

Recommendations of the Governance & Effectiveness Committee: main report

(1) Compliance statement with the CUC Code of Governance

The Board is asked to approve the revised statement given below - amendments are given by track changes.

The Seven Primary Elements of Higher Education Governance

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

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

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

The School does not have charitable status.

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

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

respective responsibilities of a member of staff and board member are reconciled is a matter of continuing discussion with the City of London.

Previously, quoracy was achieved by reference to the Court of Common Council members only, but now the quoracy requirement also includes the co-opted membership.

The public agenda, minutes and papers of the Board of Governors are published at:
<http://democracy.cityoflondon.gov.uk/mgCommitteeDetails.aspx?ID=387>

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

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

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

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

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

The Students' Union of the Guildhall School is an unincorporated association and does not have charitable status. Its constitution is reviewed by the Board of Governors and the schedules attached to the constitution set out the mechanisms for its organisation ensuring that it operates in a democratic, accountable and sustainable manner.

The City of London has an overarching s whistleblowing policy which encompasses the staff of the School.¹

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

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

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

A range of KPIs are reported to the Board.

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

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

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

The Audit & Risk Management Committee is comprised of members independent of the School, but not all members are independent of the City of London.² The Chair of the

¹ <https://www.cityoflondon.gov.uk/about-the-city/how-we-make-decisions/Pages/whistleblowing.aspx>. ~~Note: since the compliance statement was first drafted, the public link has been removed from the City's website and it is only available from the Employee Handbook.~~ The scope of the policy does not cover Members of the Board but does cover members of the public with a concern about the City of London's services.

² The Board of Governors has six co-opted members who are entirely independent of the School and the City of London. A further eleven members are elected by and from the Court of Common Council and are independent of the School.

Audit & Risk Management Committee is ~~a co-opted member, ie is entirely Common Council member and~~ independent of the School ~~and the City~~.

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

Remuneration

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

There is, however a Remuneration & Nominations Committee, which is comprised of members independent of the School ~~(but it is has no member independent of the City of London at present)~~. ~~It has been agreed that T~~this committee ~~should~~ meets regularly to consider, amongst other things, comparative data on salaries and staffing profiles to inform discussions with the City. The Board notes the new requirement that the Chair of the committee should be a senior co-opted governor who is not the Chair of the Board.

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

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

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

The *Maintaining good campus relations in higher education* policy statement sets out the School's commitment to freedom of expression and the right to express and to challenge

controversial views and opinions and for rigorous debate, subject to operating within the law.

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

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

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

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

The School operates an equal opportunities policy in respect of both its staff and students and has an *Equality scheme* and action plan. The scheme was last reviewed and approved internally in April 2016 and sets out not only to eliminate unlawful discrimination but also to promote equality. The scheme is currently under review and is due for approval during the 2018/19 academic year. The student body is monitored by the Board in respect of equality and diversity by way of a student profile including new entrants by protected characteristics (February Board of Governors each year), and the outcome of monitoring undertaken in respect of admissions and assessment by protected characteristics (November Board of Governors each year via the Academic Board's annual report).

The SU President and staff members are elected by and from their constituent bodies, and the Principal is appointed through the City of London which has an equal opportunities policy. The Remunerations & Nominations Committee considers nominations in respect of the six co-opted members. Common Council members are elected members of the local authority and- there are very precise rules in respect of the elections to a local authority that ensure the security of the electoral/democratic process. Therefore, the promotion of diversity comes at an early stage Whilst there can be no official statement promoting or encouraging diversity in those standing for election which might be perceived to interfere with the electoral/democratic process, when encouraging members of local

networks/groups to attend meetings to find out more about standing for election to the Court. The City acknowledges its wish to increase the number of Councillors from a range of backgrounds and different experiences to enrich the City's knowledge and expertise and better reflect the communities it serves.

(7) The governing body must ensure that governance structures and processes are fit for purpose by referencing them against recognised standards of good practice.

Composition and appointments

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

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

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

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

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

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

Board members are not remunerated.

Operation

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

Review

The Board reviews its effectiveness via the work of the Governance and Effectiveness Committee. A comprehensive review of the Board and its committee was started summer term 2017 and this work will continue in 2018/19 with consideration of the number of committees and frequency of meetings.

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

KML/June 2017

Updated November 2018

(2) Revised terms of reference and membership for a combined Remuneration & Nominations Committee

The Remuneration & Nominations Committee provides advice to the Board of Governors. The joint Remuneration and Nominations Committee combines two distinct roles for which there are separate expectations within the CUC HE Code of Governance. Therefore, wherever possible, the agenda will define the two distinct areas of business. It is recognised that all matters relating to the employment of staff fall within the purview of the City of London's Establishment Committee.

