



Doncaster
College | University
Centre



North Lindsey
College

DN COLLEGES GROUP

CODE OF CONDUCT FOR CORPORATION MEMBERS

December 2018

Throughout this Code 'Corporation Member' or 'Members' may be substituted by 'Governor' or 'Governors' and 'Corporation' by 'Governing Body' as appropriate.

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**COLLEGE CODE OF CONDUCT FOR
CORPORATION MEMBERS**
(based on guidance from Eversheds Sutherland, latest version drafted
June 2018)

1. INTRODUCTION

- 1.1 This Code is intended as a guide, to indicate the standards of conduct and accountability which are expected of Corporation Members, 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 Corporation and CEO. 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, Corporation Members are recommended to familiarise themselves with the source documents listed in the Schedule
- 1.3 If a Corporation Member 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 Corporation Member of the College and for any act or omission in that capacity rests with the individual Corporation Member.
- 1.5 This Code applies to every committee or working party of the Corporation and to every subsidiary company or joint venture of the College to which Corporation Members may be appointed.
- 1.6 By accepting appointment to the Corporation, each Corporation Member agrees to accept the provisions of this Code.
- 1.7 Each Corporation Member, by accepting the provisions of this Code, agrees that any breach of the Code by them may lead to the termination of their appointment as a Member in accordance with clause (10) of the Corporation's Instrument of Government.

2. INTERPRETATION

In this Code:-

- 2.1 'College' means DN Colleges Group, Doncaster College and North Lindsey College;
- 2.2 '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 Corporation from time to time;
- 2.3 'Core Values' means those Core Values set out at paragraph 3.2 of this Code or such other core values as may be agreed by the Corporation from time to time, for example in a Public Value Statement.

- 2.4 'Corporation' means the further education corporation which was established for the purpose of conducting the College;
- 2.5 'Corporation Member', 'Chair', 'CEO' and 'Clerk' mean respectively the Member of the Corporation of the College, the Chair of the Corporation, the CEO of DNCG and the Clerk of the Corporation;
- 2.6 'DfE' means the Department for Education;
- 2.7 'ESFA' means the Education and Skills Funding Agency or any successor body;
- 2.8 'Code of Good Governance' means the Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015.
- 2.9 "Foundation Code' means the English Colleges' Foundation Code issued by the AoC in November 2011;
- 2.10 all other definitions have the same meanings as given in the College's Instrument and Articles of Government; and words importing one gender import any gender.

3. AIMS AND VALUES

- 3.1 The DN Colleges Group Vision is

Transforming our communities through learning

- 3.2 The College Mission:

Outstanding education and training that enables students to achieve their full potential, meeting social, economic and community needs.

Values:

We Value:

- **Ambition** – to achieve the highest standards
- **Support** – a caring, safe and inclusive environment
- **Partnership** – collaborative working to achieve shared goals
- **Innovation** – we use our initiative and are agile in finding creative solutions
- **Responsibility** – we take individual and collective responsibility
- **Equality** – we work with integrity and are open, honest and respectful of each other

Our Driving Principles

- Outstanding and inspirational teaching and learning
- Local and regional growth through partnership and collaboration
- A high performing culture that realises potential
- Financial sustainable, investing in growth
- Responsive and adaptive to change
- Innovative and maximising the benefits of technology

Headline Stretch Targets 2021

- Quality – Outstanding, TEF Gold
 - Finance – Outstanding, exceed covenants, income growth
 - People – top 10% staff satisfaction
 - Responsiveness – Top 10% NSS*, FE Choices, Employer & Students
 - Progression – Top 10% National Destination Tables, School League Tables
 - Achievement – Top 10% FE Achievement, Timely Applications, HE Continuation, Value Added
- *NSS: National Student Survey (Higher Education)

3.3 The Mission Statement together with the corporate objectives of the DN Colleges Group agreed by the Corporation from time to time seek to encapsulate the core purposes and aims of the College. Corporation Members should have due regard to these purposes and aims and to the Core Values when conducting the business of the Corporation and considering the activities and proposed activities of the College.

