing strategy on widening participation, finance and internationalisation • Looking to the head of the institute and the Principal 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 strands are aligned and support the delivery of the overarching strategy). • Requiring an annual report including appropriate benchmarks to be produced and published
Be clear how institute's 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"> • 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
Be confident that the needs and interests of all stakeholders are adequately reflected in the strategic plan	<ul style="list-style-type: none"> • Look for specific references to some or all indicators of student satisfaction, research quality, business engagement, student experience and supporting graduate employment
Have oversight of its approach to corporate and social responsibility.	<ul style="list-style-type: none"> • Receive reports from an appropriate committee, or agree a policy and ask for monitoring reports on implementation
Have clear policies on a range of institutional-level processes that it deems significant.	<ul style="list-style-type: none"> • Periodically reviewing policies, for example, on access, alumni and development, treasury management, investment management, debt management and grants and contracts. • Requesting that these processes are properly examined by the institute's auditors

In meeting these key requirements, the governing body should:	Actions of the governing body:
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"> Relying on assurances from its auditors.
Understand the financial implications of its institution's pension arrangements and any potential deficits ⁶	<ul style="list-style-type: none"> Asking for a briefing from its Head of Finance. Commissioning an independent review by appropriate external firms if required.
Obtain assurance that potential deficits on pension funds are properly reported in the annual accounts.	<ul style="list-style-type: none"> Receiving assurance from its auditors.
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"> Incorporating an assessment of compliance within any assessment of governance effectiveness.
Have an agreed annual audit plan	<ul style="list-style-type: none"> 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	

2.4. 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.

2.3.17. A high-quality student experience and, where appropriate, research portfolio are determinants of institute's sustainability and are therefore core governing body responsibilities which it shares with the wider institute's community. This, taken with the governing body's responsibility for the long-term reputation of the institute, means that it must satisfy itself that academic governance is operating effectively.

2.3.18. 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, constitution, statutes or articles, of the 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, taught degree powers, recruitment and retention, data provision, quality assurance and research integrity) are being effectively managed.

⁶ The Institute does not have a separate pension fund but participates in the 'Workplace Pension Scheme' as required by legislation

2.3.19. 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.

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

2.5. The governing body works with the senior management to be assured that effective control and due diligence takes place in relation to institute's significant external activities.

2.5.1. The governing body has a responsibility to ensure the long-term sustainability of the institute 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.

2.5.2. 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.

In meeting these key requirements, the governing body should:	Actions of the governing body:
Get assurance on external activities with significant, institutional-level financial or reputational risks.	<ul style="list-style-type: none">• 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.	<ul style="list-style-type: none">• 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.	<ul style="list-style-type: none">• Incorporating into its standing orders (or equivalent) its responsibilities regarding any group structures.

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

2.6.1. 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.

2.6.2 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

2.6.3. 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.

2.6.4. 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

2.6.5. The governing body must also routinely reflect on its own composition and consider taking steps to ensure that it reflects societal norms and values

In meeting these key requirements, the governing body should:	Actions of the governing body:
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"> • Discussing reports based on HESA data on staff and student profiles, the National Student Survey and material from the Equality Challenge Unit.
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"> • Requiring its committees to explain within their annual reports how decisions have been taken account of the institution's equality and diversity policy. • Setting itself targets in terms of its own membership. • Advertising vacancies locally and nationally, including in local ethnic-minority publications, and via social media. • Using alumni, particularly as they may give access to a more diverse and younger pool of potential applicants. • Drawing on search consultancies who can sometimes access a broader pool. • 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.
Approve, review and report on the institution's approach to equality and diversity and its agreed indicators that measure performance.	<ul style="list-style-type: none"> • Ensuring that the human resource management strategy takes equality and diversity into account and is monitored. • Approving and monitoring the delivery of a stand-alone equality and diversity strategy. • 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.

2.7. 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:

2.7.1. The governing body has a majority of executive members⁷ 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.

2.7.2. 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.

2.7.3. 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.

2.7.4. 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.

2.7.5. The Chair and Secretary ensure all members receive an appropriate induction to their role and the institution as necessary.

2.7.6. The Institute governing body does not contain student members⁸ 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.

2.7.7. 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:

2.7.8. 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.

2.7.9 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.

⁷ 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

⁸ This is an area of divergence with the CUC code and is addressed through the 'comply or explain' principle

Review:

2.7.9. 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.

2.7.10. 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.

2.7.11. 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:	Actions of the governing body:
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.	<ul style="list-style-type: none">• Regularly refreshing members' skills and knowledge through development activities funded by the institute, including annual appraisal with the Chair.• 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 (Independent members) not normally serving for more than two terms of five years with an option for a final term subject to review, except where subsequently undertaking a new and more senior role (for example as Chair).• Satisfying itself that members are able to allocate sufficient time to undertake their duties effectively.• Giving an indication of the time expected of its members.• 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 senior management. As a Deputy Chair may assume the responsibilities of the Chair, the expectation is they would be similarly independent of the institution.• 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.
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.	<ul style="list-style-type: none">• 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.

In meeting these key requirements, the governing body should:	Actions of the governing body:
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.	<ul style="list-style-type: none"> • Including written role descriptions and an analysis of the skills, experience and attributes required for membership. • Widely advertising vacancies in order to increase the pool of talent available. • Communicating and funding development opportunities within members' networks. • Appointing external members with direct senior experience of HE could also be considered to provide such understanding.
Issue an annual corporate governance statement describing the work of the key committees.	<ul style="list-style-type: none"> • 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.
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.	<ul style="list-style-type: none"> • Reflecting on the extent to which it and its committees have met their terms of reference. • Benchmarking its performance and processes against other comparable HEIs, and relevant institutions outside the HE sector. • Annual review meetings of members with the Secretary compiling a report on the feedback provided. • Asking the Secretary to do an annual self-assessment to assure the governing body that it properly and appropriately adheres to the principles of the Code. • Taking account of the views of the Executive, and relevant bodies such as the Academic Board, and staff and student communities.