

# Compliance with the HE Code of Governance



The primary elements of the Code are the hallmarks of effective governing bodies operating in the UK Higher Education sector. 'Apply or explain' means that in order to report that the Board has applied the Code the Guildhall School of Music & Drama Board of Governors needs to:

- be confident that it has in place all of the primary elements. In order to do so it will be necessary for the Board of Governors to meet or exceed the requirements of the supporting 'must' statements that prescribe essential components within the element; or
- explain where it considers a whole primary element or supporting 'must' statements inappropriate. In such cases the rationale should be clearly noted and the alternative arrangements summarised within an institution's report on its use of the Code.

The Board's report on its use of the Code is set out below referencing the "must" statements and the associated legal obligations set out in the Code; non-compliance with aspects of the Code relate to areas of dissonance with City of London regulations or operational practices.

## The Seven Primary Elements of Higher Education Governance

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

The Guildhall School, uniquely, is not an autonomous legal entity and its Board of Governors does not necessarily have the final decision on all matters of fundamental concern, being a committee within the local authority committee structure of the City of London. However, the Board does seek assurance that the School meets its legal and regulatory responsibilities, and this has been reviewed and endorsed by HEFCE in both 2011 and 2016.

The Board's statement of primary responsibilities is set out in its *Instrument & Articles of Government* (approved by the Privy Council 2016). All members of the Board are bound by the seven principles of public life.

The School does not have charitable status.

As the Board of Governors is a committee within a Local Authority structure and is not autonomous, the positions of the different types of Member on the Board are not the same:

- (i) as the Chairman or Deputy Chairman must be able to report to the Court of Common Council only members of the Board who are drawn from the Court of Common Council can stand for election as the Chairman or Deputy Chairman
- (ii) only members of the Board drawn from the Court of Common Council can count for quoracy. Whilst in practice it is unlikely that any meeting would go ahead without representation from the co-opted, or School members, this latter issue is under review.
- (iii) the board is unusual within the City's local authority structure in having staff members on the board as well as staff members in attendance as officers. How the respective responsibilities of a member of staff and board member are reconciled is a matter of continuing discussion with the City of London.

The public agenda, minutes and papers of the Board of Governors are published at:

<http://democracy.cityoflondon.gov.uk/mgCommitteeDetails.aspx?ID=387>

Details of the Common Council members of the Board of Governors are also published on this website. Details of other members of the Board are not published on this website as this has wider implication for the City of London in respect of all its local authority committees. However, full Board details will be published on the School's website in due course.

**(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.**

All members of the board are required to abide by the principles of public life.

All members of the board are asked to complete a declaration of interests. However, at present only the interests of members of the Court of Common Council are published on the City of London's democracy webpages in line with its processes for all other local authority committees.

Whilst it is possible for areas of tension to arise for those members of the Board of Governors who are drawn from the Court of Common Council and who have to act in the best interests of the parent body as well as the best interests of the School, at the macro level the strategic objectives of the School and the City of London, which owns it, are aligned.

The Students' Union of the Guildhall School is an unincorporated association and does not have charitable status. Its constitution is reviewed by the Board of Governors and the schedules

attached to the constitution set out the mechanisms for its organisation ensuring that it operates in a democratic, accountable and sustainable manner.

The City of London has an overarching whistleblowing policy which encompasses the staff of the School.<sup>1</sup>

**(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.**

The Board approves the Strategic Plan and receives an update from the Principal at each meeting on progress and other matters of strategic interest. The Board approves the annual budget and the end of year Financial Statements.

The Board reviews the Financial Statements and budget. However, as the School is not an autonomous body it does not receive donations directly or manage investments directly. Similarly pensions do not fall within the Board's remit. Money received directly by the School is managed by the City of London. Charitable donations are received by the Guildhall School Trust which has its own board of trustees and is entirely independent of the Board of Governors.

A range of KPIs are reported to the Board.

The Board can explain the processes, and types of evidence, the School uses to provide assurances to funders.

The Board of Governors receives assurances that the institution is meeting the conditions of funding. The Audit & Risk Management Committee, on behalf of the Board, reviews regularly the School's risk register. An internal audit plan is agreed annually.

Data supplied for funding purposes complies with directions published by the respective funding body.

The Audit & Risk Management Committee is comprised of members independent of the School, but not all members are independent of the City of London. The Chair of the Audit & Risk Management Committee is a co-opted member, ie is entirely independent of the School and the City.

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<sup>1</sup> Note: since the compliance statement was first drafted, the public link has been removed from the City's website and it is only available from the Employee Handbook. The scope of the policy does not cover Members of the Board.