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

- Having close regard to the voice of the learner
- Combating any discrimination within the College on the grounds of the characteristics protected by the Equality Act 2010 and promoting equality in accordance with its duty under the 2010 Act.
- Engaging with the community which the College serves in order to understand and meet its needs¹
- Observing its duty under the Education (No 2) Act 2986 to take reasonable steps to ensure freedom of speech² for members of the College community and visiting speakers and its duty under the Counter Terrorism and Security Act 2015 to have regard to the need, when exercising its functions, to prevent people from being drawn into terrorism³

3.5 The Corporation 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 Corporation Members are in the position of charity trustees and as such 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 Corporation Member should act honestly, diligently and (subject to the provisions appearing in paragraph 10 of this Code relating to collective responsibility) independently.

1 On this point see *A Dynamic Nucleus, Colleges at the Heart of Local Communities*, the final report of the Independent Commission on Colleges in their Communities, November 2011

2 On freedom of speech see NL College's Staff Code of Conduct / Doncaster College's Policy

3 On the Prevent Duty see the Home Office guidance on compliance with the duty in x.26 of the 2015 Act:

<https://www.gov.uk/government/publications/preventduty-guidance>

The actions of Corporation Members 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 Corporation Members at meetings of the Corporation and its committees 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, Corporation Members must not be bound in their speaking and voting by mandates given to them by other bodies or persons (including to the bodies that elected them).
- 4.3 Corporation Members must observe the provisions of the College's Instrument and Articles of Government and in particular the duty to give immediate notice to the Clerk should they become disqualified from continuing to hold office and also the responsibilities given to the Corporation 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 Corporation Members should comply with Standing Orders and terms of reference of the Corporation and its committees to ensure that the Corporation conducts itself in an orderly, fair, open and transparent manner. Corporation Members must keep those Standing Orders and terms of reference under periodic review.
- 4.5 Corporation Members should also have regard to the different, but complementary, responsibilities given to the Chief Executive. The responsibilities given to the CEO by the College's Articles of Government are set out in Appendix 4. Whereas it is the Corporation's function to decide strategic policy and overall direction and to monitor the performance of the CEO and any other senior postholders, it is the CEO's role to implement the Corporation's decisions, and to manage the College's affairs within the budgets and framework fixed by the Corporation. Corporation Members should work together so that the Corporation and the Chief Executive perform their respective roles effectively.
- 4.6 Corporation Members 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.
- 4.7 Governors will be issued with an iPad to assist in their role as Corporation Board members. On receipt of the device each Corporation Board member will sign to acknowledge receipt of the equipment and agreement with the terms and conditions of use. All iPads must be returned to the Clerk to the Corporation Board when the Member's term of office is ended. The iPad is to be used for work and research in relation to DNCG Corporation Board.
- 4.8 Governors will be issued with an ID card and Governor lanyard. The ID card and lanyard must be returned to the Clerk to the Corporation when the Member's term of office is ended.

5. STATUTORY ACCOUNTABILITY

- 5.1 Corporation Members are collectively responsible for observing the duties set out in the Financial Memorandum which the College has entered into with the ESFA as a condition of receiving public funds. A summary of some of the more important requirements of the Financial Memorandum and the Funding Agreement with the ESFA is set out in Appendix 5.
- 5.2 Although the ESFA is the main provider of funds to the College, Corporation Members should note that they are also responsible for the proper use of income derived from other sources, such as the Office for Students (OfS) 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. Where funding is received directly from OfS, the College will have a memorandum of assurance and accountability with OfS which sets out the basis on which such funding is provided. Where OfS funding is received indirectly via a collaboration with a OfS funded institution, such funding will be subject to obligations contained in the memo of co-operation between the College and that institution.
- 5.3 As accounting officer for the ESFA, its Chief Executive is directly responsible and accountable to Parliament for ensuring that the uses to which the ESFA puts its funds are consistent with the purposes for which the funds were given and comply with the conditions attached to them. The CEO, 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 CEO may be required to appear before the Committee of Public Accounts, alongside the ESFA's Chief Executive, to give an account of the use made by the College of such funds. The Corporation 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.
- 5.4 Corporation members should aim to ensure that they have a balanced membership that represents the different protected characteristics (as defined by the Equality Act 2010). Members of the Corporation are responsible for ensuring that:
- They are aware of the Group's statutory responsibilities in relation to equality, both as an employer and as a provider of education and services.
 - The Group is meeting the public sector equality duty.
 - The Group's strategic plan includes a commitment to equality.
 - Equality training features as part of the Group's strategic plan.
 - They receive and respond to equality monitoring information.
 - The Group is meeting its objectives in relation to equality;

[Extract from AoC Joint Agreement on Guidance on Equality in Employment in Further Education Colleges May 2012]