Constitution

Chair of the Committee: a senior co-opted governor who is not the Chair of the Board
(*CUC HE Code of Governance refers*)

Other members:

- The Chairman of the Board of Governors of the Guildhall School of Music & Drama (*a requirement of the CUC HE Code*)
- The Deputy Chairman of the Board of Governors of the Guildhall School of Music & Drama
- At least two non-Common Council Governors

- At least one other Common Council Governor
- An elected staff member of the Board
- One senior member of the Academic Staff (not a Vice-Principal)
- May include up to two other co-opted members (who are not necessarily members of the governing body)

[Note a Remuneration Committee should have a majority of independent members; in this instance this means independent of the School but not necessarily independent of the City of London.]

In attendance:

- The Principal of the Guildhall School of Music & Drama (except when the Committee discusses his or her remuneration)
- VP for Advancement (except when the Committee discusses his or her remuneration)
- Head of HR
- Secretary & Dean of Students

Quorum: of any five Committee Members.

All Members are entitled to vote.

Terms of reference

Nominations

- To keep and review a skills register for the Board of Governors and its subcommittees
- To reflect upon the composition of the Board and its subcommittees and take steps to ensure that the Board and its committees reflect societal norms and values (CUC Code refers)
- To seek out and recommend the appointment of new co-opted members³ to the Board of Governors and its subcommittees. The Committee will consider advertising vacancies in order to increase the pool of talent available. (CUC Code and Instrument of Government refer)
- Satisfy itself that plans are in place for an orderly succession of the Board's membership
- To consider and recommend any application(s) for nominations for Fellowships and/or Honorary Fellowships.

Note: The issue of inclusion of members of the local community (the School's instrument of Government refers) is addressed via the elected Common Council members. I propose that this requirement is therefore removed from the Instrument at the next revision of the Instrument & Articles.

³ See earlier footnote.

Remuneration

- To take note of staff remuneration, the pay structure and benchmark the School against the rest of the higher education sector generally and the UK Conservatoire sector specifically.
- To consider all characteristics protected under the Equality Act 2010 and to flag any significant discrepancies within the School's staffing composition.
- To satisfy itself with the procedures in place at the School to allow staff to make representations about their pay.
- To satisfy itself that any ad hoc or personalised payments, including severance payments, that might distort the basic remuneration structure are made according to transparent and justifiable rules.
- To benchmark the salary of the Principal and Vice-Principals (the senior post holders) against a defined list of sector comparators and offer comment to the City of London on the outcome of the benchmarking.
- To make recommendations to the Board of Governors and the Establishment Committee in respect of overall staffing pay structure, having regard to equal opportunities.
- To produce an annual report to the Board of Governors that provides assurance that the committee has collectively discharged its responsibilities and produce a public annual statement (see note).

Note on annual report:

The report should cover senior staff remuneration (Principal and Vice-Principals) and include, amongst other things, the approach to remuneration and type of factors used in considering reward proposals such as performance against strategic objectives, reference to job evaluation schemes etc, and the current value for the university of the pay multiple of the Principal's earning against the median of all staff and how this indicator has changed over an extended period of time (Remuneration Code and "Possible outline structure for a Remuneration Annual Report" refer).

It is recommended that the annual report and the annual statement are one and the same but modifications may be necessary to preserve commercial confidentiality (Remuneration Code refers). Whilst the full report to the Board may be private it should not be withheld from any member of the Board of Governors (CUC HE Code of Governance refers).

(3) Capital projects strategic working group

Background

The School's strategic ambitions require additional space including a new front door for Silk Street, long-term rental, and possibly the purchase of new property or the use of existing City of London space. Detailed option analysis would be best undertaken by a smaller group than the full Board of Governors.

Additionally, for some of these projects there may be specific, and vocal, stakeholder interest that will need to be considered and managed. Members of the Board with electoral interests in the vicinity of these projects may find it useful to have a mechanism for these stakeholder interests to be raised and discussed in a methodical and controlled way.

Proposed terms of reference

- To review large scale capital plans (eg long term rental of property, requests to the City to purchase property, new front door for Silk Street) at each stage of development
- To provide a forum for the consideration of stakeholder views in the development of plans, and to ensure that stakeholder views are sought and considered
- To undertake option analysis on behalf of the Board of Governors
- To advise the Board of Governors, on timescales, challenges (including financial), and options

Proposed membership

In the Chair: A member of the Board of Governors, or committee of the Board of Governors, without residential or electoral interest in the Barbican estate

Chair of the Board of Governors

Principal

Three other (non-School) members of the Board of Governors

Attendees:

Vice-Principal of Advancement

Secretary & Dean of Students

Finance representative

Buildings & Operations representative

Clerking: It is proposed that the working group will be serviced directly by the School

