

# **CODE OF CONDUCT FOR GOVERNORS**

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## 1. **INTRODUCTION**

- 1.1 This Code is intended as a guide, to indicate the standards of conduct and accountability which are expected of Governors, to enable them to understand their legal and ethical duties and to assist them both in carrying out those duties and in their relationship with the Governing Body and the Principal as the Chief Executive. This Code, therefore, is aimed at promoting effective, well informed and accountable college governance, and is not intended to be a definitive or authoritative statement of the law or good practice.
- 1.2 In addition to this Code, Governors are recommended to familiarise themselves with the source documents listed in the Schedule.

This Code should not be read as an exhaustive statement of duties, powers or provisions, and Governors should refer to the source documents listed in the Schedule. If a Governor is in doubt about the provisions of this Code or any of the source documents, the Clerk should be consulted and, if necessary, professional advice should be obtained. However, ultimate responsibility for the appropriateness of conduct as a Governor of the College and for any act or omission in that capacity rests with the individual Governor.

- 1.3 This Code applies to every committee or working group of the Governing Body and to every subsidiary company or joint venture of the College to which Governors may be appointed.
- 1.4 By accepting appointment to the Governing Body, each Governor agrees to accept the provisions of this Code.

## 2. **INTERPRETATION**

In this Code:-

- 2.1 'Agency' means the Skills Funding Agency or any successor body;
- 2.2 'College' means this College;
- 2.3 'College Mission Statement' means the statement set out at paragraph 3.1 of this Code or such other mission statement as may be agreed by the Governing Body from time to time;
- 2.4 'Governing Body' means the further education corporation which was established for the purpose of conducting the College;
- 2.5 'Governor', 'Chair', 'Principal' and 'Clerk' mean respectively the Member of the Corporation of the College, the Chair of the Governing Body, the Principal of the College and the Clerk to the Governing Body;

2.6 All other definitions have the same meanings as given in the College's Instrument and Articles of Government.

### 3. **AIMS AND VALUES**

3.1 The vision for the future of Petroc is "An outstanding College at the centre of an outstanding learning community". This vision is supported by the College's Mission Statement which is "To drive forward educational, economic and cultural success by continually raising the aspirations, knowledge and skills of individuals, communities and businesses".

3.2 The College's Vision and Mission Statements, together with the corporate objectives of the College agreed by the Governing Body from time to time, seek to encapsulate the core purposes and aims of the College. Governors, should have due regard to these purposes and aims when conducting the business of the Governing Body and considering the activities and proposed activities of the College.

3.3 The Governing Body recognises its obligations to all those with whom it and/or the College have dealings, including students, employees, suppliers, other educational institutions and the wider community. In particular, the Governing Body is committed to:

- combating any discrimination within the College on the grounds of race, ethnic or national origin, religion, belief, age, disability, gender or sexuality;
- promoting good personal and community relations, including relations between people from different religions, and opposing all forms of racism and discrimination.

These obligations are enthusiastically embraced in the individual policies and procedures of the College. Each member of the Governing Body is required to display a strong commitment to the principles involved.

3.4 The Governing Body is also committed to ensuring that it conducts its business in accordance with the highest ethical standards as set out in more detail in this Code.

### 4. **DUTIES**

4.1 Governors owe a fiduciary duty to the College. This means that they should show it the highest loyalty and act in good faith in its best interests. Each Governor should act honestly, diligently and (subject to the provisions appearing in paragraph 10 of this Code relating to collective responsibility) independently. The actions of Governors should promote and protect the good

reputation of the College and the trust and confidence of those with whom it deals.