- 5.5 As the employer, the Governing Body carries the ultimate responsibility for health and safety and could be held liable for offences under the Health and Safety at Work Act 1974. Among the duties placed on employers, and

therefore on the governing body, is the preparation of a written statement of policy on health and safety including details of the organisation and arrangements for implementing that policy in the workplace. Any revision to such a written statement must be brought to the attention of the employees. There is a duty to consult employees on health and safety and provision for the appointment by recognised trade unions of safety representatives. The governing body must therefore satisfy itself that:

- (a) the college has a health and safety statement
- (b) management responsibility for health and safety issues is clearly designated
- (c) those with such designated responsibility in the college are aware of and have access to relevant regulations and advice and training.

6. PUBLIC SERVICE VALUES

Although Further Education Corporations are classified as part of the private not for profit sector for government accounting purposes, they remain public bodies in many legal contexts. In particular, 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 Appendices 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 Corporation Member, and should underpin all decisions taken by the Corporation.

7. SKILL, CARE AND DILIGENCE

A Corporation Member 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 Corporation Members act as agents of the College, for example, when functions are delegated to a committee of the Corporation or to the Chair. Corporation Members should be careful to act within the terms of reference of any committees on which they serve.

8. POWERS

Corporation Members are responsible for taking decisions which are within the powers given to the Corporation by Parliament under sections 18 and 19 of the Further and Higher Education Act 1992, as amended. A summary of those powers is set out in Appendix 6. If a Corporation Member thinks that the Corporation 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, Corporation Members 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 Corporation. They should not allow any conflict of interest to arise which might interfere with the exercise of their independent judgement.

- 9.2 Corporation Members are reminded that under the College's Instrument of Government and its policy on Conflicts of Interest and the general law they must disclose to the Corporation 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 Corporation.
- 9.3 If an interest of any kind (including an interest of a spouse, partner or business associate of a Corporation Member or of a close relative of the Corporation Member or his or her spouse, partner or business associate) is likely or would, if publicly known, be perceived as being likely to interfere with the exercise of a Corporation Member's independent judgement, then:
- 9.3.1 the interest, financial or otherwise, should be reported to the Clerk
- 9.3.2 the nature and extent of the interest should be fully disclosed to the Corporation before the matter giving rise to the interest is considered.
- 9.3.3 If the Corporation Member concerned is present at a meeting of the Corporation, or any of its committees, at which such supply, contract or other matter constituting the interest is to be considered, he or she should:
- (a) 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
- (b) withdraw from that Corporation or committee meeting where required to do so by a majority of the Members of the Corporation or committee present at the meeting.
- 9.4 For the purposes of clause 9.3 "close relative" includes but is not limited to a father, mother, brother, sister, child, grandchild and step-father/mother/ brother/sister/child.
- 9.5 Where it is proposed that the Corporation should grant a member a financial interest (such as a contract for the supply of goods or services) the Corporation must observe the requirements of the Charities Act 2011. The Corporation may wish to take legal advice before granting such an interest to a member.
- 9.6 Corporation Members must not receive gifts, hospitality or benefits of any kind from a third party which might be in breach of the Bribery Act 2010 and the College's anti-bribery policy (Counter Fraud Policy which includes bribery and corruption) and the College's policy on receiving gifts or 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 Corporation Members' Interests which will be open for public inspection. Corporation Members must disclose routinely to the Corporation all business interests, financial or otherwise, which they or persons associated with them may have, and the Clerk will enter such

interests on the Register. Corporation Members must give sufficient details to allow the nature of the interests to be understood by enquirers. Corporation Members should inform the Clerk whenever their circumstances change and interests are acquired or lost. In deciding whether an interest should be disclosed, Corporation Members should have regard to the meaning given to “interest” in paragraphs 9.3 and 9.5 of this Code.

10. COLLECTIVE RESPONSIBILITY

- 10.1 The Corporation operates by Corporation Members taking majority decisions in a corporate manner at quorate meetings including meetings held by telephone or video-conference and by alternative methods such as written resolutions – in all cases only if so provided for in the Instrument and Articles. Therefore, a decision of the Corporation, even when it is not unanimous, is a decision taken by the Corporation Members collectively and each individual Corporation Member has a duty to stand by it, whether or not he or she was present at the meeting of the Corporation when the decision was taken.
- 10.2 If a Corporation Member disagrees with a decision taken by the Corporation, his or her first duty is to have any disagreement discussed and minuted. If the Corporation Member strongly disagrees, he or she should consult the Chair and, if necessary, then raise the matter with the Corporation when it next meets. If no meeting is scheduled, the Corporation Member should refer to the power of the Chair or any five Corporation Members under the College’s Instrument of Government to call a special meeting and, if appropriate, exercise it, requesting the Clerk to circulate the Corporation Member’s views in advance to the other Corporation Members. Alternatively, as a final resort, the Corporation Member may decide to offer his or her resignation from office, after consulting the Chair.