(4) Board of Governors Annual plan rolling

Meeting	Item description (excludes usual minutes and other housekeeping etc)	Strategic	Statutory/ regulatory	CUC Code and good practice	Other committees where a requirement or expectation
September BoG	Main theme: under 18s				
	Strategic plan and Business plan updates (could be included in Principal's report)	x			
	Principal's public and private reports (to include NSS/WSS results and update on enrolments)	x		x	
	Safeguarding public and non public and revisions to policy		x		
	Under 18s annual report and short 10 min presentation (from Sept 2019)	x		x	
	Financial forecasts for OfS (this year Sept but might revert back to summer)		x		Finance & Resources first
November BoG	Main theme: Higher Education - academic and other assurances				
	Strategic Plan update (could be included in Principal's report)	x			
	Principal's public and private reports	x		x	
	Academic Assurances: Academic Board annual report			x	Academic Assurance Working Group
	Academic Assurances: working group report			x	
	Compliance with the CUC Code of Governance (for inclusion in the annual assurance statement)			x	To be seen by Governance & Effectiveness Committee first
	"Single conversation" with OfS (financial statements for previous academic year, audit assessment, assurances etc) -		x		Audit & Risk, and Finance & Resources
	Budget for City of London	x		x	Ideally Finance & Resources
February BoG	Main theme: Research, Knowledge Exchange & Barbican Alliance				
	Strategic Plan update (could be included in Principal's report)	x			
	Principal's public and private reports (to include student number snapshot)	x		x	
	Research & Knowledge Exchange annual report and short presentation			x	
	Short report on Barbican Guildhall Creative Alliance				

(4) Board of Governors Annual plan rolling

	Prevent: report to Board following annual monitoring report to OfS for previous year (for info) - to be extracted from Safeguarding going forward.		x		
	Access Agreement/Participation Plan: report on monitoring for previous year (for discussion)		x		Senior Management Team first
	TRAC report (for info)		x		To Finance & Resources Committee in Jan
	Annual waivers report (Chamberlain's Dept)			x	Grand Committees
Late May/ early	Theme: general business				
	Strategic Plan update (could be included in Principal's report)	x			
	Principal's public and private reports (to include forecast on enrolments)	x		x	
	Carbon reduction strategy		x		
	Assurances: promotion of equality and diversity to include the results of the monitoring and the action taken			x	
	Academic Assurances: action to enhance to student experience			x	
	Financial forecasts for OfS (this year Sept but might revert back to summer)		x		Finance & Resources first
	Approval of tuition fees for next recruitment cycle		x		Senior Management Team first
	Nominations for honorands			x	Senior Management Team first, then Nominations Committee
Early July Away Day	Business plan and KPI performance				
	New projects				
	Artistic plan for the following academic year				
To be decided	Remuneration Annual Report			x	Remunerations Committee
	Development and fundraising annual report			x	Finance Committee?
	SU annual reporting			x	
	Cycle of general financial reporting				

One off items during 2018/19

Item description (excludes usual minutes and other housekeeping etc)	Details	Proposed Committee date	Strategic	Statutory/ regulatory	CUC Code and good practice	Other committees
Board of Governors agenda plan	Draft agenda plan for year ahead (and rolling year)	Nov-18			x	Governance & Effectiveness Committee
Instrument & Articles of Government	Amendments in light of new regulatory framework and removal of Privy Council approval, plus incorporation of terms of reference	Feb-19		x		Governance & Effectiveness Committee
Amendments to subcommittees	Proposal to merge the Nominations Committee and the Remunerations Committee	Nov-18			x	Governance & Effectiveness Committee
Islington Music Education Hub	July 2018 BoG Mins refer - request for Officer report back to the Board outlining "what worked" and how this might be applied to the rest of London	tbd	x			
Accommodation Strategy	Sept 2018 BoG mins will refer:: Detailing additional space requirements	Nov-18	x			
NSS 2018 results action plan	Sept 2018 BoG mins will refer: Board to monitor at every meeting what is being done	Nov 18, Feb, June 19	x		x	Academic Assurance Working Group in respect of Nov meeting
Access & participation 5 year plan	Details yet to be confirmed by OfS but likely that BoG will need to be consulted on the 5 year plan	Feb-19		x		
Teaching & Learning Strategy	Current one expired 2017 - new one needs to be approved by the Board once	Sept 19 (and not later than Nov 19)	x		x	Academic Board
Equality & Diversity Scheme & Action Plan	Currently under review, new version needs to reference diversity of the Board of Governors	May-19			x	Governance & Effectiveness Committee members to be consulted (at least informally) in respect of action plan for diversity of the Board