- 4.2 Decisions taken by Governors at meetings of the Governing Body and its committees or working groups must not be for any improper purpose or personal motive. Decisions taken must always be for the benefit of the College, its students and staff and other users of the College and must be taken with a view to safeguarding public funds. Accordingly, Governors must not be bound in their speaking and voting by mandates given to them by other bodies or persons.
- 4.3 Governors must observe the provisions of the College's Instrument and Articles of Government and, in particular, the responsibilities given to the Governing Body by the College's Articles of Government. Those responsibilities, including a list of "reserved" responsibilities which are so important that they must not be delegated, are set out in Appendix 3.
- 4.4 Governors should comply with the Standing Orders and terms of reference of the Governing Body and its committees or working groups to ensure that the Governing Body conducts itself in an orderly, fair, open and transparent manner. Governors must keep those Standing Orders and terms of reference under periodic review.
- 4.5 Governors should also have regard to the different, but complementary, responsibilities given to the Principal as the College's Chief Executive. The responsibilities given to the Principal by the College's Articles of Government are set out in Appendix 4. Whereas it is the Governing Body's function to decide strategic policy and overall direction and to monitor the performance of the Principal and any other senior postholders, it is the Principal's role to implement the Governing Body's decisions, and to manage the College's affairs within the budgets and framework fixed by the Governing Body. Governors should work together so that the Governing Body and the Principal, as Chief Executive, perform their respective roles effectively.
- 4.6 Governors should refer to the Clerk for advice relating to the governance functions which are set out in Appendix 4 and have regard to the Clerk's independent advisory role.

## 5. **STATUTORY ACCOUNTABILITY**

- 5.1 Governors are collectively responsible for observing the duties set out in the Financial Memorandum which the College has entered into with the Agency as a condition of receiving public funds. A summary of some of the more important requirements of the Financial Memorandum is set out in Appendix 5.

- 5.2 Although the Agency is the main provider of funds to the College, Governors should note that they are also responsible for the proper use of income derived from other sources, such as the Higher Education Funding Council for England (HEFCE) and the European Union (EU), and for the control and monitoring of expenditure of such income, in order to meet the requirements of the relevant funding body and public audit.
- 5.3 As accounting officer for the Agency, its Chief Executive is directly responsible and accountable to Parliament for ensuring that the uses to which the Agency puts its funds are consistent with the purposes for which the funds were given and comply with the conditions attached to them. The Principal, as accounting officer for the College, is also directly responsible and accountable to Parliament, through the Committee of Public Accounts, for the effective stewardship by the College of public funds. The Principal may be required to appear before the Committee of Public Accounts, alongside the Chief Executive of Skills Funding, to give an account of the use made by the College of such funds. The Governing Body is accountable to Parliament for ensuring the financial health of the College, and to the Courts for ensuring that the College is conducted in accordance with the Education Acts and the general law.

## **6. PUBLIC SERVICE VALUES**

Public service values are at the heart of the further education service. High standards of personal and corporate conduct, based on the principles set out in Appendix 1 and 2 of this Code, and the recognition that students and other users of the College's services come first, are a requirement of being a Governor, and should underpin all decisions taken by the Governing Body.

## **7. SKILL, CARE AND DILIGENCE**

A Governor should in all his or her work for the College exercise such skill as he or she possesses and such care and diligence as would be expected from a reasonable person in the circumstances. This will be particularly relevant when Governors act as agents of the College, for example, when functions are delegated to a committee of the Governing Body or to the Chair. Governors should be careful to act within the terms of reference of any committees or working groups on which they serve.

## **8. POWERS**

Governors are responsible for taking decisions which are within the powers given to the Governing Body by Parliament under sections 18 and 19 of the Further and Higher Education Act 1992. A summary of those powers is set out in Appendix 6. If a Governor thinks that the Governing Body is likely to exceed its powers by taking a particular decision, he or she should immediately refer the matter to the Clerk for advice.

## 9. **CONFLICTS OF INTEREST**

- 9.1 Like other persons who owe a fiduciary duty, Governors should seek to avoid putting themselves in a position where there is a conflict (actual or potential) between their personal interests and their duties to the Governing Body. They should not allow any conflict of interest to arise which might interfere with the exercise of their independent judgement.
- 9.2 Governors are reminded that, under the College's Instrument of Government and the Governing Body's Standing Orders, they must not acquire or hold any interest in any property held or used for the purposes of the College or receive any remuneration for their services (save as a member of the College's staff) without the written approval of the Secretary of State for Business, Innovation and Skills.
- 9.3 Governors are reminded that under the College's Instrument of Government and the Governing Body's Standing Orders they must disclose to the Governing Body any direct or indirect financial interest they have, or may have, in the supply of work to the college or the supply of goods for the purposes of the College, or in any contract or proposed contract concerning the College, or in any other matter relating to the College or any other interest of a type specified by the Corporation in any matter relating to the College, or any duty which is material and which conflicts or may conflict with the interests of the Governing Body.
- 9.4 However, an interest does not have to be financial for the purposes of disclosure. If an interest of any kind (including an interest of a spouse or partner of a Governor or of a close relative of the Governor or his or her partner or spouse) is likely or would, if publicly known, be perceived as being likely to interfere with the exercise of a Governor's independent judgement, then:-
- 9.4.1 the interest, financial or otherwise, should be reported to the Clerk;
- 9.4.2 the nature and extent of the interest should be fully disclosed to the Governing Body before the matter giving rise to the interest is considered;
- 9.4.3 if the Governor concerned is present at a meeting of the Corporation, or any of its committees or working groups, at which such supply, contract or other matter constituting the interest is to be considered, he or she should:-
- not take part in the consideration or vote on any question with respect to it and shall not be counted in the quorum for that meeting; and
  - withdraw from that meeting where required to do so by a majority of the members of the Corporation, committee or working group present at the meeting.