11. OPENNESS AND CONFIDENTIALITY

- 11.1 Because of the Corporation’s public accountability and the importance of conducting its business openly and transparently, Corporation Members should ensure that, as a general principle, students and staff of the College have free access to information about the proceedings of the Corporation. Accordingly, agendas, minutes and other papers relating to meetings of the Corporation 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 Corporation 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 Corporation Members save for those members who have a conflicting interest in the particular sensitive matter. 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 Corporation 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. Minutes classified as confidential are reviewed after 12 months and if deemed appropriate, the relevant papers are published for access on application. When considering such issues the Corporation Members must also consider the College's publication scheme issued under the Freedom of Information Act 2000.

- 11.3 Staff and student Corporation Members have, however, 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.
- 11.4 It is important that the Corporation and its committees have full and frank discussions in order to take decisions collectively. To do so, there must be trust between Corporation Members with a shared corporate responsibility for decisions. Corporation Members should keep confidential any matter which, by reason of its nature, the Chair or members of any committee of the Corporation are satisfied should be dealt with on a confidential basis.
- 11.5 Corporation Members should not make statements to the press or media or at any public meeting relating to the proceedings of the Corporation or its committees without first having obtained the approval of the Chair or, in his or her absence, the Vice Chairs. It is unethical for Corporation Members publicly to criticise, canvass or reveal the views of other Corporation Members which have been expressed at meetings of the Corporation or its committees.

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 use of public funds but also to its employees, its students and the community it serves, it is important for there to be appropriate complaints procedures in place and for these to be well publicised. Corporation Members 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 ESFA's Financial Memorandum with colleges (Part 2, clause 19.4), students, employees and other third parties have a right to make a complaint to the ESFA in respect of the College or of any of its decisions and this right is referred to in the College's relevant complaints and disciplinary procedures. Copies of these procedures can be obtained from the Clerk. Corporation Members in particular are reminded that under the ESFA's Procedure for dealing with complaints about Providers of Education and Training (2010) the ESFA:
 - *Can* investigate complaints about 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.

- *Will not* investigate complaints about examination results or curriculum content where a more appropriate form of redress would be the examining body or Ofqual, individual employment issues, contractual disputes, matters which are the subject of legal action or. Complaints about Higher Education courses in Colleges (which should be referred to the Office of the Independent Adjudicator)

13. ATTENDANCE AT MEETINGS

A high level of attendance at meetings of the Corporation is expected so that Corporation Members can perform their functions properly. The Corporation Board have agreed within the Standing Orders to strive to meet an overall target of 80% attendance at Corporation Board meetings, and 75% at Committee meetings.

14. GOVERNANCE DEVELOPMENT

- 14.1 The Corporation shall seek to ensure that all Corporation Members are appointed on merit in accordance with an open selection procedure carried out by the Corporation's Search Committee, and are drawn widely from the community which the College serves so as to be representative of that community. The Corporation should have regard to the provisions relating to the membership of the Corporation 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 Corporation Members must obtain a thorough grounding in their duties and responsibilities by participating in the College's governance induction and training programmes, including regular refresher workshops.
- 14.3 In order to promote more effective governance, Corporation Members will carry out an annual review of the performance by the Corporation 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.
4. the Financial Memorandum and the funding agreement entered into by the College with the ESFA;
5. the College's Strategic Plan;
7. the College's policies that extend to Corporation members, including the College's policies on equal opportunities and freedom of speech, the anti-bribery policy as required by the Bribery Act 2010 (Counter Fraud Policy which includes Bribery and Corruption), the College's policy on receiving gifts, the College's policy on conflicts of interest, the College's policy on safeguarding learners, and the College's policy on preventing people being drawn into terrorism.
8. 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 of the report of the Nolan Committee setting out these Principles in more detail is set out at Appendix 1;
9. The Audit Code of Practice issued by the ESFA;
10. The Code of Good Governance for English Colleges issued by the AoC March 2015;
11. The Good Governance Standard on 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 are attached to this Code for reference.