The Financial Management of the School is undertaken by the Finance Department reporting to the Chamberlain within the City of London. Whilst not reporting directly to the Principal the Head of Finance has access to the Principal and is a member of the Senior Management Team.

#### *Remuneration*

It is not possible for the School to be compliant in respect of 3.13 of the HE Code. As the School is a department of the City of London, remuneration of all staff members, including the Principal and other senior staff members, is set by the City of London.

There is, however a Remuneration Committee, which is comprised of members independent of the School (but it is has no member independent of the City of London at present). It has been agreed that this committee should meet regularly to consider, amongst other things, comparative data on salaries and staffing profiles to inform discussions with the City.

#### **(4) The governing body receives assurance that academic governance is effective by working with the Senate/Academic Board or equivalent as specified in its governing instruments.**

The Teaching & Learning Strategy is approved by the Board of Governors on the recommendation of the Academic Board. Updates on strategy are reported by the Principal at each meeting of the Board.

The terms of reference and membership of the Academic Board are approved by the Board of Governors in line with the Instrument of Government. The Board receives an annual report from the Academic Board in November covering a wide range of academic and student experience issues to help the Board arrive at the assurances required of the funding body; this includes information on student complaints. The annual report also includes an action plan and an update on the action plan is received in the summer term each year.

The *Maintaining good campus relations in higher education* policy statement sets out the School's commitment to freedom of expression and the right to express and to challenge controversial views and opinions and for rigorous debate, subject to operating within the law.

**(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.**

As a department of the City of London many commercial activities, contract tendering etc, fall under the City's direct remit, not the School's. However, as part of the City's procedure, the Board receives regular reports on significant capital expenditure. The City has a clear scheme of delegation relating to Board business.

Charitable donations are received by the Guildhall School Trust which has its own board of trustees and is entirely independent of the Board of Governors. However, the Board receives an annual report on development and fundraising activity.

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

The School operates an equal opportunities policy in respect of both its staff and students and has an *Equality scheme* and action plan. The scheme was last reviewed and approved internally in April 2016 and sets out not only to eliminate unlawful discrimination but also to promote equality. The student body is monitored by the Board in respect of equality and diversity by way of a student profile including new entrants by protected characteristics (February Board each year), and the outcome of monitoring undertaken in respect of admissions and assessment by protected characteristics (November Board each year).

The SU President and staff members are elected by and from their constituent bodies, and the Principal is appointed through the City of London which has an equal opportunities policy. The Nominations Committee considers nominations in respect of the six co-opted members. Common Council members are elected members of the local authority. Whilst there can be no official statement promoting or encouraging diversity in those standing for election which might be perceived to interfere with the electoral/democratic process, when encouraging members of local networks/groups to attend meetings to find out more about standing for election to the Court, the City acknowledges its wish to increase the number of Councillors from a range of backgrounds and different experiences to enrich the City's knowledge and expertise and better reflect the communities it serves.

**(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*

The majority of the members of the Board are external to the School, but the majority are not external to the School and the City of London (which owns the School). As the School is not an autonomous legal entity, and its Board is a committee with the City of London, the majority of members are drawn from the Members of the Court of Common Council of the City of London (eleven Common Council members, four School members, and six co-opted lay members). The Board has an established procedure within its *Articles of Government* for the appointment of a Deputy Chairman. The Chairman and Deputy Chairman must be drawn from the Common Council membership (see section 1 above).

The Board of Governors does not have the power to remove a member from office. However, a serious allegation of a breach of good conduct by a board member, including a co-opted member, will be investigated by the City's Standards Committee and removal could result.

The Board has established a Nominations Committee to consider nominations for co-opted members and the balance of skills, knowledge and experience required by the Board.

All Board members are limited to three terms of three years with the exception of the Principal whose membership is ex-officio.

The Clerk to the Board provides an induction to the City of London and its committees, and a handbook of information including relevant documentation about the School. An additional higher education induction is to be introduced to be delivered by the School.

The membership of the Board provides for staff and student members.

Board members are not remunerated.

*Operation*

The Town Clerk is the Clerk to Board; this is set out in the *Instrument and Articles of Government*. In practice, standard committee support is provided by the Committee and Members Team within the Town Clerk's Department. The Team also offers advice on City of London standing orders, processes and related legal matters. Advice on HE operational and regulatory matters is provided to the Board by officers working within the School.

*Review*

The Board reviews its effectiveness via the work of the Governance and Effectiveness Committee. A comprehensive review of the Board and its committee was started summer term 2017.

The Board will monitor compliance against the HE Code of Governance annually.

Approved by the Board of Governors July 2017