- 9.5 For the purposes of clause 9.4 "close relative" includes but is not limited to a father, mother, brother, sister, child, grandchild and step-father/mother/brother/sister/child.
- 9.6 Governors must not receive gifts, hospitality or benefits of any kind from a third party which might be seen to compromise their personal judgement or integrity. Any offer or receipt of such gifts, hospitality or benefits should immediately be reported to the Clerk.
- 9.7 The Clerk will maintain a Register of Governors' Interests which will be open for public inspection. Governors must disclose routinely to the Governing Body all business interests, financial or otherwise, which they may have, and the Clerk will enter such interests on the Register. Governors must give sufficient details to allow the nature of the interests to be understood by enquirers. Governors should inform the Clerk whenever their circumstances change and interests are acquired or lost. In deciding whether an interest should be disclosed, Governors should have regard to the meaning given to "interest" in paragraphs 9.3, 9.4 and 9.5 of this Code.

## 10. **COLLECTIVE RESPONSIBILITY**

- 10.1 The Governing Body operates by Governors taking majority decisions in a corporate manner at quorate meetings. Therefore, a decision of the Governing Body, even when it is not unanimous, is a decision taken by the Governors collectively and each individual Governor has a duty to stand by it, whether or not he or she was present at the meeting of the Governing Body when the decision was taken.
- 10.2 If a Governor disagrees with a decision taken by the Governing Body, his or her first duty is to have any disagreement discussed and minuted. If the Governor strongly disagrees, he or she should consult the Chair and, if necessary, then raise the matter with the Governing Body when it next meets. If no meeting is scheduled, the Governor should refer to the power of the Chair or any five Governors under the College's Instrument of Government to call a special meeting and, if appropriate, exercise it, requesting the Clerk to circulate the Governor's views in advance to the other Governors. Alternatively, as a final resort, the Governor may decide to offer his or her resignation from office, after consulting the Chair.

## 11. **OPENNESS AND CONFIDENTIALITY**

- 11.1 Because of the Governing Body's public accountability (and the importance of conducting its business openly and transparently), Governors should ensure that, as a general principle, students and staff of the College, and the general public, have free access to information about the proceedings of the Governing Body. Accordingly, agendas, minutes and other papers relating to meetings of

the Governing Body and its committees are normally available for public inspection when they have been approved for publication by the Chair.

- 11.2 There will be occasions when the record of discussions and decisions will not be made available for public inspection; for example, when the Governing Body considers sensitive issues or named individuals and for other good reasons. Such excluded items will be kept in a confidential folder by the Clerk, and will be circulated in confidence to Governors. Some confidential items are likely to be of a sensitive nature for a certain period of time only (for example information relating to a proposed commercial transaction or collaboration with another institution). The Governing Body should specify how long such items should be treated as confidential or, if this is not possible, such items should be regularly reviewed to consider whether the confidential status should be removed or whether the public interest in disclosure outweighs that confidential status and the item made available for public inspection. When considering such issues the Governors must also consider the College's publication scheme issued under the Freedom of Information Act 2000 and the principles enshrined in that Act.
- 11.3 However, staff and student Governors have no right of access to minutes dealing with matters in respect of which they are required to withdraw from meetings under the College's Instrument of Government, unless the other Governors decide otherwise.
- 11.4 It is important that the Governing Body and its committees have full and frank discussions in order to take decisions collectively. To do so, there must be trust between Governors with a shared corporate responsibility for decisions. Governors should keep confidential any matter which, by reason of its nature, the Governing Body or any of its committees or working groups has resolved should be dealt with on a confidential basis.
- 11.5 Governors should not make statements to the press or media or at any public meeting relating to the proceedings of the Governing Body or its committees or working groups without first having obtained the approval of the Chair or, in his or her absence, the Vice Chair. It is unethical for Governors publicly to criticise, canvass or reveal the views of other Governors which have been expressed at meetings of the Governing Body, its committees or working groups.