- 1 The Seven Principles of Public Life,
- 2 Six Core Principals of Good Governance
- 3 Responsibilities of Corporation Members,
- 4 Responsibilities of the Principal and Clerk,
- 5 Financial Memorandum of the SFA,
- 6 Powers of the Corporation, and
- 7 Access to Governing Body Business

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-executive 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 under the Articles of Government⁴

Corporation Members⁵

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

- (a) for the determination and periodic review of the educational character and mission of the institution and for oversight of its activities**;
- (b) for publishing arrangements for obtaining the views of staff and students on the determination and periodic review of the educational character and mission of the institution and the oversight of its activities.
- (c) for approving the quality strategy of the institution;
- (d) for the effective and efficient use of resources, the solvency of the institution and the Corporation and for safeguarding their assets**;
- (e) for approving annual estimates of income and expenditure;
- (f) for the appointment, grading, suspension, dismissal and determination of the pay and conditions of service of the holders of senior posts⁶ 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 his or her capacity as a member of staff;
- (g) for setting a framework for the pay and conditions of service of all other staff;
and
- (h) 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 ESFA).

In addition to these responsibilities, which are listed in the Articles of Government, the Corporation is also responsible for the following:

- (i) Preparation of a written statement of policy on health and safety including details of the organisation and arrangements for implementing that policy in the workplace, and to consult with employees on health and safety and to make provision for the appointment by recognised trade unions of safety representatives. The Corporation must be satisfied that
 - ★ the college has a health and safety statement
 - ★ management responsibility for health and safety issues is clearly designated

⁴ Note that this summary is for convenience set out as a consolidated list bringing together a number of provisions from different Articles

⁵ The position is set out in the Instruments and Articles. Corporations are free to amend these within the parameters set by the revised Schedule 4 Further and Higher Education Act 1992 as inserted by the Education Act 2011. Responsibilities which must be retained by the Corporation are shown with a double asterisk. The list that follows summarises the effect of Articles 3, 9, 10 and 19.

⁶ 'Senior Post' means the post of CEO and such other senior posts if any as the Corporation Members may designate for the purposes of the Articles. Under the revised Schedule 4 FHEA it is open to Corporations not to designate any posts as senior ones.

- ✱ those with such designated responsibility in the college are aware of and have access to relevant regulations and advice and training.
- (j) Ensuring there is no discrimination and for promoting the College as an environment that reflects and respects the diversity of individuals and ensures equality of opportunity for all.

Responsibilities which must not be delegated⁷

The Articles of Government prohibit⁷ the Corporation from delegating the following:-

- (a) the determination and periodic review 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 Corporation and the safeguarding of their assets**;
- (d) the appointment of the Principal or holder of a senior post;
- (e) the appointment of the Clerk (including, where the Clerk is, or is to be, appointed as a member of staff the Clerk's appointment in the capacity as member of staff);
- (f) the modifying or revoking of the Articles of Government.
- (g) the consideration of the case for dismissal, of the Principal, the Clerk or the holder of a senior post unless such function is delegated to a committee of Members of the Corporation; and
- (h) the power to determine an appeal in connection with the dismissal of the Principal, the Clerk or the holder of a senior post unless such power is delegated to a committee of Members of the Corporation.

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

⁷ The Corporation may, from time to time, resolve to add other functions which must not be delegated to this list of 'reserved' responsibilities.

APPENDIX 4

Chief Executive Officer

- (a) making proposals to the Corporation about the educational character and mission of the institution, and for implementing the decisions of the Corporation;
- (b) the determination of the College's academic activities and for the determination of its other activities;
- (c) preparing annual estimates of income and expenditure, for consideration and approval by the Corporation, and for the management of budget and resources within the estimates approved by the Corporation
- (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 Corporation, 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 implementing decisions to expel students for academic reasons.

In addition to these responsibilities, which are listed in the Articles of Government, the CEO is also responsible for the following:

- (g) The CEO is directly responsible to the Corporation to ensure that everything reasonable and practicable is being done to meet the objectives of the College Safety Policy Statement. To this end the Principal may delegate certain duties throughout the College in order to ensure that the policy is effectively and efficiently developed and implemented.

Clerk⁸

- (a) the operation of its powers;
- (b) procedural matters
- (c) the conduct of its business; and
- (d) matters of governance practice.