## 12. **COMPLAINTS**

- 12.1 In order to ensure that the affairs of the College are conducted in an open and transparent manner and that the College is accountable for its actions and use of public funds, it is important for there to be appropriate complaints procedures in place and for these to be well publicised. Governors are reminded of their specific responsibility under the Articles of Government to make rules

specifying the procedures in accordance with which employees may seek redress of any grievances relating to their employment, of the importance of having formal complaints procedures in place to handle issues raised by students, former students and third parties and of the legal requirement to have a whistle blowing procedure in place.

12.2 Under the Charter for Further Education, students, employees and other third parties have a right to make a complaint to the Agency in respect of the College or of any of its decisions, and this right is referred to in the College's relevant complaints procedures. Copies of these procedures can be obtained from the Clerk. Governors, in particular, are reminded that under the Agency's procedure for dealing with complaints about Providers of Education and Training (April 2010) the Agency:

- *must* investigate all allegations of irregularity (unlawful or unethical conduct, financial malpractice, equality and diversity issues and health and safety risks to staff, learners or the public;
- *can* investigate quality or management of learning provision, undue delay or non-compliance with published procedures, poor administration by the Provider, equality and diversity issues (except where there is a more appropriate mechanism for dealing with the matter through the court or tribunals or other organisations), health and safety concerns and complaints made by learners following HE courses in FE colleges.

### 13. **ATTENDANCE AT MEETINGS**

A high level of attendance at meetings of the Governing Body, its committees and working groups is expected so that Governors can perform their functions properly.

### 14. **GOVERNANCE DEVELOPMENT**

14.1 The Governing Body shall seek to ensure that all Governors are appointed on merit, in accordance with an open selection procedure carried out by the Search Committee, and are drawn widely from the community which the College serves so as to be representative of that community. Governors should have regard to the provisions relating to the membership of the Governing Body in the College's Instrument of Government, the need to combat discrimination and to promote equality, and the need to make available a range of necessary skills and experience to ensure that the Corporation carries out its functions under the College's Articles of Government.

14.2 Governors must obtain a thorough grounding in their duties and responsibilities by participating in the College's governance induction and training programmes.

14.3 In order to promote more effective governance, Governors will carry out an annual review of the performance by the Governing Body of its duties and responsibilities, as part of a continuing and critical process of self evaluation.

## **SCHEDULE - List of source documents**

1. the College's Instrument of Government;
2. the College's Articles of Government;
3. the Standing Orders and terms of reference of the corporation and its committees or working groups;
4. the Financial Memorandum entered into by the College with the Agency;
5. the College's Mission Statement and corporate objectives;
6. the College's Strategic Plan;
7. the principles laid down by the Committee on Standards in Public Life (Nolan Committee) for those holding public office, namely:
  - selflessness;
  - integrity;
  - objectivity;
  - accountability;
  - openness;
  - honesty; and
  - leadership.

An extract from the report of the Nolan Committee setting out these Principles in more detail is set out at Appendix 1;

8. the Joint Audit Code of Practice issued by the Agency and the YPLA;
9. the UK Corporation Governance Code (formerly the Combined Code on Corporate Governance) published by the Financial Report Council;
10. the Good Governance Standard for Public Services published by the Independent Commission on Good Governance in Public Services (Good Governance Standard).

An extract from the Good Governance Standard setting out the six core principles of good governance is set out at Appendix 2;

Appendices 1 (the Seven Principles of Public Life), 2 (Six Core Principles of Good Governance), 3 (Responsibilities of Governors), 4 (Responsibilities of the Principal), 5 (Financial Memorandum of the Agency) and 6 (Powers of the Governing Body) are attached for reference.

## **APPENDIX 1**

### **The Seven Principles of Public Life**

The following is an extract from the Second Report of the Nolan Committee on Standards in Public Life, May 1996

#### **SELFLESSNESS**

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

#### **INTEGRITY**

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

#### **OBJECTIVITY**

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

#### **ACCOUNTABILITY**

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

#### **OPENNESS**

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

#### **HONESTY**

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

#### **LEADERSHIP**

Holders of public office should promote and support these principles by leadership and example.

## **APPENDIX 2**

### **Six Core Principles of Good Governance**

The following is an extract from the Good Governance Standard for Public Services published by the Independent Commission on Good Governance in Public Services, January 2005

1. **Good governance means focusing on the organisation's purposes and on outcomes for citizens and service users**
  - 1.1 Being clear about the organisation's purposes and its intended outcomes for citizens and service users;
  - 1.2 Making sure that users receive a high quality service;
  - 1.3 Making sure that taxpayers receive value for money.
2. **Good governance means performing effectively in clearly defined functions and roles**
  - 2.1 Being clear about the functions of the governing body;
  - 2.2 Being clear about the responsibilities of the non-executives and the executive, and making sure that those responsibilities are carried out;
  - 2.3 Being clear about relationships between the governors and the public.
3. **Good governance means promoting values for the whole organisation and demonstrating the values of good governance through behaviour**
  - 3.1 Putting organisational values into practice;
  - 3.2 Individual governors behaving in ways that uphold and exemplify effective governance.
4. **Good Governance means taking informed, transparent decisions and managing risk**
  - 4.1 Being rigorous and transparent about how decisions are taken;
  - 4.2 Having and using good quality information, advice and support;
  - 4.3 Making sure that an effective risk management system is in operation.

5. **Good governance means developing the capacity and capability of the governing body to be effective**

- 5.1 Making sure that appointed and elected governors have the skills, knowledge and experience they need to perform well;
- 5.2 Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group;
- 5.3 Striking a balance, in the membership of the governing body, between continuity and renewal.

6. **Good governance means engaging stakeholders and making accountability real**

- 6.1 Understanding formal and informal accountability relationships;
- 6.2 Taking an active and planned approach to dialogue with accountability to the public;
- 6.3 Taking an active and planned approach to responsibility to staff;
- 6.4 Engaging effectively with institutional stakeholders.

## **APPENDIX 3**

### **Summary of Main Responsibilities of Governors under the Articles of Government**

Under the College's Articles of Government the Governing Body shall be responsible:

- (a) for the determination of the educational character and mission of the institution and for oversight of its activities;
- (b) for approving the quality strategy of the institution;
- (c) for the effective and efficient use of resources, the solvency of the institution and the Governing Body and for safeguarding their assets;
- (d) for approving annual estimates of income and expenditure;
- (e) for the appointment, grading, suspension, dismissal and determination of the pay and conditions of service of the holders of senior posts and the Clerk, including, where the Clerk is, or is to be appointed as, a member of staff, the Clerk's appointment, grading, suspension, dismissal and determination of pay in the capacity as a member of staff;
- (f) for setting a framework for the pay and conditions of service of all other staff; and
- (g) for setting the policy by which the tuition and other fees payable to the College are determined (subject to any terms and conditions attached to grants, loans or other payments paid or made by the Agency).

"Senior Post" means the post of Principal and such other senior posts as the Governors may decide for the purposes of the Articles.

### **Responsibilities which must not be delegated**

The Articles of Government prohibit the Governing Body from delegating the following:-

- (a) the determination of the educational character and mission of the institution;
- (b) the approval of the annual estimates of income and expenditure;
- (c) the responsibility for ensuring the solvency of the institution and the Governing Body and the safeguarding of their assets;
- (d) the appointment or (subject to Article 17) the dismissal of the Principal or holder of a senior post;

- (e) the appointment or dismissal of the Clerk (including, where the Clerk is, or is to be, appointed as a member of staff the Clerk's appointment or, subject to Article 17, dismissal in the capacity as member of staff);
- (f) the modifying or revoking of the Articles of Government;
- (g) the power to determine an appeal under articles 16(5)(a), 17(8), 17(14) or 18(11); and
- (h) to the Principal the power to determine an appeal in connection with the dismissal of a member of staff under article 18(6) unless the Principal has previously delegated his power under article 18(1) to dismiss a member of staff to the holder of a senior post.