⁸ The position is set out as required by the 2008 Articles. The revised Schedule 4 FHEA 1992 contains no statement of the responsibilities of the Clerk. It is, however, suggested that the list in the 2008 Articles remain appropriate. Legal advice should be obtained if any change to the list is being considered.

APPENDIX 5

Summary of Main Provisions of the Financial Memorandum with the ESFA

1. Purpose

- 1.1 The ESFA issued a revised draft version of the financial memorandum for further education colleges, together with a version for sixth form colleges that recruit adult students. The ESFA also issues a Conditional Funding Agreement for sixth form colleges and further education colleges that provide funded education for those under 19. These documents are updated periodically and are designed to ensure that both general FE colleges have proper lines of financial accountability.
- 1.2 The Financial Memorandum records the agreement between the Secretary of State, acting through the ESFA, and the college concerning the amount of funding that will be paid to the college. As a result of the Deregulation Act 2015 the references to the Chief Executive of Skills Funding have been removed as the statutory powers of the holder of that post have been transferred to the Secretary of State. The SFA is now combined with the EFA and the ESFA is an agency within the DfE.
- 1.3 The conditions set out in the Financial Memorandum are intended to enable the Secretary of State to carry out his/her functions under the Apprenticeships, Skills, Children and Learning Act 2009 (ASCLA). The Secretary of State has responsibilities as accounting officer to his/her department for ensuring that the use of funds which he/she receives is consistent with his/her statutory remit and any conditions imposed by the Treasury.

2. Format

- 2.1 The form of the documentation varies because of the different legal basis on which the ESFA fund provision. The ESFA provides funding under the Apprenticeships, Skills, Children and Learning Act 2009 on the basis of grant – in aid. Such grants are provided subject to conditions set out in the Financial Memorandum. Funding under the Education Act 2002 is not limited to a provision by grant – in aid so the appropriate document is a Funding Agreement which is contractual in nature. The Funding Agreements which ESFA will provide to colleges are broadly similar in nature to those that EFA has with academy schools.
- 2.2 The Financial Memorandum applies to all ESFA funded FE Colleges, with only the financial annexes differing between institutions, unless there is a particular need for special provisions specific to a particular institution.
- 2.3 The ESFA Funding Agreements are structured in two parts. In the version for general FE and specialist colleges, this material is omitted, since ESFA will take assurance from the equivalent provisions in these colleges' Financial Memoranda. For the same reason, the version of the Financial Memorandum which is now provided by the ESFA to sixth form colleges

omits those provisions which are central to the financial accountability arrangements, e.g. those setting out the responsibilities of the governing body and of the accounting officer, the requirement to provide information, and the requirements in relation to financial reporting and audit. This is because the ESFA will rely on equivalent provisions in the sixth form colleges' Funding Agreements

2.4 If a college gets into serious financial or quality difficulties under either funding stream regularity action will be taken led by the ESFA

2.5 There follows a commentary on the main provisions of the ESFA Financial memorandum for further education colleges.

2.6 Definitions

2.7 It should be noted that references to public funds include funds provided by HEFCE as well as those provided by the ESFA.

2.8 The Financial Memorandum recognises that a Corporation is an independent body responsible for managing the college and ensuring its financial viability. However, the Corporation must inform the ESFA of any transaction that could jeopardise the college's financial viability and must also be able to demonstrate that all transactions achieve value for money for funds provided under the financial memorandum

2.9 The governing body must appoint an accounting officer (expected to be the chief executive/principal of the college). There must be an accounting officer in place at all times and the ESFA must be informed of the accounting officer's name and position and who will discharge their various responsibilities if they are absent from the college for an extended period.

2.10 The accounting officer takes personal responsibility, which is not delegable, to ensure compliance with the Financial Memorandum and conditions of funding. The accounting officer may be required to appear before the Public Accounts Committee on matters relating to the Corporation's use of funds.

2.11 The accounting officer must advise the governing body if at any time in his/her opinion any action under consideration by the governing body is incomplete with the Financial Memorandum. If the governing body resolves to continue with such action the accounting officer must inform the ESFA

2.12 Allocation of Funds

2.13 The ESFA will allocate funds to the corporation annually provided that it is satisfied that the Corporation is financially viable and able to deliver education of a reasonable quality meeting the needs of learners and employers and the Corporation has met the previous year's conditions of funding. The Corporation is free to spend its funding as it sees fit provided it fulfils the conditions of funding but funds must not be used to deliver provision in respect of which the Corporation has already received other funding, public or otherwise, unless agreed by the ESFA. The ESFA can require assurance that delivery of provision complies with the Financial

Memorandum and can require, at the College's cost, evidence to support payment claims.