The Governing Body may, from time to time, resolve to add other functions which must not be delegated to this list of "reserved" responsibilities.

## **APPENDIX 4**

### **Summary of main responsibilities of the Principal under the Articles of Government.**

Under the College's Articles of Government the Principal shall be the Chief Executive of the College and shall be responsible for:

- (a) making proposals to the Governing Body about the educational character and mission of the institution, and for implementing the decisions of the Governing Body;
- (b) the determination, of the institution's academic activities and the determination of its other activities;
- (c) preparing annual estimates of income and expenditure, for consideration and approval by the Governing Body, and the management of budget and resources within the estimates approved by the Governing Body;
- (d) the organisation, direction and management of the institution and leadership of the staff;
- (e) the appointment, assignment, grading, appraisal, suspension, dismissal, and determination, within the framework set by the Governing Body, of the pay and conditions of service of staff, other than the holders of senior posts or the Clerk, where the Clerk is also a member of the staff; and
- (f) maintaining student discipline and, within the rules and procedures provided for within these Articles, suspending or expelling students on disciplinary grounds and expelling students for academic reasons.

## **APPENDIX 5**

### **Summary of Main Provisions of the Financial Memorandum of the Agency**

The Department for Education and Skills (DfES) requires the Council (now Agency) to enter into an agreement, set out in a financial memorandum with the College, for the purpose of regulating its relationship in financial and related matters and setting out the terms and conditions on which public funds will be paid by the Council (now Agency) to the College.

A revised financial memorandum was published by the council in December 2006 and became effective in August 2006 and this sets out the framework of relationships and responsibilities between Colleges and the Council (now Agency).

The memorandum is divided into two parts. Part 1 contains the general terms and conditions under which the Council (now Agency) funds colleges. A summary of the main provisions of Part 1 appears below. Part 2 consists of any specific conditions which might apply to the College and is the subject of individual annual notification.

Important points to note in relation to Part 1 are as follows:-

#### Responsibilities

The Governing Body is responsible for:

- determining the educational character and mission of the College and for oversight of its activities;
- ensuring the solvency of the College and the safeguarding of the College's assets, in particular the Governing Body must receive at least termly a report that reviews the College's financial position;
- appointing, grading, suspending, dismissing and determining the pay and conditions of service of the Principal and other senior postholders;
- setting a framework for the pay and conditions of service of all other staff;
- ensuring that the financial, planning and other management controls, including controls against fraud and theft, required by the College are appropriate and sufficient to safeguard public funds;
- approving the appointment of external auditors and an internal audit service;
- securing the efficient, economical and effective management of all the College's resources and expenditure, capital assets and equipment and staff, so that the investment of public funds in the College is not put at risk;

- ensuring that appropriate financial considerations are taken into account at all stages in reaching decisions and in their execution;
- planning and conducting the College's financial and academic affairs so that its total income is not less than sufficient, taking one year with another, to meet its total expenditure;
- making appropriate arrangements to appoint a Clerk with the necessary expertise to fulfil the duties of the post;
- approving an annual budget at the start of each financial year;
- determining tuition fees;
- approving rules and procedures relating to staff grievances, conduct, suspension, dismissal and appeals;
- approving the students' union constitution and rules relating to the conduct of students;
- acting within the powers given in sections 18 and 19 of the 1992 Act (see Appendix 6 to this Code).

Within this framework the Governing Body must require the Principal to take personal responsibility, which may not be delegated, for ensuring the proper and effective operation of the financial, planning and management controls of the College, and for giving effect to the Governing Body's policies for securing the efficient, economical and effective management of all the College's income, assets and expenditure.

With regard to the Clerk, the Governing Body should specify the procedures which the Clerk and the Governing Body should follow if the Governing Body acts inappropriately or beyond its powers.

#### Land and buildings

The Governing Body should manage and develop its estate with regard to guidance issued from time to time by the Council, keep its holdings of land and buildings under review with the objective of rationalising and disposing of those which it considers in the light of its estate strategy to be no longer needed and to maintain its estate in accordance with its accommodation strategy.

There are detailed requirements in relation to obtaining the consent of the Council for certain land and buildings transactions.

### Borrowing and leasing

Under section 19 of the Further and Higher Education Act 1992 (see Appendix 6), the College must obtain the consent of the Council to any secured or unsecured borrowing proposal. The Council has given a general consent to certain categories of borrowing, for example, up to 5 percent of the College's annual revenue on an unsecured basis.