2.14 Capital transactions

2.15 The Corporation must manage its property with regard to good practice guidance in the FE sector. It is no longer necessary to obtain approval of the ESFA to the disposal of land or buildings which had been acquired or developed with the help of capital grants from the ESFA or previous associated bodies, but the ESFA must be notified in writing of such transactions and reserves the right to require repayment of some or all of the associated grant.

2.16 Financial reporting

2.17 The ESFA specifies the information to be contained in the Corporation's financial statements. Audited financial statements must be provided to the ESFA within five months of the Corporation's year end. The Corporation must have an effective policy on risk management. The Corporation must notify the ESFA in writing if at any time there is a risk to the college's solvency and viability.

2.18 Audit

2.19 The Corporation must appoint an audit committee and arrange to provide internal and financial statements audit, including regularity audit, in accordance with the Audit Code of Practice

2.20 The Corporation must investigate and report to the ESFA all significant cases of fraud or suspected fraud

2.21 Payment to employees on termination of employment

2.22 The Corporation must demonstrate that any payment made to employees on the termination of their employment are regular, secure value for money and avoid spending funds on settlements where disciplinary action would have been more appropriate. Where employment claims are brought by a senior post holder it should take appropriate professional advice on any proposed settlement and the terms of the final agreement should be agreed by the governing body and brought to the attention of the financial statements auditors.

2.23 Provision of data on learners and staff and of information

2.24 A college must supply learner data in accordance with ESFA requirements. A recent requirement is the need to provide data about staff teaching GCSE English and Maths.

2.25 The ESFA reserves the right to request information from the Corporation in order to exercise his responsibilities. The Corporation must inform the ESFA in writing of the vacating or the filling of the positions of Chair of the governing body, Principal and Clerk. The ESFA has the right to share information provided by the college, for example with Parliamentary bodies.

2.26 **Conditions of funding**

2.27 The detailed requirements in relation to each learning programme are set out in the ESFA Funding Rules. The maximum value of funds for each learning programme are set out in Appendix 1 to the Financial Memorandum. The ESFA reserves the right to reduce the overall maximum value for each learning programme by giving three months' notice. This can be done without the need to give a reason, although if the ESFA did so it would lay itself open to a legal challenge based on the argument that it had done so unreasonably. A recent condition is that a college must provide evidence that it has worked in partnership with the LEP to ensure its provision takes account of the LEP's priorities. The ESFA reserves the right to impose additional conditions where it considers it necessary to secure the delivery of education and training of a reasonable quality or to require the Corporation to address concerns about its financial viability.

2.28 **Sub Contracted provision**

2.29 ESFA considers extensive sub-contracting of provision to be a significant risk factor for colleges. It requires colleges to make a Declaration of Subcontractors bi-annually and comply with requirements set out in the Funding Rules.

Statutory Framework

The conditions set out in the Financial Memorandum are intended to enable the Chief Executive of Skills Funding to carry out his functions under the Apprenticeships, Skills, Children and Learning Act 2009 (ASCLA). Note that ASCLA gives these functions to the holder of this post rather than to the SFA itself. The SFA has no separate legal status and will in due course become an agency of the Department for Business, Innovation and Skills (DBIS). The Chief Executive of Skills Funding (the 'Chief Executive') has responsibilities as accounting officer to his or her department for ensuring that the use of funds which he/she receives from the Secretary of State is consistent with his/her statutory remit and any conditions imposed by the Secretary of State.

Responsibilities of a Governing Body

The Financial Memorandum recognises that a Corporation is an independent body responsible for managing the college and ensuring its financial viability. However, the Corporation must inform the Chief Executive of any transaction that could jeopardise the college's financial viability and must also be able to demonstrate that all transactions achieve value for money for funds provided under the financial memorandum.

The governing body must appoint an accounting officer (expected to be the chief executive/principal of the college). There must be an accounting officer in place at all times and the SFA must be informed of the accounting officer's name and position and who will discharge their various responsibilities if they are absent from the college for an extended period.

The accounting officer takes personal responsibility, which is not delegable, to ensure compliance with the Financial Memorandum and conditions of funding. The accounting officer may be required to appear before the Public Accounts Committee on matters relating to the Corporation's use of funds.