There are detailed requirements relating to obtaining the Council's consent for certain borrowing on a secured basis.

### Accounts and financial management

The College is required to notify the Council in writing if at any time there is a significant deterioration in its financial position.

The College may be required to put in place a recovery plan, or a risk reduction plan, where the Council has concluded that there is a risk to the College's liquidity, service delivery or asset base.

### Other matters

The Financial Memorandum contains a number of detailed requirements relating to the allocation of funds, audit, contingent liabilities, the provision of information and the imposition by the Council of penalties where a Governing Body fails to comply with any of the conditions of funding.

It should be noted that the Learning and Skills Council issued a Consultation on Amendment to the Financial Memorandum Part I in June 2006. A new Financial Memorandum is therefore expected to be published in the near future.

## **APPENDIX 6**

### **Summary of the Statutory Powers of the Governing Body**

#### **PRINCIPAL POWERS**

Under section 18(1) of the Further and Higher Education Act 1992 a further education corporation may:-

- (a) provide further and higher education;
- (b) provide secondary education suitable to the requirements of persons who have attained the age of 14 years, or provide secondary education or participate in the provision of secondary education at a school (subject to the consultation with the appropriate local education authority); and
- (c) supply goods or services in connection with their provision of education.

These powers are known as the Corporation's "principal powers".

#### **SUPPLEMENTARY POWERS**

Under section 19 of the 1992 Act the Corporation may do anything which appears to it to be necessary or expedient for the purpose of or in connection with the exercise of any of the principal powers conferred by section 18 of the Act, including in particular the following:-

- (a) the power to acquire and dispose of land and other property;
- (b) the power to enter into contracts, including in particular:
  - (i) contracts for the employment of teachers and other staff for the purposes of or in connection with carrying on any activities undertaken in the exercise of the Corporation's principal powers; and
  - (ii) contracts with respect to the carrying on by the Corporation of any such activities;
- (c) the power to form, participate in forming or invest in a company or become a member of a charitable incorporated organisation provided that the SFA consents;
- (d) the power to borrow such sums as the Corporation thinks fit for the purposes of carrying on any activities it has power to carry on or to meet any liability transferred to it under sections 23 to 27 of the 1992 Act (i.e. when the College achieved its corporate independence on 1st April 1993) and, in connection with such borrowing, the power to grant any mortgage charge or other security in

respect of any land or other property of the Corporation. This power may not be exercised without the consent of the Agency, which may give its consent for a particular borrowing or for borrowing of a particular class;

- (e) power to invest any sums not immediately required for the purposes of carrying on any activities the Corporation has power to carry on;
- (f) power to accept gifts of money, land or other property and apply it, or hold and administer it on trust, for any of those purposes; power to do anything incidental to the conduct of an educational institution providing further or higher education, including founding scholarships or exhibitions, making grants and giving prizes; and
- (g) provide advice or assistance to any other person where it appears to the Corporation to be appropriate for them to do so for the purpose of or in connection with the provision of education by the other person.

The Corporation may also provide facilities of any description (including boarding accommodation and recreational facilities for students and staff and facilities to meet the needs of students having learning difficulties) which appear to be necessary or desirable for the purposes of or in connection with the carrying on of the principal powers.

The powers conferred by section 19 of the 1992 Act are known as “supplementary powers”.

Note that as the result of a new section 19A inserted by the Apprenticeships, Skills, Children and Learning Act 2009 from 1 April 2010 in exercising their functions under sections 18 and 19, Corporations must—

(a) have regard, amongst other things, to the objective of promoting the economic and social well-being of the local area, and

(b) in doing so, have regard to any guidance issued by the Secretary of State about co-operation with a view, directly or indirectly, to advancing that objective. Draft guidance was published for consultation with the sector by LSIS in January 2010.

To the Clerk to the Corporation

**PETROC**  
**APPOINTMENT/RE-APPOINTMENT TO THE GOVERNING BODY**

I agree to observe the Code of Conduct to the best of my abilities and confirm that I am not disqualified from membership by virtue of Sections 5(3)(a) and 8 of the Instrument of Government.

Dated : .....

Name of Member : .....

Signature : .....