The accounting officer must advise the governing body if at any time in his/her opinion any action under consideration by the governing body is incompatible with the Financial Memorandum. If the governing body resolves to continue with such action the accounting officer must inform the Chief Executive.

Allocation of Funds

The Chief Executive will allocate funds to the Corporation annually provided that he/she is satisfied that the Corporation is financially viable and able to deliver education of a reasonable quality meeting the needs of learners and employers and the Corporation has met the previous year's conditions of funding. The Corporation is free to spend its funding as it sees fit provided it fulfils the conditions of funding but funds must not be used to deliver provision in respect of which the Corporation has already received other funding, public or otherwise, unless agreed by the Chief Executive.

Capital Transactions

The Corporation must manage its property with regard to good practice guidance in the FE sector. It is no longer necessary to obtain approval of the Chief Executive to the disposal of land or buildings which had been acquired or developed with the help of capital grants from the SFA or previous associated bodies, but the Chief Executive must be notified in writing of such transactions and reserves the right to require payment of some or all of the associated grant.

Financial Reporting

The Chief Executive specifies the information to be contained in the Corporation's financial statements. Audited financial statements must be provided to the Chief Executive within five months of the Corporation's year end. The Corporation must have an effective policy on risk management. The Corporation must notify the Chief Executive in writing if at any time there is a risk to the college's solvency and viability.

Audit

The Corporation must appoint an audit committee and arrange to provide internal and financial statements audit, including regularity audit, in accordance with the Joint Audit Code of Practice.

The Corporation must investigate and report to the Chief Executive all significant cases of fraud or suspected fraud.

Payment to Employees on Termination of Employment

The Corporation must only make payments to employees on the termination of their employment for the purpose of meeting contractual obligations. Payments must be demonstrated to be regular, secure value for money and avoid spending funds on

settlements where disciplinary action would have been more appropriate. Where employment claims are brought by a senior post holder it should take appropriate professional advice on any proposed settlement and the terms of the final agreement should be agreed by the governing body and brought to the attention of the financial statements auditors.

Provision of Information

The Chief Executive reserves the right to request information from the Corporation in order to exercise his responsibilities. The Corporation must inform the Chief Executive in writing of the vacating or filling of the positions of Chair of the governing body, Principal and Clerk.

Additional Conditions of Funding

The Chief Executive reserves the right to impose additional conditions where he/she considers it necessary to secure the delivery of education and training of a reasonable quality or to require the Corporation to address concerns about its financial viability.

Repayment of Funds

In the case of a breach of the conditions of funding the Chief Executive reserves the right to require repayment of all or part of the funds.

Raising Standards, Feedback and Complaints

The college must deliver the funded provision to an acceptable standard of quality and comply with the Performance Management Rules published by the Chief Executive. There is a set procedure for dealing with inadequate provision which may lead to Issue of a Notice of Concern or ultimately a Notice of Withdrawal of Funding. We understand that these provisions are to be amended in the light of the BIS/DfE intervention policy now set out in *Rigour and Responsiveness in Skills*.

Colleges are expected to have acceptable procedures for gathering and acting upon feedback and complaints from learners and/or their representatives and employers and the wider community. These must be made available to those who may wish to complain. Where a complaint is not resolved satisfactorily the complainant must be informed of their right to complain to the Chief Executive.

Additional Matters

The Financial Memorandum now incorporates a number of other clauses on compliance matters such as health and safety, equal opportunities, data protection and freedom of information, and State Aid. These were formerly in Part 2 of the previous Financial Memorandum.

Interpretation

Nothing in the Financial Memorandum shall require the Corporation to act in a manner which would cause the Corporation to cease to be a charity.

Colleges need to familiarise themselves with the detailed content of the new financial memorandum and funding agreement in the versions applicable to their type of college. However, despite the presentational differences in the documentation, colleges will find that the substance of the requirements that they need to meet is largely unchanged.

APPENDIX 6

Summary of the Statutory Powers of the Corporation

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 powers:-

- (a) to acquire and dispose of land and other property;
- (b) 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) to form, participate in forming or invest in a company or become a member of a charitable incorporated organisation. ;
- (d) 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. ;
- (e) to invest any sums not immediately required for the purposes of carrying on any activities the Corporation has power to carry on;
- (f) to accept gifts of money, land or other property and apply it, or hold and administer it on trust for, any of those purposes;
- (g) 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.

- (h) to 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”.